

# **Constance Iron Limited (formerly Koch Metals Limited)**

ACN: 632 109 570

## **Financial Statements**

For the Year Ended 30 June 2021

# Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

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For the Year Ended 30 June 2021

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# Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

## Directors' Report

30 June 2021

Constance Iron Limited (formerly Koch Metals Limited) is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 13  
68 York Street  
SYDNEY NSW 2000

A description of the nature of the Company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 May 2022. The directors have the power to amend and reissue the financial statements.

The directors present their report, together with the financial statements of the Company for the financial year ended 30 June 2021.

### Information on directors

The names and experience of each person who has been a director during the year and to the date of this report are:

**Name:** Adam Giles  
**Title:** Non-Executive Chairman  
**Qualifications:**  
**Special responsibilities:** None.

Adam Giles is a former Chief Minister of the Northern Territory. He became the 10th Chief Minister in 2013 and held office until 2016. During Adam's political career he held the portfolios of Northern Australia, Major Projects, Economic Development, Indigenous Affairs, Transport and Infrastructure and Treasury. Prior to politics, Adam had a long career in the Indigenous affairs, housing, training and employment sectors and previously worked as a social and economic policy adviser in the Department of Prime Minister and Cabinet and led Indigenous Economic Policy for the Australian Government.

Outside of politics, Adam now provides consultancy advice on agriculture and mining, politics, media, Indigenous policy and employment and training. Adam also sits on the board of companies providing Indigenous economic development, NDIS, juvenile justice, Child Protection and employment services.

**Name:** Lord Christopher Wellesley (commenced 1 July 2020)  
**Title:** Non-Executive Director  
**Qualifications:**  
**Special responsibilities:** None.

Lord Christopher Wellesley is an experienced banking and capital markets executive with board and not-for-profit experience, comprising three decades of senior roles within tier-one institutions in London and Hong Kong and working with clients in the resources, energy and funds management sectors. He also has a network of senior, key relationships across the UK capital markets and is experienced in capital raising, corporate and financial markets experience, and involvement in a range of private philanthropic activities.

## Constance Iron Limited (formerly Koch Metals Limited)

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### Directors' Report

30 June 2021

#### Information on directors (continued)

**Name:** Kenn MacMillan (commenced 14 April 2021)  
**Title:** Non-Executive Director  
**Qualifications:**  
**Special responsibilities:** None.

Kenn has over 30 years of financial services experience, spanning across multiple blue-chip financial services companies including JBWere and Merrill Lynch, where he headed up their Australian Private Clients business. Following this Kenn joined UBS Wealth Management in 2004 as head of its Sydney office and was promoted to Managing Director in 2007. Kenn MacMillan founded MacMillan Capital, an investment and corporate advice business in January 2020. Kenn's career spans corporate advice, investment advice and non-executive directorships and he has significant experience managing financial services businesses and advising professional investors and corporate clients on all aspects of their businesses including raising capital, strategy and investment across all asset classes.

**Name:** John Daniel Moore (resigned 29 March 2021)  
**Title:** Non-Executive Director  
**Qualifications:**  
**Special responsibilities:** None.

Experienced in equity capital markets since 2004, previously with Wilson HTM and Morgan Stanley, focused on emerging companies. Currently a Director of Centenario Lithium. Previously held Non-Executive Director roles at iCollege (ASX: ICT), Coronado Resources during RTO with Race Oncology (ASX: RAC) and Stratum Metals during RTO with Locality Planning Energy (ASX: LPE).

**Name:** Andrew David Bristow (resigned 25 March 2021)  
**Title:** Non-Executive Director  
**Qualifications:** BCOM, LLB  
**Special responsibilities:** None.

Andrew is a corporate lawyer with over 35 years' experience. He specialises in corporate and commercial law with a focus on initial public offerings (IPOs) and fund raising for both listed and unlisted companies. He is a director of Aureus Mining Limited and Azure Health Limited. He is also the company secretary for several private companies.

**Name:** Ethan Perrett (29 March 2021 to 22 April 2021)  
**Title:** Non-Executive Director  
**Qualifications:** BBS, BFin, BGeog, BESci.  
**Special responsibilities:** None.

Ethan is an experienced Investment Analyst with a demonstrated history of working in the financial services industry. Skilled in financial modelling, business planning, quantitative analytics, financial markets, B2B relationship management and negotiation. Advantaged with a diverse background and qualifications focused in business development, finance, geology, and geophysics.

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

## Constance Iron Limited (formerly Koch Metals Limited)

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### Directors' Report

30 June 2021

#### Company secretary

The following persons held the position of Company secretary at the end of the financial year:

Rajesh Padmanabhan has been the company secretary since 20 August 2021.

Alan Armstrong held the role of company secretary between 29 April 2021 to 20 August 2021.

Catriona Glover held the role of company secretary between 1 December 2020 to 30 April 2021.

Andrew Bristow held the role of company secretary between 7 March 2019 to 25 March 2021.

#### Principal activities

The principal activity of Constance Iron Limited (formerly Koch Metals Limited) during the financial year was mining exploration.

No significant changes in the nature of the Company's activity occurred during the financial year.

#### Operating results

The loss of the Company after providing for income tax amounted to \$ (11,253,982) (2020: \$ (2,565,434)).

#### Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

#### Review of operations

The Company finalised payment for two exploration tenements in far north west Queensland which are prospective for iron ore. The final payment was made on 8 December 2020. The company has also been granted a third tenement. The three tenements are collectively known as the Constance Range project.

The Company sold its 100% subsidiary Albury Gold Pty Ltd to Aureus Mining Limited on 7 September 2020 in consideration for \$400,000 in cash of which \$200,000 is payable to the company upon listing of Aureus Mining Limited. Refer to note 26 "Events Occurring After the Reporting Date" for further details on this transaction. The Company has also been released from all obligations under the contracts pursuant to which it acquired the Albury tenements.

#### 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.

# Constance Iron Limited (formerly Koch Metals Limited)

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## Directors' Report

30 June 2021

### Risks (continued)

#### 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 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.

# Constance Iron Limited (formerly Koch Metals Limited)

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## Directors' Report

30 June 2021

### Risks (continued)

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

#### **Foreign currency risk**

At 30 June 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.

# Constance Iron Limited (formerly Koch Metals Limited)

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## Directors' Report

30 June 2021

### Significant changes in state of affairs

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

### Matters or circumstances arising after the end of the year

#### COVID-19

After the COVID-19 outbreak in early 2020, the Company 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

The Company completed pre-IPO capital raises in October 2021, raising a total of \$660,000 through the issue of 660,000 shares.

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.

#### Albury Gold Transaction

The Albury Gold transaction occurred over an 18 month period and the Company has set out the key milestones and amendments below. Ultimately, as at the date of this report the Company has no obligations or liabilities in relation to the deal and has the potential to be granted \$800,000 of Aureus Mining Limited (AML) shares if they are listed on the ASX.

