



Half Year Financial Report
31 December 2018

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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 Non Executive Chairman

Greg MacMillan Non Executive Director

Leonid Charuckyj Non Executive Director

COMPANY SECRETARY

Greg MacMillan

REGISTERED OFFICE

254 Adelaide Tce

Perth WA 6000

Tel: (08) 9221 8055

Fax: (08) 9325 8088

Email: info@kingriverresources.com.au

BANKERS

ANZ Banking Corporation

77 St George's Terrace

Perth WA 6000

SHARE REGISTER

Security Transfer Registrars Pty Ltd

770 Canning Highway

Applecross WA 6153

AUDITORS

Ernst & Young

11 Mounts Bay Road

Perth WA 6000

INTERNET ADDRESS

www.kingriverresources.com.au

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 2018.

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

Greg MacMillan has wide ranging corporate, financial, capital markets and commercial experience over the last 30 years. Greg 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. Greg holds a Bachelor of Business degree, is a Certified Practising Accountant and a Chartered Company Secretary.

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.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

King River has established a portfolio of 100% owned tenements covering approximately 2,488 square kilometres, and has applications pending for 924 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 \$631,034 for the half year ended 31 December 2018 (2017: \$304,780 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 the following significant changes were made to the Company's contributed equity:

- On the 3rd July 2018, the Company issued 896,117 ordinary shares for options exercised at \$0.10;
- On the 4th July 2018, the Company issued 515,000 ordinary shares for options exercised at \$0.10;
- On the 5th July 2018, the Company issued 26,605 ordinary shares for options exercised at \$0.10;
- On the 18th July 2018, the Company issued 412,876,056 free bonus options to eligible shareholders, exercisable at \$0.12 each with an expiry date of 31 July 2020;
- On the 5th August 2018, the Company issued 1,666 ordinary shares for bonus options exercised at \$0.12; and
- On the 22nd August 2018, the Company issued 8,720 ordinary shares for bonus options exercised at \$0.12.

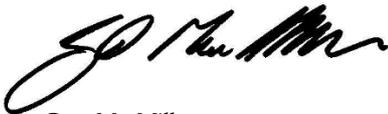
SIGNIFICANT EVENTS AFTER THE BALANCE DATE

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 2018.

Signed in accordance with a resolution of the directors



Greg MacMillan
Director

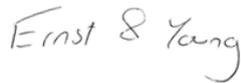
13th March 2019

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

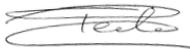
As lead auditor for the review of the half-year financial report of King River Resources Limited for the half-year ended 31 December 2018. I declare to the best of my knowledge and belief, there have been:

- 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



Philip Teale
Partner
13 March 2019

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 2018 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

13th March 2019

Statement of Comprehensive Income

FOR THE HALF YEAR ENDED 31 DECEMBER 2018



	Notes	Consolidated	
		For the half year ended 31 Dec 2018	For the half year ended 31 Dec 2017
		\$	\$
Interest income	3(a)	2,605	266
Directors' and Employee benefit expenses			
- Wages & Salary		(63,800)	(63,800)
- Superannuation		(1,900)	(1,900)
Compliance costs	3(b)	(263,532)	(72,250)
Depreciation expense		(7,706)	(9,030)
Insurance expense		(48,922)	(16,028)
Other administration expenses	3(c)	(247,779)	(142,038)
Loss before income tax expense		(631,034)	(304,780)
Income tax expense		-	-
Net loss after income tax benefit for the period		(631,034)	(304,780)
Other Comprehensive Income		-	-
Total Comprehensive Loss for the period		(631,034)	(304,780)
Total Comprehensive Loss for the period is attributable to:			
Owners of King River Resources Limited		(631,034)	(304,780)
		(631,034)	(304,780)
Loss per share			
Loss per share (cents)	9	(0.05)	(0.03)
Diluted loss per share (cents)		(0.05)	(0.03)

The accompanying notes form part of these consolidated financial statements.

