

Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

Financial Statements

For the Half Year Ended 31 December 2021

Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

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For the Half Year Ended 31 December 2021

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Constance Iron Limited (formerly Koch Metals Limited)

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Directors' Report

31 December 2021

Constance Iron Limited (formerly Koch Metals Limited) is an unlisted public company limited by shares, incorporated and domiciled in Australia.

The directors present their report, together with the financial statements of the Company for the financial half year ended 31 December 2021.

Directors

The names of the directors in office at any time during, or since the end of, the half year are:

Names	Position
Adam Giles	Non-Executive Chairman
Lord Christopher Wellesley	Non-Executive Director
Kenn MacMillan	Non-Executive Director

Directors have been in office since the start of the financial half year to the date of this report unless otherwise stated.

Review of operations

On 20 September 2021, the share sale agreement between Constance Iron Limited (formerly Koch Metals Limited) and AML was amended again and the changes included:

- Constance Iron Limited (formerly Koch Metals Limited) to pay back the \$200,000 received on 23 September 2020 to AML,
- \$200,000 cash receivable from AML will no longer be payable to Constance Iron Limited (formerly Koch Metals Limited), and
- \$800,000 share in AML to be issued to Constance Iron Limited (formerly Koch Metals Limited) on AML's official listing on the ASX

Risks

There are specific risks associated with the activities of the Company and general risks which are largely beyond the control of the Company and the Directors. The risks identified below, or other risk factors, may have a material impact on the future financial performance of the Company.

All mining ventures are exposed to risks and the Company continues to monitor risks associated with current projects whilst also analysing the risks associated with any new opportunities. These risks may cover such areas as:

Economic

General economic conditions, introduction of tax reform, new legislation, the general level of activity within the resources industry, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and possible production activities, as well as on its ability to fund those activities.

Climate change

The Company recognises that physical and non-physical impacts of climate change may affect assets, productivity, markets and the community. Risks related to the physical impacts of climate change include the risks associated with increased severity of extreme weather events and chronic risks resulting from longer-term changes in climate patterns. Non-physical risks and opportunities arise from a variety of policy, legal, technological and market responses to the

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Directors' Report

31 December 2021

Risks (continued)

challenges posed by climate change and the transition to a lower carbon world.

Title risk

This may specifically cover mining tenure whereby country specific mining laws and legislation apply. These risks may include economic, social or exploration licensing, land access and environmental regulation, mine safety and labour relations etc.

Exploration risk

The Directors of the Company realise that mineral exploration and development are high risk undertakings due to the high level of inherent uncertainty. There can be no assurance that exploration of the Company's tenements, or of any other tenements that may be acquired by the Company in the future, will result in the discovery of economic mineralisation. Even if economic mineralisation is discovered there is no guarantee that it can be commercially exploited.

Any future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

Environmental risks

The operations and proposed activities of the Company are subject to each project's jurisdiction, laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Future legislation and regulations governing exploration, development and possible production may impose significant environmental obligations on the Company.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potential economically viable mineral deposits. The Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals or to obtain them on terms acceptable to the Company may prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

Resource estimates

The Company's projects may contain JORC Code compliant resources. There is no guarantee that a JORC Code compliant resource will be discovered on any of the Company's other tenements. Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations and the value of the Company's listed shares.

Access risks - Cultural heritage and native title

The Company must comply with various specific cultural heritage and native title legislation including access agreements which require various commitments, such as base studies and compliant survey work, to be undertaken ahead of the commencement of mining operations.

It is possible that some areas of those tenements may not be available for exploration due to cultural heritage and native title legislation or invalid access agreements. The Company may need to obtain the consent of the holders of such interests before commencing activities on affected areas of the tenements. These consents may be delayed or

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Directors' Report

31 December 2021

Risks (continued)

may be given on conditions which are not satisfactory to the Company.

Market conditions

In future share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- General economic outlook;
- Introduction of tax reform or other new legislation;
- Interest rates and inflation rates;
- Changes in investor sentiment toward particular market sectors;
- The demand for, and supply of, capital; and
- Terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Interest rate risk

The Company's exposure to interest rate risk, is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities. The Company is exposed to movements in market interest rates on short term deposits.

The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. Interest payable on Convertible loan note is fixed at 5% per annum.