Albury Gold Pty Ltd (AGPL) was incorporated in New South Wales on 13 March 2020. On 15 April 2020, Minerals Australia Pty Ltd (MAPL) agreed to sell the Albury Gold tenements to AGPL for the following:

- \$45,000 reimbursement of rehabilitation bonds,
- Agreement to pay royalty of 1.99% of gross revenue from the tenement under the Royalty Deed,
- 1.7million free Constance Iron Limited (formerly Koch Metals Limited) shares, and
- Constance Iron Limited (formerly Koch Metals Limited) to provide guarantee and indemnity in favour of MAPL and Jacaranda Coal Limited (JCL).

On 7 September 2020, Constance Iron Limited (formerly Koch Metals Limited) agreed to sell its 100% ownership in AGPL to AML in exchange for:

- \$400,000 in cash; \$200,000 received on 23 September 2020 and remainder deferred,
- \$400,000 share in AML, and
- Aureus to provide a back to back guarantee of AGPL obligations to Constance Iron Limited (formerly Koch Metals Limited).

Minister's Authorisation was provided by or on behalf of AGPL to MAPL on 27 November 2020, and the Share Sale Completion under the Koch-Aureus Share Sale Agreement was noted to occur on 23 September 2020 before ministerial approval.

On the 8 February 2021, the share sale agreement between Constance Iron Limited (formerly Koch Metals Limited) and AML was amended and the changes are as follows:

- AML to issue MAPL 1.7 million shares instead of Constance Iron Limited (formerly Koch Metals Limited) issuing 1.7 million shares to MAPL,
- Constance Iron Limited (formerly Koch Metals Limited) agreed to discharge AML of its back to back guarantee of AGPL obligations,
- AML to issue shares to MAPL instead of Constance Iron Limited (formerly Koch Metals Limited) to the amount of \$425,000 AML shares, and
- JCL and MAPL agreed to release and discharge Constance Iron Limited (formerly Koch Metals Limited) of its obligations and liabilities to provide guarantee and indemnity in favour of MAPL and JCL.

## Constance Iron Limited (formerly Koch Metals Limited)

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### Directors' Report

30 June 2021

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

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 official listing on the ASX.

#### **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 29<sup>th</sup> 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 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.

#### **Future developments and results**

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

#### **Environmental matters**

The Company's operations are regulated by the Environmental Protection Act 1994 (QLD). Under this act, the government issues Environmental Authorities ("EA's"), covering each Exploration or mining lease. An EA can cover one or more leases.

The Company currently holds four EA's:

- EA 0002308,
- EA 0002286,
- EA 0001116,
- EA 0002094

All EA's require an assessed environmental bond to be paid at the time of clearing the area for exploration drilling, and annual return detailing all activities.

The directors confirm that the Company holds an EA for each of their 5 leases and all are current and in good standing.

## Constance Iron Limited (formerly Koch Metals Limited)

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### Directors' Report

30 June 2021

#### Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

#### Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Constance Iron Limited (formerly Koch Metals Limited).

#### Meetings of directors

During the financial year, 10 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Adam Giles	10	9
Lord Christopher Wellesley	10	9
Kenn MacMillan	1	1
John Daniel Moore	10	8
Andrew David Bristow	10	-
Ethan Perrett	-	-

#### Options on issue

The Company has the following options on issue as at 30 June 2021:

Name of Holder	Number and class of Shares over which Option granted	Terms of Options	Rights to Participate
Adam Giles	5,000,000 Ordinary shares	Exercisable at \$0.20 each at any time prior to 30 June 2022.	NIL
John Daniel Moore	5,000,000 Ordinary shares	Exercisable at \$0.20 each at any time prior to 30 June 2022.	NIL
Onslow Management Services Pty Ltd	2,300,000 Ordinary shares	Exercisable at \$0.25 each up to the third anniversary of the Company being listed on the ASX or London Stock Exchange.	NIL
Palfreyman Family Super Fund	150,000 Ordinary shares	Exercisable at \$0.25 each at any time prior to 20 June 2024.	NIL

**Constance Iron Limited (formerly Koch Metals Limited)**

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**Directors' Report**

**30 June 2021**

**Options on issue (continued)**

<b>Name of Holder</b>	<b>Number and class of Shares over which Option granted</b>	<b>Terms of Options</b>	<b>Rights to Participate</b>
Lord Christopher Wellesley	1,000,000 Ordinary shares	Exercisable at \$0.125 each for at any time prior to 30 June 2024. Issued under an Employee Share option Plan and are to (or the underlying shares are) be held for 3 years from issue.	NIL
	1,000,000 Ordinary shares	Exercisable at \$0.50 each at any time prior to 30 June 2024.	
Andrew David Bristow	1,000,000 Ordinary shares	Exercisable at \$0.125 each for at any time prior to 30 June 2024. Issued under an Employee Share Option Plan and are (or the underlying shares are) to be held for 3 years from issue.	NIL
	1,000,000 Ordinary shares	Exercisable at \$0.50 each at any time prior to 30 June 2024	
Ron Kelly	1,000,000 Ordinary shares	Exercisable at \$0.125 each for at any time prior to 30 June 2024. Issued under an Employee Share option Plan and are to (or the underlying shares are) be held for 3 years from issue.	NIL
	1,000,000 Ordinary shares	Exercisable at \$0.50 each at any time prior to 30 June 2024.	
Catriona Glover	100,000 Ordinary shares	Exercisable at \$0.125 each for at any time prior to 30 June 2024. Issued under an Employee Share option Plan and are to (or the underlying shares are) be held for 3 years from issue.	NIL
	100,000 Ordinary shares	Exercisable at \$0.50 each at any time prior to 30 June 2024.	
David Mckenzie	75,000 Ordinary shares	Exercisable at \$0.00 each for at any time subsequent to vesting conditions being satisfied under an Employee Share option Plan	NIL
Stephen Woodham	1,000,000 Ordinary shares	Exercisable at \$0.00 each for at any time prior to 30 June 2024. Issued under an Employee Share option Plan and are to (or the underlying shares are) be held for 3 years from issue.	NIL

# Constance Iron Limited (formerly Koch Metals Limited)

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## Directors' Report

30 June 2021

### Options to Directors and Executives

Options, as detailed in the above table, were granted to Directors and Executives, both present and resigned, as part of their remuneration as follows:

Name and Office Held	Number of Options	Term of Options
Adam Giles Non-Executive Chairman	5,000,000	Exercisable at \$0.20 each at any time prior to 30 June 2022. The options were granted on 8 March 2019.
Lord Christopher Wellesley Non-Executive Director	1,000,000	Exercisable at \$0.125 each for at any time prior to 30 June 2024. Issued under an Employee Share option Plan and are to (or the underlying shares are) be held for 3 years from issue.
	1,000,000	Exercisable at \$0.50 each at any time prior to 30 June 2024.
John Daniel Moore Ex Non-Executive Director	5,000,000	Exercisable at \$0.20 each for at any time prior to 30 June 2022. The options were granted on 8 March 2019.
Andrew David Bristow Ex Non-Executive Director	1,000,000	Exercisable at \$0.125 each for at any time prior to 30 June 2024. Issued under an Employee Share Option Plan and are (or the underlying shares are) to be held for 3 years from issue.
	1,000,000	Exercisable at \$0.50 each at any time prior to 30 June 2024.
David Mckenzie Chief Executive Officer	75,000	Exercisable at \$0.00 each for at any time subsequent to vesting conditions being satisfied under an Employee Share option Plan
Stephen Woodham Former Chief Executive Officer	1,000,000	Exercisable at \$0.00 each for at any time prior to 30 June 2024. Issued under an Employee Share option Plan and are to (or the underlying shares are) be held for 3 years from issue.

### Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2021 has been received and can be found on page 11 of the financial report.

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

  
Director: .....  
Name: Adam Giles

  
Director: .....  
Name: 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 audit of the financial statements of Constance Iron Limited (formerly Koch Metals Limited) for the period ended 30 June 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 audit; and
- (b) any applicable code of professional conduct in relation to the audit.

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 Year Ended 30 June 2021

		2021	2020
	Note	\$	\$
Finance income	6	-	2
Other income	5	850,000	-
Administrative expenses	7	(559,352)	(532,722)
Project expenditure		(529,613)	-
Employee benefits expense		(107,399)	-
Depreciation and amortisation expense		(204)	-
Loss on loan conversion	7	(1,508,003)	-
Loss on disposal of asset		(450,000)	-
Impairment expense	7	(350,000)	-
Equity based remuneration expenses		(7,677,766)	(952,436)
Marketing expenses		(725)	-
Other expenses	7	(507,205)	(1,007,859)
Finance expenses	6	(413,715)	(72,419)
<b>Loss before income tax</b>		<b>(11,253,982)</b>	<b>(2,565,434)</b>
Income tax expense	8	-	-
<b>Loss for the year</b>		<b>(11,253,982)</b>	<b>(2,565,434)</b>
Other comprehensive income, net of income tax			
<b>Total comprehensive loss for the year</b>		<b>(11,253,982)</b>	<b>(2,565,434)</b>

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 30 June 2021

	Note	2021 \$	2020 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	9	1,203,739	215,035
Trade and other receivables	10	52,110	37,812
Deposits	11	850,000	-
Other assets		-	1,509
TOTAL CURRENT ASSETS		<u>2,105,849</u>	<u>254,356</u>
NON-CURRENT ASSETS			
Property, plant and equipment		3,942	-
Exploration, evaluation and development assets	12	5,633,351	5,460,699
TOTAL NON-CURRENT ASSETS		<u>5,637,293</u>	<u>5,460,699</u>
TOTAL ASSETS		<u><u>7,743,142</u></u>	<u><u>5,715,055</u></u>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	13	358,515	3,055,000
Borrowings	14	-	35,433
Convertible notes	15	-	1,665,610
TOTAL CURRENT LIABILITIES		<u>358,515</u>	<u>4,756,043</u>
TOTAL LIABILITIES		<u>358,515</u>	<u>4,756,043</u>
NET ASSETS		<u><u>7,384,627</u></u>	<u><u>959,012</u></u>
<b>EQUITY</b>			
Issued capital	17	13,264,210	3,262,380
Convertible notes reserve	17	-	257,630
Share option reserve	18	6,864,833	4,436
Share capital reserve	19	1,075,000	-
Accumulated losses		(13,819,416)	(2,565,434)
TOTAL EQUITY		<u><u>7,384,627</u></u>	<u><u>959,012</u></u>

The accompanying notes form part of these financial statements.

## Constance Iron Limited (formerly Koch Metals Limited)

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### Statement of Changes in Equity

For the Year Ended 30 June 2021

2021

	Issued Capital	Convertible Notes Reserve	Share Option Reserve	Share Capital Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	<b>3,262,380</b>	<b>257,630</b>	<b>4,436</b>	-	<b>(2,565,434)</b>	<b>959,012</b>
Movement in equity remuneration reserve in respect to options granted	-	-	<b>6,602,767</b>	-	-	<b>6,602,767</b>
Total other comprehensive income for the year	-	-	-	-	<b>(11,253,982)</b>	<b>(11,253,982)</b>
<b>Transactions with owners in their capacity as owners</b>						
Shares issued during the year, net of costs	<b>10,001,830</b>	-	-	-	-	<b>10,001,830</b>
Transfers between reserves	-	<b>(257,630)</b>	<b>257,630</b>	-	-	-
Share options converted but not yet issued	-	-	-	<b>1,075,000</b>	-	<b>1,075,000</b>
<b>Balance at 30 June 2021</b>	<b>13,264,210</b>	-	<b>6,864,833</b>	<b>1,075,000</b>	<b>(13,819,416)</b>	<b>7,384,627</b>

2020

	Issued Capital	Convertible Notes Reserve	Share Option Reserve	Share Capital Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 7 March 2019</b>	-	-	-	-	-	-
Movement in equity remuneration reserve in respect to options granted	-	-	4,436	-	-	4,436
Total other comprehensive income for the year	-	-	-	-	<b>(2,565,434)</b>	<b>(2,565,434)</b>
<b>Transactions with owners in their capacity as owners</b>						
Shares issued during the year, net of costs	2,314,380	-	-	-	-	2,314,380
Convertible notes issued during the year (net of costs)	-	257,630	-	-	-	257,630
<b>Equity payments</b>						
Share based payments	948,000	-	-	-	-	948,000
<b>Balance at 30 June 2020</b>	<b>3,262,380</b>	<b>257,630</b>	<b>4,436</b>	-	<b>(2,565,434)</b>	<b>959,012</b>

The accompanying notes form part of these financial statements.

## Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

### Statement of Cash Flows For the Year Ended 30 June 2021

	2021	2020
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Payments to suppliers and employees	(2,413,567)	(1,523,394)
Interest received	-	2
Interest paid	(9,500)	(72,419)
Net cash provided by/(used in) operating activities	28 <u>(2,423,067)</u>	<u>(1,595,811)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from disposal of investments	200,000	-
Purchase of property, plant and equipment	(4,146)	-
Payment for establishment costs	-	(1,509)
Payments for exploration and evaluation	(3,172,652)	(2,460,698)
Net cash provided by/(used in) investing activities	<u>(2,976,798)</u>	<u>(2,462,207)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of shares	5,416,023	2,541,680
Payments for share issue costs	(487,454)	(227,300)
Proceeds from convertible notes issue	-	1,958,673
Proceeds from borrowings	1,460,000	-
Net cash provided by/(used in) financing activities	<u>6,388,569</u>	<u>4,273,053</u>
Net increase/(decrease) in cash and cash equivalents held	988,704	215,035
Cash and cash equivalents at beginning of year	215,035	-
Cash and cash equivalents at end of financial year	9 <u>1,203,739</u>	<u>215,035</u>

The accompanying notes form part of these financial statements.

# Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

## Notes to the Financial Statements For the Year Ended 30 June 2021

### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report is presented in Australia dollars and all values are rounded to the nearest dollar.

The financial report of the Company was authorised for issue in accordance with a resolution of Directors on 23 May 2022.

The financial report of Constance Iron Limited (formerly Koch Metals Limited) complies with the Australian Accounting Standards, which include Australian Equivalents to International Accounting Standards ("AIFRS") in their entirety. Compliance with AIFRS ensures that the financial report also complies with International Financial Reporting Standards ("IFRS") in their entirety.

#### 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.

#### Critical accounting estimates

The preparation of the financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

### 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 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 year.

### 3 Summary of Significant Accounting Policies

#### (a) Revenue and other income

##### Interest income

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

##### Other income

Other revenue is recognised when it is received or when the right to receive payment is established.

## Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

### Notes to the Financial Statements For the Year Ended 30 June 2021

#### 3 Summary of Significant Accounting Policies (continued)

##### (b) Going concern

For the year ended 30 June 2021 the Company reported a loss of \$11,253,982 and net cash outflows from operating activities of \$2,423,067. As at 30 June 2021 the Company is in a working capital surplus position of \$1,747,334 and has cash and cash equivalents of \$1,203,739. 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 to continue as a going concern.

##### (c) Income tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

# Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

## Notes to the Financial Statements For the Year Ended 30 June 2021

### 3 Summary of Significant Accounting Policies (continued)

#### (c) Income tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the year except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

#### (d) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents comprises cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### (e) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

#### (f) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. The cost includes expenditure that is directly attributable to the acquisition of items.

Depreciation is calculated using both straight line and diminishing value methods to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Fixed asset class	Diminishing value
Computer equipment	50%

## Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

# Notes to the Financial Statements

## For the Year Ended 30 June 2021

### 3 Summary of Significant Accounting Policies (continued)

#### (g) Mineral exploration and evaluation expenditure

Mineral exploration and evaluation expenditure is written off as incurred or accumulated in respect of each identifiable area of interest and capitalised. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through the successful development and exploitation of the area of interest, or alternatively by its sale; or
- exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in, or in relation to, the area of interest are continuing.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off during the year in which that assessment is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Immediate restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are expensed as incurred and treated as exploration and evaluation expenditure. Exploration activities resulting in future obligations in respect of restoration costs result in a provision to be made by capitalising the estimated costs, on a discounted cash basis, of restoration and depreciating over the useful life of the asset. The unwinding of the effect of the discounting on the provision is recorded as a finance cost in the income statement.

#### (h) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

#### (i) Fair value estimation

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

##### *Fair value measurement*

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use.

## Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

# Notes to the Financial Statements

## For the Year Ended 30 June 2021

### 3 Summary of Significant Accounting Policies (continued)

#### (i) Fair value estimation (continued)

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuer's may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuer's are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

#### (j) Employee benefits

##### *Share based payments*

Share based compensation payments are made available to Directors and employees.

The fair value of bonus shares issued has been recognised at the prevailing share price based on the latest capital raising event at the time of issue.

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the option. A discount is applied, where appropriate, to reflect the non-marketability and non-transferability of unlisted options, as the Black-Scholes option pricing model does not incorporate these factors into its valuation.

The fair value of the options granted is adjusted to reflect market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share based payments reserve relating to those options is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

Upon the cancellation of options on expiry of the exercise period, or lapsing of vesting conditions, the balance of the share based payments reserve relating to those options is transferred to accumulated losses.

## Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

### Notes to the Financial Statements For the Year Ended 30 June 2021

#### 3 Summary of Significant Accounting Policies (continued)

##### (k) 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.

##### (l) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

##### (m) Convertible notes

Convertible notes are classified as debt and equity. The conversion event is anytime between the issue of the convertible notes and the expiry date.

On the 15 June 2021 the Company settled the interest component of the T4 and T5 convertible notes through the issue of bonus shares equal to the value of interest payable, rounded up to the nearest share.

In June 2021, T4 & T5 convertible notes were converted at \$0.25. Funds of \$2,202,040 were raised through converting 8,808,160 notes.

In the current year, employee options of 1,075,000 were granted. Conditions per the employment agreements were satisfied on 30 April 2021 for all 1,075,000 of these. They are to be converted to share capital in the financial year ending 30 June 2022.

The face value of the convertible note has been discounted using the interest rate that would be applicable to a counterparty with the same credit risk without the conversion features. The difference between the face value of the convertible note and the discounted value is the value of the equity derivative (conversion option reserve) appearing in equity. The equity derivative is not re-measured each reporting date. The carrying value of the loan component accretes at the effective interest rate until at maturity is equals face value.

Interest is payable on the notes from the issue date of the note up to and including the date of redemption of conversion, accruing daily. Interest payable is classified as a liability.

##### (n) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

## Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

### Notes to the Financial Statements For the Year Ended 30 June 2021

#### 3 Summary of Significant Accounting Policies (continued)

##### (o) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on a current or non-current classification. An asset is current when it is:

- Expected to be realised, or intended to be sold or consumed in the Company's normal operating cycle;
- Expected to be realised within twelve months after the reporting period; or
- Cash or a cash equivalents (unless restricted for at least twelve months after the reporting period).

A liability is current when it is:

- Expected to be settled in the Company's normal operating cycle;
- It is due to be settled within twelve months after the reporting date; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classed as non-current.

##### (p) Comparative period

In accordance with s323(d) of the Corporations Act 2001, the Directors have determined that the first reporting period will be 15 months from 7 March 2019 to 30 June 2020. As such the comparative period presented in the financial statements reflects this determination.

##### (q) New accounting standards and interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

Standard Name	Effective date for entity	Impact
AASB 2020-1 Amendments to Australian Accounting Standard - Classification of Liabilities as Current or Non-Current	1 January 2022	Immaterial
AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments	1 January 2022	Immaterial
AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2022	Immaterial

## Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

# Notes to the Financial Statements

## For the Year Ended 30 June 2021

### 4 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

#### **Key estimates - Accounting for capitalisation of exploration and evaluation expenditure**

The Company's accounting policy is stated at 3(g). There is some subjectivity involved in the carrying forward as capitalised or writing off to the income statement exploration and evaluation expenditure. Key judgements applied include determining which expenditures relate directly to exploration and evaluation activities and allocating overheads between those that are expensed and capitalised.

Management give due consideration to areas of interest on a regular basis and are confident that decisions to either write off or carry forward such expenditure reflect fairly the prevailing situation.

The Company is compliant with AASB 6 Exploration and Evaluation of Mineral Resources and judgements are applied based on the standard as to when the expenditures in relation to exploration and evaluation activities shall be expensed or capitalised.

