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Half Year Financial Report
31 December 2019

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Corporate Directory

ACN 100 714 181

ASX CODE

KRR

King River Resources Limited shares are listed on the Australian Stock Exchange (ASX)

DIRECTORS

Anthony Barton Chairman

Greg MacMillan Director

Leonid Charuckyj Director

COMPANY SECRETARY

Greg MacMillan
Kathrin Gerstmayr

REGISTERED OFFICE

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BANKERS

ANZ Banking Corporation
77 St George's Terrace
Perth WA 6000

SHARE REGISTER

Automic Group
Level 2, 267 St Georges Terrace
Perth WA 6000

AUDITORS

Ernst & Young
11 Mounts Bay Road
Perth WA 6000

INTERNET ADDRESS

www.kingriverresources.com.au

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Directors' Report

The directors submit their report for King River Resources Limited ("King River" or "the Company") and its controlled entities ("the Group" or "the Consolidated entity") for the half year ended 31 December 2019.

DIRECTORS

The names and details of the Company's directors in office during the half year and until the date of this report are as follows: The directors were in office for the entire period unless otherwise stated.

Anthony Barton

Chairman

Appointed 21st May 2007

Mr Barton has been involved in founding and growing a number of successful listed public companies. He has extensive experience in capital markets, corporate finance, funds management and venture capital and has had advisory roles in the incorporation and listing of many Australian based resource companies.

Mr Barton is the founding Executive Chairman of the boutique investment bank Australian Heritage Group. He is a graduate of the Royal Melbourne Institute of Technology with a Bachelor of Business (Accountancy) degree and has 40 years of commercial experience having also acted in senior executive and director capacities for two leading Australian stockbroking firms. Mr Barton was a non-executive director of ASX listed Spectrum Resources Limited from 6 April 2011 to 8 March 2017.

Leonid Charuckyj

Director

Appointed 13th December 2011

Mr. Charuckyj (B.E. and M.Eng-Sc. Melbourne University) has had extensive experience over a broad range of technical, engineering, management and corporate roles including senior positions in government, public and private industry both in Australia and overseas. Focus has been on the environmental, pollution control and waste management industries and on the energy and mining industries amongst others.

This has included such diverse roles as representing Australia as an expert engineering advisor in the Middle East, developing and commercialising new technologies (both in the public company arena and for major international groups), and managing all aspects of an industrial minerals development from mine and processing to product development and marketing. Mr Charuckyj was a non-executive director of ASX listed Spectrum Resources Limited from 22 December 2011 to 9 March 2018.

Gregory MacMillan

Director - Appointed 2nd July 2014

Company Secretary - Appointed 9th August 2012

Mr MacMillan has wide ranging corporate, financial, capital markets and commercial experience over the last 30 years. Mr MacMillan has held the positions of director, company secretary, chief financial officer, and corporate finance executive in numerous companies across the finance, mining and commercial sectors. Mr MacMillan holds a Bachelor of Business degree, is a Certified Practising Accountant and a Chartered Company Secretary.

COMPANY SECRETARY

Kathrin Gerstmayr

Joint Company Secretary - Appointed 4th April 2019

Ms. Gerstmayr commenced her career working for a chartered accounting and business advisory firm as tax manager, before moving into senior finance roles in a variety of industries. She holds a Bachelor of Commerce degree (Professional Accounting and Marketing Management) and is joint Company Secretary of ASX listed Parkd Limited. Kathrin is a member of CPA Australia, a certificated member of the Governance Institute of Australia and studying towards her Chartered Governance Professional qualification.

CORPORATE STRUCTURE

King River is a company limited by shares that is incorporated and domiciled in Australia. King River Resources Limited has the fully owned subsidiaries Speewah Mining Pty Ltd, Treasure Creek Pty Ltd, Kimberley Gold Pty Ltd and Whitewater Minerals Pty Ltd. The Group has prepared a consolidated financial report incorporating the entities that it controlled during the financial half year, being 100% owned subsidiaries.

Directors' Report

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

King River has established a portfolio of 100% owned tenements covering approximately 3,089 square kilometres, and has applications pending for 245 square kilometres, in the East Kimberley region in Western Australia. The principal activities of the entities within the Group during the year were focusing on exploration and development of the tenements in the East Kimberley region of Western Australia. King River has also established a portfolio of 100% owned tenements covering approximately 6,619 square kilometres, in the Tenant Creek region of the Northern Territory.