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company does not have any significant credit risk exposure at this stage.

Liquidity risk

The Company manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance requirements to finance the Company's current and future operations. The Company believes that all outstanding payables can be paid when due and there are no past due payables as at the balance date.

Commodity price risk

At 31 December 2021, the Company does not have any financial instruments subject to commodity price risk. However it is noted that the company is exploring for iron ore amongst other commodities, the price fluctuations impact the potential commercial exploitation.

Foreign currency risk

At 31 December 2021, the Company is not exposed to foreign exchange currency risk at balance date.

The above risks are not exhaustive but are the minimum exposure areas observed by the Company.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the half year.

Matters or circumstances arising after the end of the year

COVID-19

After the COVID-19 outbreak in early 2020, Constance Iron Limited (formerly Koch Metals Limited) is paying close attention to the development of the outbreak and its potential impact on the financial position, cash flows and operating results. Given the dynamic nature of the COVID-19 outbreak, it is not practical to provide a reasonable estimate.

Constance Iron Limited (formerly Koch Metals Limited)

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**Directors' Report
31 December 2021**

Matters or circumstances arising after the end of the year (continued)

Capital Raising

As part of the plan to raise \$15 - \$20 million as a pre-initial public offer for Constance Range and Central Project the Company completed Tranche 1 of pre-IPO capital raises in May 2022. The amount raised was \$2,152,855.50 through the issue of 166,667 shares at \$1.50 and 1,902,855 convertible notes issued at \$1.00 with a conversion price of \$1.50.

Central Norsemen HOA

The board ratified the Heads of Agreement (HOA) on 20 January 2022 with Central Norseman Gold Corp Pty Ltd and Pangolin Resources Pty Ltd for the preparation of one or more final binding agreement encompassing and including but not limited to the Iron ore project.

The parties acknowledged and agreed on the 29th of April 2022 through a side letter that the HOA will be legally binding until the earlier of the sunset date, being 31 May 2022, and the date which a binding full-form agreement reflecting the terms of the HOA is entered into.

There are plans to raise \$15 - \$20 million as a pre-initial public offer for Constance Range and Central Project.

Except for the above, no other matters or circumstances have arisen since the end of the financial half year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the half year ended 31 December 2021 has been received and can be found on page 5 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director:  **Adam Giles**

Director:  **Kenn Macmillan**

Dated this **23rd** day of **May** 2022

To the Board of Directors of Constance Iron Limited (formerly Koch Metals Limited)

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

As lead audit director for the review of the financial statements of Constance Iron Limited (formerly Koch Metals Limited) for the half year ended 31 December 2021, 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.

Yours sincerely



Nexia Sydney Audit Pty Ltd



Joseph Santangelo

Director

Date: 23 May 2022

Constance Iron Limited (formerly Koch Metals Limited)

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Statement of Profit or Loss and Other Comprehensive Income For the Half Year Ended 31 December 2021

		31 December 2021	31 December 2020
	Note	\$	\$
Administrative expenses	4	(401,955)	(243,648)
Project expenditure		-	(172,503)
Employee benefits expense	4	(282,927)	-
Depreciation and amortisation expense		(1,180)	-
Loss on disposal of asset		-	(50,000)
Impairment expense	4	-	(600,000)
Equity based remuneration expenses		(44,060)	(443,603)
Other expenses	4	(336,001)	(145,376)
Finance expenses		-	(109,059)
Loss before income tax		(1,066,123)	(1,764,189)
Income tax expense		-	-
Loss for the year		(1,066,123)	(1,764,189)
Other comprehensive income, net of income tax			
Total comprehensive loss for the year		(1,066,123)	(1,764,189)

The accompanying notes form part of these financial statements.