#### **Key estimates - Accounting for share based payments**

The values of amounts recognised in respect of share based payments have been estimated based on the fair value of the equity instruments granted. Fair values of options issued are estimated by using an appropriate option pricing model. There are many variables and assumptions used as inputs into the models. If any of these assumptions or estimates were to change this could have a significant effect on the amounts recognised. See note 18 for details of inputs into option pricing models in respect of options issued during the reporting period.

The Black Scholes Model has been used by the Company, is a mathematical model for pricing options/ share based payments. It estimates the variation over time of particular financial instruments. The end result of using the Black Scholes Model is to derive the price of an option/share based payment at a particular date before vesting.

#### **Key estimates - Accounting for convertible notes**

The values of amounts recognised in respect of convertible notes have been estimated based on the face value of the convertible note, discounted using the interest rate that would be applicable to a counterparty with the same credit risk without the conversion features. There are many variables and assumptions used as inputs into the models. If any of these assumptions or estimates were to change this could have a significant effect on the amounts recognised.

#### **Key estimates - Coronavirus (COVID-19) pandemic**

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

# Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

## Notes to the Financial Statements For the Year Ended 30 June 2021

### 5 Revenue and Other Income

	2021	7 March 2019 (incorporation date) - 30 June 2020
	\$	\$
Other Income		
- Income from payable written off	850,000	-
<b>Total</b>	<b>850,000</b>	<b>-</b>

### 6 Finance Income and Expenses

	2021	7 March 2019 (incorporation date) - 30 June 2020
	\$	\$
Interest income	-	2
<b>Total finance income</b>	<b>-</b>	<b>2</b>
Interest expenses	413,715	72,419
<b>Total finance expenses</b>	<b>413,715</b>	<b>72,419</b>

### 7 Results for the Year

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

	2021	7 March 2019 (incorporation date) - 30 June 2020
	\$	\$
<b>Administrative expenses:</b>		
Accounting fees	92,353	55,860
Audit fees	57,816	30,000
Conferences	-	31,775
Director fees	347,500	353,731
Secretarial fees	27,637	-
Other	34,046	61,356
<b>Total administrative expenses</b>	<b>559,352</b>	<b>532,722</b>

## Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

### Notes to the Financial Statements For the Year Ended 30 June 2021

#### 7 Results for the Year (continued)

	2021	7 March 2019 (incorporation date) - 30 June 2020
	\$	\$
<b><i>Impairment expense:</i></b>		
Impairment on CU River mine deposit	150,000	-
Impairment of other receivable	200,000	-
<b>Total impairment expense</b>	<b>350,000</b>	<b>-</b>
<b><i>Other expenses:</i></b>		
Consulting	85,505	451,399
Legal	240,748	273,294
Travel	180,952	283,166
<b>Total other expenses</b>	<b>507,205</b>	<b>1,007,859</b>
<b><i>Loss on conversion:</i></b>		
Filumcinema Pty Ltd ATF the Filumcinema Trust	1,508,003	-
<b>Total loss on conversion</b>	<b>1,508,003</b>	<b>-</b>

#### Filumcinema Pty Ltd ATF the Filumcinema Trust

On the 4th September 2020 the Company borrowed \$1,460,000 on a short-term basis from Filumcinema Pty Ltd ATF the Filumcinema Trust (the Lender). The Lender was acting for a Company of investors. The interest rate on the loan is 12% p.a. and the interest period is every 3 months commencing from the date of the first advance.

In December 2020 the Lender and investors agreed to convert the \$1,460,000 together with accrued interest (a total of \$1,508,000.75) into 6,032,003 fully paid ordinary shares in the Company issued at \$0.25 each. At the date of conversion, being 4th February 2021, the fair value of shares had increased to \$0.50 each resulting in loss on conversion being recognised for \$1,508,003.

# Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

## Notes to the Financial Statements For the Year Ended 30 June 2021

### 8 Income Tax Expense

(a) The major components of tax expense (income) comprise:

	2021	7 March 2019 (incorporation date) - 30 June 2020
	\$	\$
Current tax expense		
Prima facie tax loss from ordinary activities before income tax at 30%	(3,376,194)	(769,630)
Tax effect on non deductible interest	121,265	10,630
Tax effect on entertainment	1,732	398
Tax effect on fines and penalties	127	24
Tax effect on share based payments	-	285,731
Tax effect on exploration and evaluation expenditure	38,743	(38,743)
Deferred tax expense		
Tax effect on accrued expenses	23,763	16,500
Tax effect on blackhole expenditure	40,660	(13,638)
Net deferred tax asset benefit not brought to account	3,149,904	508,728
<b>Total income tax expense</b>	<b>-</b>	<b>-</b>

(b) Reconciliation of income tax to accounting profit:

Loss before income tax	(11,253,982)	(2,565,434)
Statutory tax rate (%)	30	30
	<b>(3,376,194)</b>	<b>(769,630)</b>
Add:		
Tax effect of:		
- non-deductible interest	121,265	10,630
- entertainment	1,732	398
- fines and penalties	127	24
- accrued expenses	23,763	16,500
- share-based payments	-	285,731
- exploration and evaluation expenditure	38,743	-
- blackhole expenditure	40,660	-
- Net deferred tax not brought to account	3,149,904	508,728
Less:		
Tax effect of:		
- exploration and evaluation expenditure	-	(38,743)
- blackhole expenditure	-	(13,638)
<b>Income tax expense</b>	<b>-</b>	<b>-</b>

## Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

### Notes to the Financial Statements For the Year Ended 30 June 2021

#### 9 Cash and Cash Equivalents

	2021	2020
	\$	\$
Cash at bank and in hand	1,203,739	212,598
Cash held by third party	-	2,437
<b>Total cash and cash equivalents</b>	<b>1,203,739</b>	<b>215,035</b>

#### Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2021	2020
	\$	\$
Cash and cash equivalents	1,203,739	215,035

#### 10 Trade and Other Receivables

	2021	2020
	\$	\$
CURRENT		
GST receivable	52,110	37,812
Albury Gold receivable	200,000	-
Impairment: Albury Gold	(200,000)	-
<b>Total current trade and other receivables</b>	<b>52,110</b>	<b>37,812</b>

#### 11 Deposits

	2021	2020
	\$	\$
CURRENT		
Exclusivity deposit - CU River Mining Australia Pty Ltd	1,000,000	-
Less accumulated impairment	(150,000)	-
<b>Current deposits</b>	<b>850,000</b>	<b>-</b>

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 is refundable and was received post year-end on 27 August 2021.

## Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

### Notes to the Financial Statements For the Year Ended 30 June 2021

#### 12 Exploration, evaluation and development assets

	2021	2020
	\$	\$
Constance Range tenements	5,331,557	5,331,557
Capitalised exploration and evaluation expenses	301,794	129,142
<b>Total exploration, evaluation and development assets</b>	<b>5,633,351</b>	<b>5,460,699</b>

Reconciliation of the carrying amounts of exploration, evaluation and development assets at the beginning and end of the current financial year:

	\$
<b>2021</b>	
Opening carrying amount	5,460,699
Additions	172,652
Disposals	-
<b>Closing carrying amount</b>	<b>5,633,351</b>
<b>2020</b>	
Opening carrying amount	-
Additions	5,460,699
Disposals	-
<b>Closing carrying amount</b>	<b>5,460,699</b>

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

#### 13 Trade and Other Payables

	2021	2020
	\$	\$
<b>CURRENT</b>		
Trade payables	140,419	-
Constance tenement payable	-	3,000,000
Accrued expenses	123,374	55,000
PAYG withholding payable	83,886	-
Other payables	10,836	-
<b>Total current trade and other payables</b>	<b>358,515</b>	<b>3,055,000</b>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

## Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

### Notes to the Financial Statements For the Year Ended 30 June 2021

#### 14 Interest Payable

	2021	2020
	\$	\$
CURRENT		
Interest payable	-	35,433
<b>Total interest payable</b>	<b>-</b>	<b>35,433</b>

Interest payable is in respect to interest accrued on convertible notes at 5% p.a. Interest is payable on the convertible notes from the issue date of the note up to and including the date of redemption of conversion.

#### 15 Convertible Notes

	2021	2020
	\$	\$
CURRENT		
Convertible notes	-	1,665,610
<b>Total convertible notes</b>	<b>-</b>	<b>1,665,610</b>

For detail regarding convertible notes refer to Note 3(m).

Interest payable on the convertible notes is disclosed as a liability (refer Note 14).

#### 16 Financial Risk Management

The Company has exposure to a variety of risks arising from its use of financial instruments. This note presents information about the Company's exposure to the specific risks, and the policies and processes for measuring and managing those risks. The Board of Directors has the overall responsibility for the risk management framework and has adopted a Risk Management Policy.

##### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance resources to finance the Company's current and future operations, and consideration is given to the liquid assets available to the Company before commitment is made to future expenditure or investment.

## Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

### Notes to the Financial Statements For the Year Ended 30 June 2021

#### 16 Financial Risk Management (continued)

##### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from transactions with customers and investments.

##### Cash Deposits

The Directors believe any risk associated with the use of predominantly only one bank is addressed through the use of at least an A-rated bank as a primary banker and by the holding of a portion of funds on deposit with alternative A-rated institutions. Except for this matter the Company currently has no significant concentrations of credit risk.

##### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising any return.

##### (i) Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Company holds financial instruments which are other than the AUD functional currency of the Company.

##### (ii) Interest rate risk

The Company is exposed to interest rate risk as funds are borrowed at floating and fixed rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At the reporting date, the Company is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates.

#### 17 Issued Capital

	2021	2020
	\$	\$
64,468,163 (2020: 40,990,000) Ordinary shares	14,123,724	3,489,680
Less: share issue costs	(859,514)	(227,300)
<b>Total issued capital</b>	<b>13,264,210</b>	<b>3,262,380</b>

## Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

### Notes to the Financial Statements For the Year Ended 30 June 2021

#### 17 Issued Capital (continued)

##### (a) Ordinary shares

	2021 No.	2021 \$	2020 No.	2020 \$
<b>At the beginning of the reporting period</b>	<b>40,990,000</b>	<b>3,489,680</b>	-	-
Shares issued during the period:				
Share placement at \$0.0001	-	-	18,800,000	1,880
Shares cancelled at \$0.0001	-	-	(2,000,000)	(200)
Share placement at \$0.05	-	-	8,000,000	400,000
Share placement at \$0.10	-	-	3,950,000	395,000
Share placement at \$0.20	-	-	2,600,000	520,000
Bonus share issue valued at \$0.20	-	-	4,740,000	948,000
Share placement at \$0.50 in lieu of loan repayment	6,032,003	3,016,004	4,900,000	1,225,000
Share placement at \$0.50	6,444,000	3,222,000	-	-
Share placement at \$1.00	2,194,000	2,194,000	-	-
Note conversion at \$0.25	8,808,160	2,202,040	-	-
<b>At the end of the reporting period</b>	<b>64,468,163</b>	<b>14,123,724</b>	<b>40,990,000</b>	<b>3,489,680</b>

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.

##### (b) Converting note reserve

	2021 \$	2020 \$
At the beginning of the reporting period	257,630	-
Notes issued during the period:		
Note placement at \$1.00	-	257,630
Notes converted during period	(257,630)	-
At the end of the reporting period	-	257,630

Interest payable on the convertible notes is disclosed as a liability (refer Note 14).

Interest on T4 and T5 convertible notes is payable on each note from the issue date of the convertible note up to and including the date of redemption or conversion, on the basis of a 365 day year, at the rate of 5% per annum, accruing daily and payable in AUD\$. If any convertible note is not converted or redeemed by the maturity date, interest is payable on each note calculated on its principal amount from the day after the end of the redemption period up to and including the date on which that note is converted or redeemed, on the basis of a 365 day year, at the rate of 10% per annum, accruing daily. Interest is payable on the notes in arrears on the last day of the interest period in respect of the interest period for which that interest has accrued.

## Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

### Notes to the Financial Statements For the Year Ended 30 June 2021

#### 17 Issued Capital (continued)

##### (b) Converting note reserve (continued)

The maturity date for each of the T4 and T5 convertible notes is the earlier of 30 June 2021 or upon receipt of listing approval upon a regulated stock exchange in any of Australia, the United Kingdom, Canada or the United States of America or if the Company is reasonably satisfied that all approvals for the acquisition of the Company's shares by a company whose shares are listed upon a regulated stock exchange or such other date as agreed by 75% of all noteholder's following receipt of a request from the Company to approve an alternate corporate transaction.

The Company may issue a conversion notice at any time between the issue of the convertible note and the earlier of 15 June 2021 or upon receipt of listing approval. On conversion of the T4 notes, the Company must issue and allot to the noteholder the number of ordinary shares, calculated by dividing the principal amount of each note by \$0.25, in full satisfaction of the principal amount and cash for any unpaid interest (unless the Company determines in its absolute discretion that the interest shall be capitalised and converted into ordinary shares on the same terms), plus any other outstanding moneys on the notes the subject of the conversion notice.

On conversion of the T5 notes, the Company must issue and allot to the noteholder the number of ordinary shares, calculated by dividing the principal amount of each note by \$0.25, in full satisfaction of the principal amount and cash for any unpaid interest (unless the Company determines in its absolute discretion that the interest shall be capitalised and converted into ordinary shares on the same terms), plus any other outstanding moneys on the notes the subject of the conversion notice, plus one option for every two ordinary shares issued.

At any time up to 90 days before the maturity date, the Company may serve a redemption notice on the holders of T4 and T5 convertible notes to redeem all the notes held by the noteholder in one tranche. The Company shall repay the principal amount and any interest unpaid as at the date of redemption. If the Company does not convert all the notes prior to the maturity date, the remaining notes will be redeemed in one tranche within 15 days of the maturity date.