REVIEW & RESULTS OF CONSOLIDATED OPERATIONS

The consolidated entity recorded an operating loss after income tax of \$850,931 for the half year ended 31 December 2019 (2018: \$631,034 loss). There was no dividend declared or paid during the half year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Contributed Equity

During the half year there were no significant changes made to the Company's contributed equity.

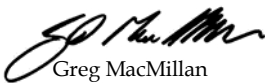
SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There were no significant events following the balance date that affected the Company's equity or state of affairs.

AUDITOR INDEPENDENCE

Section 307C of the Corporation Act 2001 requires our auditors, Ernst & Young, to provide the directors of the Company with an Independence Declaration in relation to the review of the consolidated financial report. This Independence Declaration is disclosed on page 6 of this report and forms part of this directors' report for the half year ended 31 December 2019.

Signed in accordance with a resolution of the directors



Greg MacMillan
Director

6th March 2020



Building a better
working world

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Auditor's Independence Declaration to the Directors of King River Resources Limited

As lead auditor for the review of the half-year financial report of King River Resources Limited for the half-year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of King River Resources Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Philip Teale
Partner
6 March 2020

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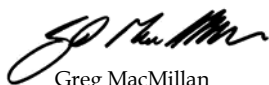
Directors' Declaration

In accordance with a resolution of the directors of King River Resources Limited, I state:

In the opinion of the directors:

- (a) the consolidated financial statements and notes of the Group are in accordance with the Corporations Act 2001 including:
 - (i) giving a true and fair view of the Group's consolidated financial position as at 31 December 2019 and of its performance for the half year then ended; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and Corporations Regulations 2001; and
- (b) subject to the matters set out in note 2(b), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The declaration is signed in accordance with a resolution of the Board of Directors.



Greg MacMillan
Director

6th March 2020

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Statement of Comprehensive Income

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Notes	Consolidated	
		For the half year ended 31 Dec 2019	For the half year ended 31 Dec 2018
		\$	\$
Interest income	3(a)	1,497	2,605
Directors' and Employee benefit expenses		(65,700)	(65,700)
Compliance costs	3(b)	(77,929)	(263,532)
Depreciation expense		(35,934)	(7,706)
Finance costs		(695)	-
Insurance expense		(23,533)	(48,922)
Other administration expenses	3(c)	(172,263)	(247,779)
Share-based payments	4	(136,275)	-
Write-off of capitalised exploration expense		(340,099)	-
Loss before income tax expense		(850,931)	(631,034)
Income tax expense		-	-
Net loss after income tax benefit for the period		(850,931)	(631,034)
Other Comprehensive Income		-	-
Total Comprehensive Loss for the period		(850,931)	(631,034)
Total Comprehensive Loss for the period is attributable to:			
Owners of King River Resources Limited		(850,931)	(631,034)
		(850,931)	(631,034)
Loss per share			
Loss per share (cents)	10	(0.07)	(0.05)
Diluted loss per share (cents)		(0.07)	(0.05)

The accompanying notes form part of these consolidated financial statements.

Statement of Financial Position

AS AT 31 DECEMBER 2019

	Notes	Consolidated	
		31 December 2019 \$	30 June 2019 \$
Assets			
Current Assets			
Cash and cash equivalents		793,728	2,966,940
Trade and other receivables	9	108,739	172,871
Other current assets		51,854	18,824
Total Current Assets		954,321	3,158,635
Non-Current Assets			
Deferred exploration expenditure	8	16,970,058	15,429,679
Plant & Equipment		48,744	55,938
Right of use asset		134,290	-
Total Non-Current Assets		17,153,092	15,485,617
Total Assets		18,107,413	18,644,252
Liabilities			
Current Liabilities			
Trade and other payables	9	164,792	120,846
Lease liability		51,795	-
Total Current Liabilities		216,587	120,846
Non-Current Liabilities			
Lease liability		82,076	-
Total Non-Current Liabilities		82,076	-
Total Liabilities		298,663	120,846
Net Assets		17,808,750	18,523,406
Equity			
Issued capital	6	39,734,369	39,734,369
Reserves		1,832,337	1,696,062
Accumulated losses		(23,757,956)	(22,907,025)
Total Equity		17,808,750	18,523,406

The accompanying notes form part of these consolidated financial statements.