Constance Iron Limited (formerly Koch Metals Limited)

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Statement of Financial Position

As At 31 December 2021

	31 December 2021	30 June 2021
Note	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,463,140	1,203,739
Trade and other receivables	36,149	52,110
Deposits	-	850,000
TOTAL CURRENT ASSETS	<u>1,499,289</u>	<u>2,105,849</u>
NON-CURRENT ASSETS		
Property, plant and equipment	5,638	3,942
Exploration, evaluation and development assets	5,707,994	5,633,351
TOTAL NON-CURRENT ASSETS	<u>5,713,632</u>	<u>5,637,293</u>
TOTAL ASSETS	<u>7,212,921</u>	<u>7,743,142</u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	236,558	358,515
TOTAL CURRENT LIABILITIES	<u>236,558</u>	<u>358,515</u>
NON-CURRENT LIABILITIES		
TOTAL LIABILITIES	<u>236,558</u>	<u>358,515</u>
NET ASSETS	<u>6,976,363</u>	<u>7,384,627</u>
EQUITY		
Issued capital	14,878,010	13,264,210
Share option reserve	6,908,892	6,864,833
Share capital reserve	75,000	1,075,000
Accumulated losses	(14,885,539)	(13,819,416)
TOTAL EQUITY	<u>6,976,363</u>	<u>7,384,627</u>

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity For the Half Year Ended 31 December 2021

2021

	Issued Capital	Convertible Notes Reserve	Share Option Reserve	Share Capital Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 January 2021	13,264,210	-	6,864,833	1,075,000	(13,819,416)	7,384,627
Movement in equity remuneration reserve in respect to options granted	-	-	44,059	-	-	44,059
Total other comprehensive income for the period	-	-	-	-	(1,066,123)	(1,066,123)
Transactions with owners in their capacity as owners						
Shares issued during the year, net of costs	1,613,800	-	-	(1,000,000)	-	613,800
Balance at 31 December 2021	14,878,010	-	6,908,892	75,000	(14,885,539)	6,976,363

2020

	Issued Capital	Convertible Notes Reserve	Share Option Reserve	Share Capital Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	3,262,380	257,630	4,436	-	(2,565,434)	959,012
Movement in equity remuneration reserve in respect to options granted	-	-	443,603	-	-	443,603
Total other comprehensive income for the period	-	-	-	-	(1,764,189)	(1,764,189)
Transactions with owners in their capacity as owners						
Shares not yet issued where funds received, net of costs	-	-	-	2,862,637	-	2,862,637
Balance at 31 December 2020	3,262,380	257,630	448,039	2,862,637	(4,329,623)	2,501,063

The accompanying notes form part of these financial statements.

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Statement of Cash Flows For the Half Year Ended 31 December 2021

	31 December 2021	31 December 2020
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	57,321	-
Payments to suppliers and employees	(1,184,201)	(1,073,046)
Interest paid	-	(9,500)
Net cash provided by/(used in) operating activities	<u>(1,126,880)</u>	<u>(1,082,546)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from disposal of investment	850,000	200,000
Purchase of property, plant and equipment	(2,876)	-
Payments for exploration and evaluation	(74,643)	(3,028,633)
Net cash provided by/(used in) investing activities	<u>772,481</u>	<u>(2,828,633)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	660,000	3,222,000
Proceeds from convertible notes issue	-	1,460,000
Payments for share issue costs	(46,200)	(359,363)
Net cash provided by/(used in) financing activities	<u>613,800</u>	<u>4,322,637</u>
Net increase/(decrease) in cash and cash equivalents held	259,401	411,458
Cash and cash equivalents at beginning of year	<u>1,203,739</u>	<u>215,036</u>
Cash and cash equivalents at end of the half year	<u>1,463,140</u>	<u>626,494</u>

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements For the Half Year Ended 31 December 2021

1 Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Reporting basis and conventions

The financial statements have been prepared under the historical cost convention, and on an accruals basis.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Adoption of new and revised Accounting Standards and Interpretations

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting half-year. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company during the half-year.

3 Summary of Significant Accounting Policies

(a) Going concern

For the half-year ended 31 December 2021 the Company reported a loss of \$1,066,123 and net cash outflows from operating activities of \$1,126,880. As at 31 December 2021 the Company is in a working capital surplus position of \$1,126,880 and has cash and cash equivalents of \$1,463,140. As the Company is in pre-revenue exploration phase, it is reliant on obtaining additional funding to continue its operations, meet its ongoing obligations and execute its strategy.

These conditions give rise to material uncertainty which may cast doubt over the Company's ability to continue as a going concern. The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

The Company has received \$2,152,855.50 in May 2022 through Tranche 1 of pre-IPO capital raise. Management of the Company are confident they will receive a further \$300,000 in May 2022. The Company will have the proper budget associated with the projects, systems and process to manage the capital raised in a such a manner to achieve the objectives.

