# Kin Mining NL

**ABN 30 150 597 541**

**Interim Report**

**31 December 2020**

**CONTENTS**

# CORPORATE INFORMATION

**ABN 30 150 597 541**

**Directors**
Giuseppe (Joe) Paolo Graziano
Andrew Munckton
Brian Dawes
Hansjoerg Plaggemars
Nicholas Anderson

**Company Secretary**
Stephen Jones

**Registered office**
First Floor
342 Scarborough Beach Road
OSBORNE PARK WA 6017

**Principal place of business**
First Floor
342 Scarborough Beach Road
OSBORNE PARK WA 6017
Tel: (08) 9242 2227

**Share register**
Advanced Share Registry Services
PO Box 1156
NEDLANDS WA 6909
Tel: (08) 9389 8033

**Solicitors**
Dominion Legal
104 Edward Street
PERTH WA 6000

**Auditors**
HLB Mann Judd (WA) Partnership
Level 4, 130 Stirling Street
Perth WA 6000

**Securities Exchange Listing**
Kin Mining NL shares are listed on the Australian Securities
Exchange (ASX: KIN)

## DIRECTORS' REPORT

Your Directors submit the financial report of the Group consisting of Kin Mining NL ("the Company") and its wholly-owned subsidiaries, for the half-year ended 31 December 2020. 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.

| | |
|---|---|
| Giuseppe P Graziano | Non-executive Chairman |
| Andrew Munckton | Managing Director |
| Brian Dawes | Non-executive Director |
| Hansjoerg Plaggemars | Non-executive Director |
| Nicholas Anderson | Non-executive Director |

**Review of Operations**
The half-year to 31 December 2020 was a positive and busy period for Kin Mining NL ("Kin" or "the Company"), with Phase 3 drilling continuing at the Company's flagship 100%-owned Cardinia Gold Project ("CGP" or the "Project") in Western Australia, culminating in the completion of an interim update to the Mineral Resource Estimate (MRE) for the CGP.

The Phase 3 drilling program commenced at the CGP on 29 June 2020 with a total of 60,487m of drilling completed during the half-year at East Lynne, Collymore, Cardinia Hill, Helens East, Hobby, Bruno-Lewis, Bruno Lewis Deeps, Pelsart, Black Chief, Faye Marie and Iron King.

Assays from 46,434m of drilling were reported during the period with assay results for the remaining 14,053m of 2020 drilling released from the laboratories after the period end. Phase 3 drilling results reported to December 2020 are summarised below.

| Prospect | AC (m) | RC(m) | Diamond (m) |
|---|---|---|---|
| East Lynne | 22,698 | 1,140 | 881 |
| Collymore | 2,203 | 222 | - |
| Cardinia Hill | - | 7,954 | 3,578 |
| Helens East | - | 2,253 | - |
| Hobby | - | 3,567 | 282 |
| Bruno Lewis | - | 872 | - |
| Black Chief | - | 354 | - |
| Faye Marie | - | 430 | - |
| | **24,901** | **16,792** | **4,741** |
| | | | |

Significant results that were reported during the period included:

- Results from Cardinia Hill have extended the mineralisation to the north and defined two north-plunging shoots of higher-grade mineralisation within the main lode. Assay results during the quarter include:
  - 17m at 2.35g/t Au from 6m including 5m at 5.2g/t Au (CH20RC042)
  - 4m at 3.89g/t Au from 57m (CH20RC051)
  - 15m at 1.97g/t Au from 150m (CH20RC056)
  - 10m at 2.67g/t Au from 149m (CH20RC061)
  - 6m at 5.98g/t Au from 25m and 21m at 6.62g/t Au from 37m including 14m at 9.04g/t Au from 38m (CH20RC087)
  - 17m at 2.05g/t Au from 23m (CH20RC068)
  - 6m at 2.53g/t Au from 14m (CH20RC077)
  - 15m at 1.30g/t Au from 61m (CH20RC074)
  - 11m at 1.94g/t Au from 97m (CH20RC088)
  - 5.4m at 6.18g/t Au from 186.4m (CH20DD054)
  - 5.3m at 3.31g/t Au from 96.0m (CH20DD053)
  - 31.9m at 1.20g/t Au from 83.3m including 8.3m at 2.65g/t Au from 107.4m (CH20DD055).