Statement of Cash Flows

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Notes	Consolidated	
		For the half year ended 31 Dec 2019	For the half year ended 31 Dec 2018
		\$	\$
Cash Flows from Operating Activities			
Gross interest received		1,497	2,605
Research & Development tax incentive received		115,258	-
Payments to suppliers and employees		(400,012)	(695,275)
Interest and other finance costs paid		(695)	-
Net cash used in operating activities		(283,952)	(692,670)
Cash Flows from Investing Activities			
Payment for exploration and evaluation		(1,867,864)	(2,329,681)
Payment of property, plant & equipment		(1,909)	(7,064)
Net cash used in investing activities		(1,869,773)	(2,336,745)
Cash Flows from Financing Activities			
Proceeds from issue of shares		-	2,895,019
Payment of share issue costs		-	(339,063)
Payment of leases		(19,487)	-
Net cash from financing activities		(19,487)	2,555,956
Net decrease in cash and cash equivalents		(2,173,212)	(473,459)
Cash and cash equivalents at beginning of half year		2,966,940	4,619,139
Cash and Cash Equivalents at end of half year		793,728	4,145,680

The accompanying notes form part of these consolidated financial statements.

Statement of Changes in Equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Issued Capital	Equity Benefits Reserve	Accumulated Losses	Total Equity
Consolidated for the half years ended 31 Dec 18 & 19	\$	\$	\$	\$
Balance at 1 July 2018	39,618,414	1,696,062	(22,102,163)	19,212,313
Loss for the period	-	-	(631,034)	(631,034)
Total comprehensive loss for the period	-	-	(631,034)	(631,034)
Transactions with owners in their capacity as owners:				
Issue of Shares – 3 July 2018: Options Exercised	89,612	-	-	89,612
Issue of Shares – 4 July 2018: Options Exercised	51,500	-	-	51,500
Issue of Shares – 5 July 2018: Options Exercised	2,661	-	-	2,661
Issue of Shares –15 August 2018: Options Exercised	200	-	-	200
Issue of Shares –22 August 2018: Options Exercised	1,046	-	-	1,046
Capital Raising Fee net tax	(29,063)	-	-	(29,063)
Balance at 31 December 2018	39,734,370	1,696,062	(22,733,197)	18,697,235
Balance at 1 July 2019	39,734,369	1,696,062	(22,907,025)	18,523,402
Loss for the period	-	-	(850,931)	(850,931)
Total comprehensive loss for the period	-	-	(850,931)	(850,931)
Transactions with owners in their capacity as owners:				
Issue of Shares – 14 August 2019 ¹	-	122,749	-	122,749
Options Granted – 14 August 2019 ¹	-	13,526	-	47,398
Balance at 31 December 2019	39,734,369	1,832,337	(23,757,956)	17,808,750

¹ Please refer to Note 4 Recognised Share-Based Payment expenses.

The accompanying notes form part of these consolidated financial statements.

Notes to the Half Year Consolidated Financial Statements

1. CORPORATE INFORMATION

King River Resources Limited ("King River" or "the Company") is a company limited by shares incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange. These consolidated financial statements are presented in Australian dollars. The condensed financial report was authorised for issue by the directors on 6th March 2020 in accordance with a resolution of the directors. The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

(a) Basis of Preparation

This general purpose condensed financial report for the half-year ended 31 December 2019 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half year financial report should be read in conjunction with the most recent annual financial report for the year ended 30 June 2019.

It is also recommended that the half year financial report be considered together with any public announcements made by King River and its controlled entities during the half year ended 31 December 2019 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

The accounting policies and methods of computation are the same as those adopted in the Annual Financial Report for 2019 except for the effects of the new standards as mentioned in Note 2 (c).

(b) Going Concern Basis of Preparation

The Group incurred a net loss after income tax of \$850,931 for the half year ended 31 December 2019 (June 2019: \$804,862) and a net cash outflow of \$2,173,214 (June 2019: \$1,652,199 outflow). As at 31 December 2019 the Group had cash and cash equivalents of \$793,728 (June 2019: \$2,966,940) and a net current asset surplus of \$737,734 (June 2019: \$3,037,789).

The Group will require further funding in future years to progress its exploration projects. Based on the Group's cash flow forecast the Board of Directors is aware of the Group's need to access additional working capital in the future to enable the Group to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due, including progression of its exploration interests.