Should the company's funding plans not be achieved and is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classifications of liabilities and appropriate disclosures that may be necessary should the Company be unable

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Notes to the Financial Statements For the Half Year Ended 31 December 2021

3 Summary of Significant Accounting Policies (continued)

(a) **Going concern (continued)**
to continue as a going concern.

(b) **Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

(c) **Segment reporting**

No segment reporting information is required to be disclosed as the company operates in a single segment.

4 Results for the Year

Included in the statement of profit and loss are the following expenses:

	31 December 2021	31 December 2020
	\$	\$
<i>Administrative expenses:</i>		
Accounting fees	149,153	32,791
Audit fees	42,446	19,500
Directors fees	135,000	171,000
Secretarial fees	40,672	3,000
Other	34,684	17,357
Total administrative expenses	401,955	243,648
<i>Impairment expense:</i>		
Impairment of other receivables	-	600,000
<i>Other expenses:</i>		
Consulting	75,854	11,651
Legal	54,042	119,341
Travel	6,105	14,384
Refund on Albury Gold	200,000	-
Total other expenses	336,001	145,376
<i>Employee benefits expense:</i>		
Wages and salaries	265,243	-
Superannuation contributions	17,684	-
Total employee benefits expense	282,927	-

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Notes to the Financial Statements For the Half Year Ended 31 December 2021

5 Deposits

	31 December 2021	30 June 2021
	\$	\$
CURRENT		
Exclusivity deposit - CU River Mining Australia Pty Ltd	-	850,000
Total current contract assets	-	850,000

The above contract asset provided Constance Iron Limited (formerly Koch Metals Limited) exclusivity rights to negotiate the purchase of CU River Mining Australia Pty Ltd. The amount was refunded on 27 August 2021.

6 Exploration, evaluation and development assets

	31 December 2021	30 June 2021
	\$	\$
Constance Range tenements	5,331,557	5,331,557
Capitalised exploration and evaluation expenses	376,437	301,794
Total exploration, evaluation and development assets	5,707,994	5,633,351

7 Issued Capital

	31 December 2021	30 June 2021
	\$	\$
66,128,163 (2020: 64,468,163) Ordinary shares	15,783,724	14,123,724
Share issue costs	(905,714)	(859,514)
Total issued capital	14,878,010	13,264,210

Constance Iron Limited (formerly Koch Metals Limited)

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Notes to the Financial Statements For the Half Year Ended 31 December 2021

7 Issued Capital (continued)

(a) Ordinary shares

	31 December 2021 No.	31 December 2021 \$	30 June 2021 No.	30 June 2021 \$
At the beginning of the reporting period	64,468,163	14,123,724	40,990,000	3,489,680
Shares issued during the period:				
Share placement at \$0.50 in lieu of loan repayment	-	-	6,032,003	3,016,004
Share placement at \$0.50	-	-	6,444,000	3,222,000
Share placement at \$1.00	1,660,000	1,660,000	2,194,000	2,194,000
Note conversion at \$0.25	-	-	8,808,160	2,202,040
At the end of the reporting period	66,128,163	15,783,724	64,468,163	14,123,724

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

8 Commitments

(a) Exploration

The Company has certain obligations to perform minimum exploration work on mineral leases held. These obligations may be varied as a result of renegotiations of the terms of the exploration licences or their relinquishment. The minimum exploration obligations are less than the normal level of exploration expected to be undertaken by the Company.

At as balance date, total exploration expenditure commitments on tenements held by the Company have not been provided for in the financial statements and which cover the following 3 year period amount to \$795,000. This expenditure includes the following activities:

- Desktop studies;
- Reconnaissance mapping;
- Technical site program supervision and logistics;
- Sample collection and analysis;
- Site access and accommodation;
- Drill site preparation and mixed type sample drilling; and
- JORC resource estimation and preliminary feasibility studies

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Notes to the Financial Statements For the Half Year Ended 31 December 2021

8 Commitments (continued)

(a) Exploration (continued)

Minimum committed expenditure relating to EPM 26911, EPM 26611 and EPM 27431:

Year	Amount Committed (\$)
1	193,500
2	119,000
Total	312,500

Annual rent for the Constance Range tenements have been waived by the Queensland Government.