- High-grade results from the Bruno-Lewis deposit highlight potential to increase and upgrade the existing 259koz Mineral Resource, with assays including:
  - 15m at 3.35g/t Au from 9m; and
  - 9m at 5.03g/t Au from 33m (BL20RC057)
  - 9m at 2.58g/t Au from 23m (HB20RC062)

- Shallow zone of mineralisation delineated over 500m strike at Hobby, with assays including:
  - 6m at 2.41g/t Au from 22m (HB20RC001)
  - 5m at 3.72g/t Au from 74m (HB20RC004)
  - 2m at 5.64g/t Au from 17m (HB20RC012)
  - 5m at 27.7g/t Au from 109m (HB20RC025)
  - 2m at 8.00g/t Au from 30m (HB20RC039)
  - 2m at 6.93g/t Au from 62m (HB20RC031)
  - 5m at 2.80g/t Au from 37m and 6m at 2.71g/t Au from 71m (HB20RC024)
  - 11m at 1.61g/t Au from 14m (HB20RC027)

- Potential new large-scale greenfields gold discovery at the East Lynne prospect, with air-core drilling defining a semi-continuous zone of mineralisation spanning an area 100m wide and up to 3.2km long above a significant geological contact and also delineating a new zone of mineralisation in the Northern Zone at East Lynne – now named Collymore – extending over a strike extent of 2.0km. Results include
  - 5m at 35.1g/t Au from 40m to EOH (EL20AC192)
  - 4m at 2.21g/t Au from 20m (EL20AC097)
  - 1m at 3.51g/t Au from 76m (EL20RC377)
  - 1m at 3.79g/t Au from 22m (EL20RC380)
  - 1m at 6.10g/t Au from 12m (CM20RC062)

- Outstanding wide high-grade gold results from the Helens East prospect, with assays including:
  - 21m at 3.58g/t Au from 45m (HE20RC358) incl: 5m at 4.28g/t Au from 50m and 7m at 6.16g/t Au from 58m

The interim update to the CGP Mineral Resource, which totalled 28.2Mt @ 1.27g/t Au for 1.15Moz of contained gold, was based on a re-optimisation of all existing mineralisation models (with the exception of Hobby) using CY2020 gold price (A$2,600/oz) and operating cost assumptions, as well as a maiden 61koz MRE for the recently-discovered Cardinia Hill deposit. The update delivered a 22 per cent increase in contained ounces over the previous Resource Estimate announced in February 2020.

Importantly, the Company sees numerous near-term opportunities to further expand the CGP Resource base, with outstanding potential to extend several key deposits at depth, as well as a string of recent high-grade drilling results (including at Hobby and Bruno Lewis Deeps) that are yet to be included in the updated Mineral Resource model.

Kin anticipates further updates to the CGP Mineral Resource estimate during the March 2021 Quarter.

The Company will also seek to enhance its mineral inventory through regional consolidation opportunities in the active Leonora region.

The long-term strategy is still for Kin to become a high margin Australian gold producer by developing the CGP.

**Corporate**

The company raised $7.703M, after costs, during the period from the completion of a non-renounceable 1-for-7 pro-rata Entitlement Offer announced on 12 June 2020.

The funds raised from the issue allowed Kin to complete the Phase 3 drilling activities at the Cardinia Gold Project.

The Board remains committed to growing shareholder value by building a resource inventory base that will support the CGP development plan.

**Events Subsequent to Reporting Date**

On 10 February 2021, the Company issued 92,307,693 shares at $0.13 per share under a placement to raise $12 million before costs. On 4 March 2021 the Company announced the closure of a share purchase plan with $838,500 of subscriptions. A total of 6,449,976 new shares will be issued from the share purchase plan at $0.13 per share.