The directors are satisfied that at the date of signing of the financial report, there are reasonable grounds to believe that the Group will be able to continue to pay its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis. The directors have based this on the following pertinent matters:

- The Directors have determined that equity raisings in the following 12 months will be required to provide funding for the Group's activities and to meet the Group's objectives.
- The Group has the capacity, if necessary, to reduce its operating cost structure in order to minimise its working capital requirements.
- The Group retains the ability, if required, to wholly or in part dispose of interests in mineral exploration assets.
- The directors regularly monitor the Group's cash position and, on an on-going basis, consider a number of strategic initiatives to ensure that adequate funding continues to be available.
- The Directors believe that future funding will be available to meet the Group's objectives and debts as and when they fall due.

Should the Group not achieve the matters set out above, there is uncertainty whether it will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Notes to the Half Year Consolidated Financial Statements

(c) Significant accounting policies

New and amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Accounting Standards and Interpretations adopted by the Company that are mandatory for the current reporting period, and impacted the Company are:

AASB 16 Leases

The Company entered into agreements to occupy two warehouse storage facilities in March 2019.

The Company has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classification of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such comparatives have not been restated.

The impact of adoption on opening accumulated losses as at 1 July 2019 was as follows:

	1 July 2019
Operating lease commitments as at 1 July 2019 (AASB 117)	163,608
Operating lease commitments discounted (AASB 16)	(2,488)
Right-of-use assets (AASB 16)	161,120
Lease liabilities – current (AASB 16)	(66,075)
Lease liabilities – non-current (AASB 16)	(95,045)
Impact on opening accumulated losses as at 1 July 2019	-

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over the estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

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Notes to the Half Year Consolidated Financial Statements

(c) Significant accounting policies continued

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

	2019	2018
	\$	\$
3. INCOME AND EXPENSES		
(a) Interest income		
Interest income	1,497	2,605
	<u>1,497</u>	<u>2,605</u>
(b) Compliance costs		
Accounting/Audit fees	(28,465)	(2,310)
ASX/ASIC fees	(27,089)	(154,953)
Share registry fees	(12,825)	(60,510)
Legal fees	(9,550)	(45,759)
	<u>(77,929)</u>	<u>(263,532)</u>
(c) Other administration expenses		
Administration & bookkeeping fees	(36,451)	(52,477)
Travel & accommodation	(16,700)	(8,587)
Investor relations	(57,601)	(77,736)
Office expenses	(55,162)	(86,579)
Website design costs	-	(16,340)
Other expenses	(6,349)	(6,060)
	<u>(172,263)</u>	<u>(247,779)</u>

Notes to the Half Year Consolidated Financial Statements

4. SHARE BASED PAYMENTS

(a) Recognised share-based payment expenses

On 14 August 2019 the Company issued 10,000,000 shares to Ken Rogers at the market price of 3.2 cents per share. The shares will be subject to trading restrictions and 5,000,000 of the shares will be escrowed until the completion of the prefeasibility study and 5,000,000 of the shares will be escrowed until the completion of a bankable feasibility study. The shares have been funded by a limited recourse loan from the Company with a 4-year term and zero interest rate, the loan is repayable at the end of the term or from the proceeds of any shares sold after escrow release. In the event that any shares sold are less than 3.2 cents the Company will only recoup the value of the shares sold at the respective price in repayment of the loan, or part thereof.

On 14 August 2019 the Company issued 2,000,000 options to Kathrin Gerstmayr with an exercise price of 6 cents per share and an expiry date of 14 August 2022.

The fair value of the Options is estimated as at the date of grant using the Black and Scholes model taking into account the terms and conditions upon which the options were granted. The value brought to account as a share-based payment expense in the half year ended 31 December 2019 was \$136,275.

5. SEGMENT INFORMATION

The Consolidated Entity operates in one geographical area being Australia and one industry, being exploration for the period to 31 December 2019. The Chief Operating Decision Makers are the Board of Directors and management of the Group. There is only one operating segment identified being exploration activities in Australia based on internal reports reviewed by the Chief Operating Decision Makers in assessing performance and allocation of resources. The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of the financial statements.