On the 15 June 2021 the Company settled the interest component of the T4 and T5 convertible notes through the issue of bonus shares equal to the value of interest payable, rounded up to the nearest whole share.

#### 18 Share-based Payments

At 30 June 2021 Constance Iron Limited (formerly Koch Metals Limited) has the following share-based payment schemes:

During the year the Company granted 6,200,000 options over unissued shares (2020: 12,450,000).

During the year, the conditions of 1,075,000 employee options were satisfied, the Company issued no shares on the exercise of unlisted employee options. The options are now recognised within the share capital reserve pending the issue of shares to employees.

## Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

### Notes to the Financial Statements For the Year Ended 30 June 2021

#### 18 Share-based Payments (continued)

A summary of the Company options issued is as follows:

Grant Date	Expiry Date	Exercise price
08 March 2019	30 June 2022	0.2000
18 June 2020		0.2500
16 February 2021	30 June 2024	0.1250
16 February 2021	30 June 2024	0.5000
30 April 2021	30 June 2021	-

The options granted on 18 June 2020 have an exercise date being the 3rd anniversary of listing on either the Australia Stock Exchange or the London Stock Exchange.

No options have been granted subsequent to the balance date and to the date of signing this report. No options have been exercised subsequent to the balance date to and to the date of signing this report.

Subsequent to balance date no options have been cancelled on expiry of the exercise period.

The value of the options granted during the year was \$ 7,234,163.00 (2020: \$ 448,039.00). These values were calculated by using a Black-Scholes option pricing model applying the following inputs:

Grant date:	08 March 2019	18 June 2020	16 February 2021
Share price at grant date (\$):	0.0001	0.25	1.00
Exercise price (\$):	0.20	0.25	0.13
Weighted average life of the option (years):	3	4	3
Expected share price volatility:	109.70 %	109.70 %	271.10 %
Risk-free interest rate:	0.30 %	0.30 %	0.20 %
Fair value at grant date (\$):	1.00	448,038.00	3,086,951.00
Option value (\$):	2,000,000.00	612,500.00	387,500.00
Grant date:	16 February 2021	30 April 2021	
Share price at grant date (\$):	1.00	1.00	
Exercise price (\$):	0.50	-	
Weighted average life of the option (years):	3	-	
Expected share price volatility:	271.10 %	- %	
Risk-free interest rate:	0.20 %	- %	
Fair value at grant date (\$):	3,072,212.00	1,075,000.00	
Option value (\$):	1,155,000.00	-	

The weighted average exercise price at the end of the year was \$0.24.

The expected share price volatility was calculated by determining the standard deviation of the option prices for the period.

The share price at 30 June 2021 was \$ 1.00 (2020: \$0.25).

## Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

### Notes to the Financial Statements For the Year Ended 30 June 2021

#### 19 Share Capital Reserve

	2021	2020
	\$	\$
Share capital reserve	1,075,000	-

The share capital reserve recognises where an entitlement to share capital in the Company has been established. Amounts are recognised in this account on an interim basis prior to the formal issue of share capital to the respective recipient.

For the year ended 30 June 2021, the balance comprises of share capital entitled to executives for satisfying criteria within their employment agreement with the Company. Refer to the 'Options to Directors and Executives' section of the Directors Report for further details.

#### 20 Key Management Personnel Remuneration

The following persons were directors of Constance Iron Limited (formerly Koch Metals Limited) during the financial year.

*(i) Chairman - non-executive*  
Adam Giles

*(ii) Executive director*  
John Daniel Moore - 1 July 2020 to 29 March 2021  
Lord Christopher Wellesley  
Kenn MacMillan 14 April 2021 to date

*(iii) Non-executive directors*  
Andrew David Bristow - 1 July 2020 to 29 March 2021  
Ben Emery – 7 March 2019 to 13 November 2019  
Garry Wildman – 10 February 2020 to 10 June 2020

There were no other persons employed by or contracted to the Company during the financial year, having responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly. Key management personnel remuneration included within employee expenses for the period are shown below:

The totals of remuneration paid to the key management personnel of Constance Iron Limited (formerly Koch Metals Limited) during the year are as follows:

	2021	2020
	\$	\$
Short-term employee benefits	557,192	353,731
Post-employment benefits	10,835	-
Share-based payments	7,035,480	920,436
<b>Total key management personnel remuneration</b>	<b>7,603,507</b>	<b>1,274,167</b>

## Constance Iron Limited (formerly Koch Metals Limited)

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### Notes to the Financial Statements For the Year Ended 30 June 2021

#### 21 Investment in Controlled Entities

##### Ownership interest

	Country of Incorporation	Percentage Owned (%)* 2021	Percentage Owned (%)* 2020
Albury Gold Pty Ltd	Australia	-	100

Albury Gold was incorporated in New South Wales on 13 March 2020.

The ultimate controlling party of the group was Constance Iron Limited (formerly Koch Metals Limited) for the financial year ended 30 June 2020.

#### 22 Dividends

No dividends were paid or proposed during the financial year ended 30 June 2021 (2020: nil).

The Company has no franking credits available as at 30 June 2021 (2020: nil).

#### 23 Auditors' Remuneration

	2021 \$	2020 \$
Remuneration of the auditor (Nexia Australia), for:		
- Auditing or reviewing the financial statements	57,816	30,000
<b>Total</b>	<b>57,816</b>	<b>30,000</b>

#### 24 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;

## Constance Iron Limited (formerly Koch Metals Limited)

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### Notes to the Financial Statements For the Year Ended 30 June 2021

#### 24 Commitments (continued)

##### (a) Exploration (continued)

- 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

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

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

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 30 June 2021 (2020: nil) not otherwise disclosed in the financial statements.

##### (c) Contractual Commitment

There are no material contractual commitments as at 30 June 2021 (2020: nil) not otherwise disclosed in the financial statements.

#### 25 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2021 (30 June 2020:None).

## Constance Iron Limited (formerly Koch Metals Limited)

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### Notes to the Financial Statements For the Year Ended 30 June 2021

#### 26 Related Parties

Transactions with Directors during the year are disclosed at Note 20 - Key Management Personnel.

##### **Albury Gold Pty Ltd**

Albury Gold Pty Ltd (AGPL) was incorporated in New South Wales on 13 March 2020. On 15 April 2020, Minerals Australia Pty Ltd (MAPL) agreed to sell the Albury Gold tenements to AGPL for the following;

- \$45,000 reimbursement of rehabilitation bonds,
- Agreement to pay royalty of 1.99% of gross revenue from the tenement under the Royalty Deed,
- 1.7million free Constance Iron Limited (formerly Koch Metals Limited) shares, and
- Constance Iron Limited (formerly Koch Metals Limited) to provide guarantee and indemnity in favour of MAPL and Jacaranda Coal Limited (JCL).