There have been no additional matters or circumstances that have arisen after balance date that have 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.

**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 6 and forms part of this Directors' report for the half-year ended 31 December 2020.

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.

____________________________

**Andrew Munckton**
**Managing Director**
**4 March 2021**

HLB MANN JUDD
ADVISORY AND ACCOUNTING

**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 2020, 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** | **L Di Giallonardo** |
| **4 March 2021** | **Partner** |



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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

| | Note | 31 December 2020 $ | 31 December 2019 $ |
|---|---|---|---|
| **Continuing operations** | | | |
| Interest income | | 15,160 | 6,438 |
| Other income | | 68,421 | (4,560) |
| Gain /(loss) on sale of assets | | 35,760 | 24,130 |
| Depreciation and amortisation expense | | (86,117) | (147,923) |
| Administration expenses | | (323,021) | (338,487) |
| Consultant expenses | | (48,798) | (32,493) |
| Employee expenses | | (414,801) | (657,540) |
| Occupancy expenses | | (26,231) | (32,049) |
| Travel expenses | | (14,149) | (6,946) |
| Share based payments | 6, 7 | (237,320) | - |
| Exploration and evaluation expenses | | (6,107,693) | (2,163,840) |
| Unrealised foreign exchange losses | | - | - |
| **Loss before income tax expense** | | **(7,138,789)** | **(3,353,270)** |
| Income tax expense | | **-** | **-** |
| **Loss after tax** | | **(7,138,789)** | **(3,353,270)** |
| **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** | | **(7,138,789)** | **(3,353,270)** |
| | | | |
| Basic loss per share (cents per share) | | (1.03) | (0.66) |
| Diluted loss per share (cents per share) | | (1.03) | (0.66) |

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**AS AT 31 DECEMBER 2020**

| | Notes | 31 December 2020 $ | 30 June 2020 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | 2,266,875 | 1,665,997 |
| Trade and other receivables | | 125,687 | 28,071 |
| Other current assets | | 114,286 | 39,280 |
| **Total current assets** | | **2,506,848** | **1,733,348** |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | 10,411,916 | 10,383,469 |
| **Total non-current assets** | | **10,411,916** | **10,383,469** |
| **Total assets** | | **12,918,764** | **12,116,817** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | | 903,781 | 864,586 |
| Borrowings | 4 | - | 1 |
| **Total current liabilities** | | **903,781** | **864,587** |
| **Non-current liabilities** | | | |
| Provisions | 5 | 1,500,000 | 1,500,000 |
| **Total non-current liabilities** | | **1,500,000** | **1,500,000** |
| **Total liabilities** | | **2,403,781** | **2,364,587** |
| **Net assets** | | **10,514,983** | **9,752,230** |
| **Equity** | | | |
| Share capital | 6 | 76,199,411 | 68,455,189 |
| Share based payments reserve | | 1,985,857 | 1,828,537 |
| Accumulated losses | | (67,670,285) | (60,531,496) |
| **Total equity** | | **10,514,983** | **9,752,230** |

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

| | Share capital | Accumulated losses | Share based payment reserve | Total equity |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Balance at 1 July 2020** | 68,455,189 | (60,531,496) | 1,828,537 | 9,752,230 |
| Loss for the period | - | (7,138,789) | - | (7,138,789) |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive loss for the period | - | (7,138,789) | - | (7,138,789) |
| Share based payments | 80,000 | - | 157,320 | 237,320 |
| Shares issued during the half-year | 7,702,587 | - | - | 7,702,587 |
| Share issue costs | (38,365) | - | - | (38,365) |
| **Balance at 31 December 2020** | 76,199,411 | (67,670,285) | 1,985,857 | 10,514,983 |
| | | | | |
| **Balance at 1 July 2019** | 62,863,653 | (53,289,044) | 1,818,488 | 11,393,097 |
| Loss for the period | - | (3,353,270) | - | (3,353,270) |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive loss for the period | - | (3,353,270) | - | (3,353,270) |
| Shares issued during the half-year | 3,067,849 | - | - | 3,067,849 |
| Share issue costs | (98,040) | - | - | (98,040) |
| **Balance at 31 December 2019** | 65,833,462 | (56,642,314) | 1,818,488 | 11,009,636 |