6. ISSUED CAPITAL

a) Issue and Paid Up

Issued and Fully Paid

Total

	Consolidated	
	31 December 2019	30 June 2019
	\$	\$
Issued and Fully Paid	39,734,369	39,734,369
Total	39,734,369	39,734,369

b) Movement in shares on issue

At 1 July

Issued during the period

Cost of issue

At 31 December

	31 December 2019		31 December 2018	
	Number of Shares	Amount Paid \$	Number of Shares	Amount Paid \$
At 1 July	1,238,638,553	39,734,369	1,177,190,445	39,618,414
Issued during the period	10,000,000 ¹	- ¹	1,448,108	145,019
Cost of issue	-	-	-	(29,063)
At 31 December	1,248,638,553	39,734,369	1,178,638,553	39,734,370

¹ On 14 August 2019 the Company issued 10,000,000 shares to Ken Rogers at the market price of 3.2 cents per share. The shares will be subject to trading restrictions and 5,000,000 of the shares will be escrowed until the completion of the prefeasibility study and 5,000,000 of the shares will be escrowed until the completion of a bankable feasibility study. The shares have been funded by a limited recourse loan from the Company with a 4-year term and zero interest rate. Please refer to Note 4 Recognised Share-Based Payment Expenses, which includes the pro rata expense of the value for the relevant period. The Share Based Payment amount is recognised in the Reserves and not Issued Capital.

Notes to the Half Year Consolidated Financial Statements

	31 December 2019			
	Listed Options		Unlisted Options	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
c) Movement in share options on issue				
At 1 July	412,867,511	12 cents	4,500,000	10 cents
Unlisted Options granted	-	-	7,000,000 ¹	6 cents
At 31 December	412,867,511	12 cents	11,500,000	8 cents

¹ On 14 August 2019 the Company issued 5,000,000 options to Andrew Chapman with an exercise price of 6 cents per share and an expiry date of 14 August 2022. The options will be subject to exercise restrictions and will vest upon defining a minimum Inferred resource (at either the Tennant Creek Project or the Mt Remarkable Region) of no less than 250,000 ounces of Au at an average grade of no less than 6 grams per tonne.

On 14 August 2019 the Company issued 2,000,000 options to Kathrin Gerstmayr with an exercise price of 6 cents per share and an expiry date of 14 August 2022.

7. COMMITMENTS & CONTINGENCIES

	Consolidated	
	31 December 2019	30 June 2019
	\$	\$
(a) Exploration Expenditure Commitment		
In order to maintain the Group's interest in mining tenements, the Group is committed to meet the minimum expenditure conditions under which the tenements were granted.		
Within 1 year	1,948,600	1,334,350

	Consolidated	
	For the half year ended 31 Dec 2019	For the full year ended 30 June 19
	\$	\$
8. DEFERRED EXPLORATION EXPENDITURE		
Costs carried forward in respect of:		
Explorations and Evaluations Phase – At Cost		
Balance at beginning of the half year	15,429,679	12,252,588
Expenditure incurred	1,880,478	3,177,091
Capitalise Tenement cost written off	(340,099) ²	-
Total Exploration Expenditure	16,970,058	15,429,679

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas.

²Tenement licences E80/4829 to E80/4832 were surrendered during the half year ended 31 December 2019.

Notes to the Half Year Consolidated Financial Statements

9. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	31 December 2019	
	Carrying Value	Fair Value
	\$	\$
Trade and other receivables	108,739	108,739
Trade and other payables	164,792	164,792

Consolidated

	For the half year	For the full year
	ended 31 Dec 2019	ended 30 June 19
	\$	\$
10. LOSS PER SHARE		
Loss used in calculation of basic and diluted earnings per share	(850,931)	(804,862)
	Number	Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,248,638,553	1,238,634,408
Effect of dilution - share options	-	-
Weighted average number of ordinary shares adjusted for effect of dilution	1,248,638,553	1,238,634,408

As at 31 December 2019 the Company has 412,867,511 bonus options on issue. As at 31 December 2019 the Company has 11,500,000 Directors' and Employees Options (June 2019: 4,500,000) on issue. These options are not considered to be dilutive as the conversion of the options to ordinary shares will decrease loss per share.

There have been no transactions involving ordinary shares or potential ordinary shares subsequent to the balance date that would significantly change the number of ordinary shares or potential ordinary shares outstanding for the reporting period.

11. EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events following the balance date that affected the Company's equity or state of affairs.

12. RELATED PARTY TRANSACTIONS

For the half-year ended 31 December 2019, there were no new related party transactions.

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Independent Auditor's Review Report to the Members of King River Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of King River Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) of the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2019 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

The Ernst & Young logo is written in a cursive, handwritten style.

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A handwritten signature in black ink, appearing to read 'Teale'.

Philip Teale
Partner
6 March 2020

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