On 7 September 2020, Constance Iron Limited (formerly Koch Metals Limited) agreed to sell its 100% ownership in AGPL to AML in exchange for:

- \$400,000 in cash; \$200,000 received on 23 September 2020 and remainder deferred,
- \$400,000 share in AML, and
- Aureus to provide a back to back guarantee of AGPL obligations to Constance Iron Limited (formerly Koch Metals Limited).

Minister's Authorisation was provided by or on behalf of AGPL to MAPL on 27 November 2020, and the Share Sale Completion under the Koch-Aureus Share Sale Agreement was noted to occur on 23 September 2020 before ministerial approval.

On the 8 February 2021, the share sale agreement between Constance Iron Limited (formerly Koch Metals Limited) and AML was amended and the changes are as follows:

- AML to issue MAPL 1.7 million shares instead of Constance Iron Limited (formerly Koch Metals Limited) issuing 1.7 million shares to MAPL,
- Constance Iron Limited (formerly Koch Metals Limited) agreed to discharge AML of its back to back guarantee of AGPL obligations,
- AML to issue shares to MAPL instead of Constance Iron Limited (formerly Koch Metals Limited) to the amount of \$425,000 AML shares, and
- JCL and MAPL agreed to release and discharge Constance Iron Limited (formerly Koch Metals Limited) of its obligations and liabilities to provide guarantee and indemnity in favour of MAPL and JCL.

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 official listing on the ASX.

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

## Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

# Notes to the Financial Statements

## For the Year Ended 30 June 2021

### 27 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, the Company 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**

The Company completed pre-IPO capital raises in October 2021, raising a total of \$660,000 through the issue of 660,000 shares.

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.

#### **Albury Gold Transaction**

The Albury Gold transaction occurred over an 18 month period and the Company has set out the key milestones and amendments below. Ultimately, as at the date of this report the Company has no obligations or liabilities in relation to the deal and has the potential to be granted \$800,000 of Aureus Mining Limited (AML) shares if they are listed on the ASX.

Albury Gold Pty Ltd (AGPL) was incorporated in New South Wales on 13 March 2020. On 15 April 2020, Minerals Australia Pty Ltd (MAPL) agreed to sell the Albury Gold tenements to AGPL for the following;

- \$45,000 reimbursement of rehabilitation bonds,
- Agreement to pay royalty of 1.99% of gross revenue from the tenement under the Royalty Deed,
- 1.7million free Constance Iron Limited (formerly Koch Metals Limited) shares, and
- Constance Iron Limited (formerly Koch Metals Limited) to provide guarantee and indemnity in favour of MAPL and Jacaranda Coal Limited (JCL).

On 7 September 2020, Constance Iron Limited (formerly Koch Metals Limited) agreed to sell its 100% ownership in AGPL to AML in exchange for:

- \$400,000 in cash; \$200,000 received on 23 September 2020 and remainder deferred,
- \$400,000 share in AML, and
- Aureus to provide a back to back guarantee of AGPL obligations to Constance Iron Limited (formerly Koch Metals Limited).

Minister's Authorisation was provided by or on behalf of AGPL to MAPL on 27 November 2020, and the Share Sale Completion under the Koch-Aureus Share Sale Agreement was noted to occur on 23 September 2020 before ministerial approval.

On the 8 February 2021, the share sale agreement between Constance Iron Limited (formerly Koch Metals Limited) and AML was amended and the changes are as follows:

- AML to issue MAPL 1.7 million shares instead of Constance Iron Limited (formerly Koch Metals Limited) issuing 1.7 million shares to MAPL,
- Constance Iron Limited (formerly Koch Metals Limited) agreed to discharge AML of its back to back guarantee of AGPL obligations,
- AML to issue shares to MAPL instead of Constance Iron Limited (formerly Koch Metals Limited) to the amount of \$425,000 AML shares, and
- JCL and MAPL agreed to release and discharge Constance Iron Limited (formerly Koch Metals Limited) of its obligations and liabilities to provide guarantee and indemnity in favour of MAPL and JCL.

## Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

# Notes to the Financial Statements

## For the Year Ended 30 June 2021

### 27 Events Occurring After the Reporting Date (continued)

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 official listing on the ASX.

#### **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 29<sup>th</sup> 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 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.

## Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

### Notes to the Financial Statements For the Year Ended 30 June 2021

#### 28 Cash Flow Information

##### (a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2021	2020
	\$	\$
Loss for the period	(11,253,982)	(2,565,434)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation expense	204	-
- share based payments	7,677,766	952,436
- loss on loan conversion	1,508,003	-
- loss on disposal	450,000	-
- interest expense	404,215	-
- other income - refund of investment	(850,000)	-
- impairment expense	350,000	-
Changes in assets and liabilities:		
- (increase)/decrease in deposits	(1,000,000)	-
- (increase)/decrease in other assets	1,509	-
- increase/(decrease) in trade and other payables	235,141	-
- increase/(decrease) in GST liability	(14,297)	(37,813)
- increase/(decrease) in accrued charges	68,374	55,000
Cashflows from operations	<u>(2,423,067)</u>	<u>(1,595,811)</u>

## Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

# Notes to the Financial Statements

## For the Year Ended 30 June 2021

### 29 Statutory Information

The registered office and principal place of business of the Company is:

Constance Iron Limited (formerly Koch Metals Limited)

Level 13

68 York Street

Sydney NSW 2000

The lead manager of Company is:

Barclay Pearce Capital

Level 17

115 Pitt Street

Sydney NSW 2000

The auditor for the Company is:

Nexia Sydney Audit Pty Ltd

Level 16

1 Market Street

Sydney NSW 2000

**Constance Iron Limited (formerly Koch Metals Limited)**

ACN: 632 109 570

**Directors' Declaration**

The directors of the Company declare that:

- 1. the financial statements and notes for the year ended 30 June 2021 are in accordance with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
  - b. give a true and fair view of the financial position and performance of the Company;
- 2. In the directors' opinion, 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 made in accordance with a resolution of the Board of Directors.



Adam Giles

Director .....



Kenn Macmillan

Director .....

Dated 23 May 2022

## **Independent Auditor's Report to the Members of Constance Iron Limited (formerly Koch Metals Limited)**

### **Report on the Audit of the Financial Report**

#### **Opinion**

We have audited the financial report of Constance Iron Limited (formerly Koch Metals Limited) (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

- i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### **Basis for opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the 'auditor's responsibilities for the audit of the financial report' section of our report. We are independent of the Company in accordance with 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 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Material uncertainty related to going concern**

We draw attention to Note 3(b) in the financial report, which indicates that the Company incurred a net loss of \$11,253,982 during the year ended 30 June 2021 and had net cash outflows from operating activities of \$2,423,067. As stated in Note 3(b), 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.

## Other information

The directors are responsible for the other information. The other information comprises the information in Constance Iron Limited (formerly Koch Metals Limited)'s annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

## Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.



**Nexia Sydney Audit Pty Ltd**



**Joseph Santangelo**  
Director

Dated: 23 May 2022