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

| | 31 December 2020 $ | 31 December 2019 $ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Payments to suppliers and employees | (6,974,275) | (3,387,255) |
| Interest received | 15,160 | 6,438 |
| **Net cash outflow from operating activities** | (6,959,115) | (3,380,817) |
| | | |
| **Cash flows from investing activities** | | |
| Payments for property, plant and equipment | (139,989) | (43,570) |
| Proceeds on sale of assets | 35,760 | 24,130 |
| Payment for acquisitions of mineral tenements | - | (30,000) |
| **Net cash outflow from investing activities** | (104,229) | (49,440) |
| | | |
| **Cash flows from financing activities** | | |
| Proceeds from the issue of shares | 7,702,587 | 3,067,849 |
| Payments for share issue costs | (38,365) | (98,040) |
| **Net cash inflow from financing activities** | 7,664,222 | 2,969,809 |
| | | |
| Net increase / (decrease) in cash held | 600,878 | (460,448) |
| Cash and cash equivalents at the beginning of the period | 1,665,997 | 3,148,063 |
| **Cash and cash equivalents at the end of the period** | 2,266,875 | 2,687,615 |

The accompanying notes form part of these financial statements.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

## (a) Basis of preparation

These condensed interim financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards including AASB *134 Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements comprise the consolidated condensed interim financial statements for the Group. For the purposes of preparing the consolidated financial statements, the Group is a for-profit entity.

The interim financial statements do not include full disclosures of the type normally included in the full 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 interim financial statements be read in conjunction with the full financial report for the year ended 30 June 2020 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.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half-year, except for the impact of the new Standards and Interpretations effective 1 July 2020 disclosed in Note 1(b). These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The interim financial statements have been prepared on a historical cost basis, except for the revaluation of certain current assets and financial instruments. 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.

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

## (b) Adoption of new and revised standards

### *Standards and Interpretations applicable to 31 December 2020*

In the period ended 31 December 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. 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 Group and, therefore, no material change is necessary to Group accounting policies.

### *Standards and Interpretations in issue not yet adopted*

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the half-year ended 31 December 2020. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

## (c) Statement of compliance

The interim financial statements were authorised for issue on 4 March 2021.

The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the interim financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

## (d) Significant accounting estimates and judgements

The preparation of the interim financial statements 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.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2020, except for the impact of the new Standards and Interpretations effective 1 July 2020 as disclosed in Note 1(b).

### (e) Going concern

The interim financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

Notwithstanding the fact that the Group incurred an operating loss of $7,138,789 for the period ended 31 December 2020 and a net cash outflow from operating activities amounting to $6,959,115, the Directors are of the opinion that the Company is a going concern.

This opinion is based on the successful raising of $12M (before costs) from a placement of 92,307,693 new shares to existing shareholders and professional investors that was announced on 10 February 2021.

## NOTE 2: SEGMENT REPORTING

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

The Group's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision maker to make decisions regarding the Group's operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole has been determined as the Chief Operating Decision Maker.

Based on the quantitative thresholds included in AASB 8, there is only one reportable segment, being Mineral Exploration and one geographical segment, namely Australia.

The revenues and results of this segment are those of the Group as a whole and are set out in the condensed consolidated statement of profit or loss and other comprehensive income and the assets and liabilities of the Group as a whole are set out in the condensed statement of financial position.