(b) Operating Lease Commitments

There are no material operating lease commitments as 31 December 2021 (2020: nil) not otherwise disclosed in the financial statements.

(c) Contractual Commitment

There are no material contractual commitments as at 31 December 2021 (2020: nil) not otherwise disclosed in the financial statements.

9 Contingencies

Contingent Assets/Liabilities

Constance Iron Limited (formerly Koch Metals Limited) had the following contingent assets/liabilities at the end of the reporting period:

\$800,000 in shares in Aureus Mining Limited to be issued to the Company is contingent upon their listing on the Australian Stock Exchange (30 June 2021: None).

No contingent liabilities at 31 December 2021 (30 June 2021: None).

10 Related Parties

Albury Gold Pty Ltd

On 20 September 2021, the share sale agreement between Constance Iron Limited (formerly Koch Metals Limited) and Aureus Mining Limited (AML) was amended again and the changes included:

- Constance Iron Limited (formerly Koch Metals Limited) to pay back the \$200,000 received on 23 September 2020 to AML,
- \$200,000 cash receivable from AML will no longer be payable to Constance Iron Limited (formerly Koch Metals

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Notes to the Financial Statements For the Half Year Ended 31 December 2021

10 Related Parties (continued)

Limited), and

- \$800,000 share in AML to be issued to Constance Iron Limited (formerly Koch Metals Limited) on official listing on the ASX.

There are no other related party transactions, other than those already disclosed elsewhere in this financial report.

11 Events Occurring After the Reporting Date

The financial report was authorised for issue on 23 May 2022 by the board of directors.

COVID-19

After the COVID-19 outbreak in early 2020, Constance Iron Limited (formerly Koch Metals Limited) is paying close attention to the development of the outbreak and its potential impact on the financial position, cash flows and operating results. Given the dynamic nature of the COVID-19 outbreak, it is not practical to provide a reasonable estimate.

Capital Raising

As part of the plan to raise \$15 - \$20 million as a pre-initial public offer for Constance Range and Central Project the Company completed Tranche 1 of pre-IPO capital raises in May 2022. The amount raised was \$2,152,855.50 through the issue of 166,667 shares at \$1.50 and 1,902,855 convertible notes issued at \$1.00 with a conversion price of \$1.50.

Central Norsemen HOA

The board ratified the Heads of Agreement (HOA) on 20 January 2022 with Central Norseman Gold Corp Pty Ltd and Pangolin Resources Pty Ltd for the preparation of one or more final binding agreement encompassing and including but not limited to the Iron ore project.

The parties acknowledged and agreed on the 29th of April 2022 through a side letter that the HOA will be legally binding until the earlier of the sunset date, being 31 May 2022, and the date which a binding full-form agreement reflecting the terms of the HOA is entered into.

There are plans to raise \$15 - \$20 million as a pre-initial public offer for Constance Range and Central Project.

Except for the above, no matters or circumstances have arisen since the end of the financial half year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

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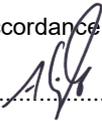
Directors' Declaration

In the directors' opinion:

1. The attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
2. The attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
3. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

Director



Adam Giles

Director



Kenn Macmillan

Dated 23 May 2022

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CONSTANCE IRON LIMITED (FORMERLY KOCH METALS LIMITED)

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Constance Iron Limited (formerly Koch Metals Limited), which comprises the Statement of Financial Position as at 31 December 2021, the Statement of Comprehensive Income, Statement of Changes in Equity and 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.

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 Constance Iron Limited (formerly Koch Metals Limited) does not comply with the *Corporations Act 2001* including:

- i) giving a true and fair view of the Constance Iron Limited's (formerly Koch Metals Limited) financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- iii) 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 & 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.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Emphasis of Matter

We draw attention to Note 3(a) of the financial report, which indicates that the Company incurred a net loss of \$1,066,123 during the half-year ended 31 December 2021 and had net cash outflows from operating activities of \$1,126,880. As stated in Note 3(a), the pre-revenue exploration phase is reliant on obtaining additional funding to continue its operations, meet its ongoing obligations and execute its strategy, these events or conditions, along with other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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 Company's financial position as at 31 December 2021 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.



Nexia Sydney Audit Pty Ltd



Joseph Santangelo
Director

Dated: 23 May 2022