## NOTE 3: PROPERTY, PLANT AND EQUIPMENT

| | Freehold land and buildings | Assets in construction | Plant and equipment | Motor Vehicles | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| Balance at 1 July 2020 | 2,944,125 | 6,815,549 | 407,061 | 216,734 | 10,383,469 |
| Additions | 76,595 | - | 37,969 | - | 114,564 |
| Disposals | - | - | - | - | - |
| Depreciation charge for the year | (21,162) | - | (43,282) | (21,673) | (86,117) |
| Balance at 31 December 2020 | 2,999,558 | 6,815,549 | 401,748 | 195,061 | 10,411,916 |

The useful life of the assets was estimated as follows for both 2020 and 2019:

| | |
|---|---|
| Buildings | 5 to 25 years |
| Plant and equipment | 5 to 20 years |
| Motor vehicles | 5 years |
| Computer equipment | 2 to 3 years |

**NOTE 4: BORROWINGS**

| | 31 December 2020 | 30 June 2020 |
|---|---|---|
| | $ | $ |
| Sprott Credit Facility (Current) (i) | - | 1 |
| | - | 1 |

i. The Company entered into a credit agreement (original credit facility) 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 in December 2017. Prior to 31 December 2019 the loan facility from Sprott Private Resource Lending (Collector), LP was withdrawn by Sprott due to a closure of the Sprott financing fund. The Company owed $1 at 30 June 2020 which was settled on cancellation of the documentation in October 2020.

**NOTE 5: PROVISIONS**

| | 2020 | 2019 |
|---|---|---|
| | $ | $ |
| Non-Current | | |
| Restoration and rehabilitation provision | 1,500,000 | 1,500,000 |
| | 1,500,000 | 1,500,000 |

**NOTE 6: SHARE CAPITAL**

| | 31 December 2020 | 30 June 2020 |
|---|---|---|
| | $ | $ |
| Ordinary shares Issued and fully paid | 76,199,411 | 68,455,189 |

*Movement in ordinary shares on issue*

| | Six Months to 31 December 2020 | | Year to 30 June 2020 | |
|---|---|---|---|---|
| | No. | $ | No. | $ |
| *Movements in ordinary shares* | | | | |
| Balance at beginning of period | 629,690,835 | 68,455,189 | 483,371,337 | 62,863,653 |
| Rights issues | 55,147,263 | 6,066,200 | 63,447,130 | 2,220,649 |
| Placement of shares | 14,876,249 | 1,636,387 | 82,872,368 | 3,487,200 |
| Shares issued on vesting of Performance Rights | 264,443 | - | - | - |
| Shares issued to Directors as remuneration | 455,882 | 80,000 | - | - |
| Share issue costs | - | (38,365) | - | (116,313) |
| Balance of issued capital at end of the period | 700,434,672 | 76,199,411 | 629,690,835 | 68,455,189 |

**NOTE 7: OPTIONS AND PERFORMANCE RIGHTS**

*Movement in options on issue*

| | Six months to 31 December 2020 | | Year to 30 June 2020 | |
|---|---|---|---|---|
| | No. | Weighted Average Exercise Price $ | No. | Weighted Average Exercise Price $ |
| Balance at the beginning of the year | 19,000,000 | 0.934 | 25,000,000 | 0.778 |
| Options issued (i) | 2,000,000 | 0.243 | - | - |
| Options cancelled on expiry | (9,000,000) | 0.750 | (6,000,000) | 0.285 |
| Balance of options issued at the end of the period (ii) | 12,000,000 | 0.957 | 19,000,000 | 0.934 |

Note:

i. The share options issued during the period to directors are exercisable at $0.243 before 2 December 2023. The options have been valued at $0.0787 each (total of $157,320) using the Black Scholes option pricing model with the following further inputs:
   - Risk free rate 0.11%
   - Volatility 113.10%
   - Discount for lack of marketability 30%

ii. The share options issued outstanding at 31 December 2020 had an exercise price between $0.243 and $1.25 and a weighted average remaining contractual life of 514 days.

*Performance rights issued*

| | Six months to 31 December 2020 | | Year to 30 June 2020 | |
|---|---|---|---|---|
| | No. | Value of performance rights $ | No. | Value of performance rights $ |
| Issued to Director | - | - | 264,443 | 10,049 |
| Issued to employees | - | - | - | - |

**NOTE 7: OPTIONS AND PERFORMANCE RIGHTS (cont)**

Managing Director Performance Rights Granted

Mr Andrew Munckton has annual Long Term Incentives (LTI) included in his employment contract.

In November 2019 the shareholders agreed to grant 2019/2020 LTI's in the form of performance rights to Mr Andrew Munckton in three tranches over three years as follows:

| Tranche | Performance Period | Maximum allocation of long term incentives |
|---|---|---|
| Tranche 1 | 1 July 2019 – 30 June 2020 | $32,500 |
| Tranche 2 | 1 July 2020 – 30 June 2021 | $32,500 |
| Tranche 3 | 1 July 2021 – 30 June 2022 | $32,500 |

In November 2020 the shareholders agreed to grant 2020/2021 LTI's in the form of performance rights to Mr Andrew Munckton in three tranches over three years as follows:

| Tranche | Performance Period | Maximum allocation of long term incentives |
|---|---|---|
| Tranche 1 | 1 July 2020 – 30 June 2021 | $33,215 |
| Tranche 2 | 1 July 2021 – 30 June 2022 | $33,215 |
| Tranche 3 | 1 July 2022 – 30 June 2023 | $33,215 |

Vesting of Managing Director Performance Rights

The Performance Rights, subject to meeting the Performance Measures, vest into shares in the Company in accordance with the following formula.

$$\text{Number of shares} = \frac{\text{\$ value of the Performance Rights}}{\text{Volume Weighted Average Price (VWAP) of the Company's shares over the 10 days on which trading in the Employer's shares occurred leading up to and including the day prior to the vesting date}}$$

The Performance Rights will vest on satisfaction of the following performance conditions.

The Board will have the unfettered and absolute right to determine and confirm whether vesting conditions have been met in respect of each and all tranches. In making its determination the Board will recognise the relevant tranche objective at the end of the applicable vesting period and have regard to implementation of the Business Plan, as well as other proposals endorsed by the Board as part of its ongoing review of strategy.

Vesting conditions will be a shareholder aligned measure (Total Shareholder Return – TSR).

Vesting of each Tranche will be measured in absolute terms and relative terms against a defined peer group approved by the Board which is reflective of companies in the same industry with similar issues in respect of organisational size, market capitalisation, geography, life cycle and project complexity as shown in the table below.

| Tranche[1] | Vesting conditions (Tranche Objective) | Weighting |
|---|---|---|
| Tranche 1 | Company's Absolute TSR | 50% |
| | Company's TSR relative to Peers | 50% |
| Tranche 2 | Company's Absolute TSR | 50% |
| | Company's TSR relative to Peers | 50% |
| Tranche 3 | Company's Absolute TSR | 50% |
| | Company's TSR relative to Peers | 50% |

*1) The number of Performance Rights to be granted is calculated by dividing each $32,500 tranche by the VWAP of the Company's Shares over the 10 days on which trading in the Company's Shares occurred leading up to and including the day prior to the vesting date.*

**NOTE 7: OPTIONS AND PERFORMANCE RIGHTS (cont)**

Managing Director Performance Rights Vested and Issued

Following 30 June 2020 the Board determined that the vesting conditions for Tranche 1 of the 2019/2020 LTI's had been met and 264,443 shares were issued to Mr Munckton on 16 July 2020 following the issue of and exercise of Tranche 1 Performance Rights and a vesting expense of $10,049 was recorded in the 30 June 2020 financial year. No vesting expense has been recorded for the remaining tranches as yet, on the basis of uncertainty of the performance conditions being met.

The value of performance rights issued during the period is determined based on the VWAP of the underlying share price on the date that the shareholders approved of the issue times the number of shares that were ultimately issued when the performance rights vested.

Other Performance Rights

Performance rights and cash bonuses have been granted to Mr Stephen Jones that vest and may be converted to shares following the achievement of future performance hurdles as follows:

| | | Stephen Jones | |
|---|---|---|---|
| Performance Hurdles | Conditions | Performance Rights * | Cash Bonus |
| Capital Expenditure on CGP is within 10% of budget | Budget and contingency to be determined from the DFS with allocation and cash payment made within 1 month following internal accounts demonstrating the milestone | $50,000 | $25,000 |
| First Month of gold production exceeding 4,000 fine ounces output from the CGP | Allocation and cash payment made within 1 month following the milestone | $50,000 | $25,000 |
| Steady State production at design throughput of the CGP mill | Six months commercial production having achieved design throughput and gold output with allocation and cash payment made within 1 month following the milestone | $50,000 | $25,000 |

* Performance Rights will, subject to meeting the Performance Hurdles, vest into shares in the Employer in accordance with the following formula.

$$\text{Number of shares} = \frac{\text{\$ value of the Performance Rights}}{\text{Volume Weighted Average Price (VWAP) of the Employer's shares over the 5 days on which trading in the Employer's shares occurred leading up to and including the day prior to the vesting date}}$$

Performance rights and cash bonuses have been granted to Mr Glenn Grayson that vest and may be converted to shares following the achievement of future performance hurdles as follows:

| | | Glenn Grayson | |
|---|---|---|---|
| Performance Hurdles | Conditions | Performance Rights * | Cash Bonus |
| Discover sufficient resources to improve the mill head grade in first 12 months of production to 1.8 g/t Au prior to start of mining | Allocation and cash payment made within 1 month following the milestone | $100,000 | $50,000 |
| Increase LGP resources to 1.5Moz in line with industry average $/resource oz | Allocation and cash payment made within 1 month following the milestone | $100,000 | $50,000 |
| Increase LGP resources to 2Moz in line with industry average $/resource oz | Allocation and cash payment made within 1 month following the milestone | $100,000 | $50,000 |
| | | $300,000 | $150,000 |

No vesting expense has been recorded for the performance rights granted to Mr Stephen Jones and Mr Glenn Grayson on the basis of uncertainty of the performance conditions being met.

**NOTE 8: 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 2020 | | 30 June 2020 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| | $ | $ | $ | $ |
| *Financial assets* | | | | |
| Cash and cash equivalents | 2,266,875 | 2,266,875 | 1,665,997 | 1,665,997 |
| Trade and other receivables | 29,304 | 29,304 | - | - |
| *Financial liabilities* | | | | |
| Financial liabilities held at amortised cost | | | | |
| - Trade and other payables | 418,808 | 418,808 | 397,773 | 397,773 |
| - Other Financial liabilities | 484,973 | 484,973 | 466,814 | 466,814 |

**NOTE 9: CONTINGENT LIABILITIES**
There has been no change in contingent liabilities since the last annual reporting date.

**NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE**
On 10 February 2021, the Company announced a raising of $12M (before costs) from a placement of 92,307,693 new shares to existing shareholders and professional investors. On 4 March 2021 the Company announced the closure of a share purchase plan with $838,500 of subscriptions. A total of 6,449,976 new shares will be issued from the share purchase plan at $0.13 per share.

There have been no additional matters or circumstances that have arisen after balance date that have 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

1. In the opinion of the Directors of Kin Mining NL (the 'Company'):

    a. the accompanying interim financial statements and notes are in accordance with the *Corporations Act 2001* including:

        i. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half- year then ended; and

        ii. complying with Australian Accounting Standards, the *Corporations Regulations 2001*, professional reporting requirements and other mandatory requirements.

    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.

    c. the interim financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 303(5) of the *Corporations Act 2001* for the half-year ended 31 December 2020.

This declaration is signed in accordance with a resolution of the board of Directors.

**Andrew Munckton**
**Managing Director**
**4 March 2021**

**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 2020, the condensed consolidated statement of profit or loss and other 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 information, and the directors' declaration, for the Group 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 does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2020 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*.

*Basis for conclusion*

We conducted our review in accordance with ASRE *2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

*Responsibility of the directors for the 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.

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ADVISORY AND ACCOUNTING

*Auditor's responsibility for the review of the financial report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2020 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*.

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**

**L Di Giallonardo**
**Partner**

**Perth, Western Australia**
**4 March 2021**