Statement of Financial Position

AS AT 31 DECEMBER 2018

	Notes	Consolidated	
		31 December 2018	30 June 2018
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents		4,145,680	4,619,139
Trade and other receivables	8	125,053	2,825,568
Total Current Assets		4,270,733	7,444,707
Non-Current Assets			
Deferred exploration expenditure	7	14,500,405	12,252,588
Plant & Equipment		57,638	58,281
Total Non-Current Assets		14,558,043	12,310,869
Total Assets		18,828,776	19,755,576
Liabilities			
Current Liabilities			
Trade and other payables	8	131,541	543,263
Total Current Liabilities		131,541	543,263
Total Liabilities		131,541	543,263
Net Assets		18,697,235	19,212,313
Equity			
Issued capital	5	39,734,370	39,618,414
Reserves		1,696,062	1,696,062
Accumulated losses		(22,733,197)	(22,102,163)
Total Equity		18,697,235	19,212,313

The accompanying notes form part of these consolidated financial statements.

Statement of Cash Flows

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Consolidated	
	For the half year ended 31 Dec 2018	For the half year ended 31 Dec 2017
Notes	\$	\$
Cash Flows from Operating Activities		
Gross interest received	2,605	266
Payments to suppliers and employees	(695,275)	(262,296)
Net cash used in operating activities	<u>(692,670)</u>	<u>(262,030)</u>
Cash Flows from Investing Activities		
Payment for exploration and evaluation	(2,329,681)	(1,144,158)
Payment of Property, Plant & Equipment	(7,064)	-
Net cash used in investing activities	<u>(2,336,745)</u>	<u>(1,144,158)</u>
Cash Flows from Financing Activities		
Proceeds from issue of shares	2,895,019	1,550,000
Payment of share issue costs	(339,063)	(78,669)
Net cash from financing activities	<u>2,555,956</u>	<u>1,471,331</u>
Net (decrease)/increase in cash and cash equivalents	(473,459)	65,143
Cash and cash equivalents at beginning of half year	<u>4,619,139</u>	<u>715,516</u>
Cash and Cash Equivalents at end of half year	<u>4,145,680</u>	<u>780,659</u>

Statement of Changes in Equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Issued Capital	Equity Benefits Reserve	Accumulated Losses	Total Equity
Consolidated for the half years ended 31 Dec 17 & 18	\$	\$	\$	\$
Balance at 1 July 2017	30,560,864	1,526,412	(21,230,360)	10,856,916
Loss for the period	-	-	(304,780)	(304,780)
Total comprehensive loss for the period	-	-	(304,780)	(304,780)
Transactions with owners in their capacity as owners:				
Issue of Shares – 16 October 2017: Placement	645,000	-	-	645,000
Issue of Shares – 3 November 2017: Placement	355,000	-	-	355,000
Issue of Shares – 3 November 2017: Conversion of Outstanding Director Fees	76,650	-	-	76,650
Issue of Shares – 12 December 2017: Placement	550,000	-	-	550,000
Capital Raising Fee net tax	(78,668)	-	-	(78,669)
Balance at 31 December 2017	32,108,846	1,526,412	(21,535,140)	12,100,118
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

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 13th March 2019 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 2018 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 2018.

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 2018 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 2018 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 \$631,034 for the half year ended 31 December 2018 (June 2018: \$871,803) and a net cash outflow of \$473,459 (June 2018: \$3,903,623 inflow). As at 31 December 2018 the Group had cash and cash equivalents of \$4,145,680 (June 2018: \$4,619,139) and a net current asset surplus of \$4,139,192 (June 2018: \$6,901,444).

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 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 have determined that future equity raisings will be required to provide funding for the Group's activities and to meet the Group's objectives.
- 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

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (continued)

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.

(c) Significant accounting policies

New and amended accounting standards and interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective 1 July 2018, including:

AASB 9 Financial Instruments (AASB 9)

AASB 9 Financial Instruments (AASB 9) replaces AASB 139 Financial Instruments: Recognition and Measurement (AASB 139) for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied AASB 9 retrospectively, with the initial application date of 1 July 2018.

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The Company has adopted AASB 9 retrospectively in accordance with the standard; changes in accounting policies resulting from the adoption of AASB 9 did not have a material impact on the Company's consolidated financial statements.

AASB 9 largely retains the existing requirements of AASB 139 for the classification and measurement of financial liabilities, however, it eliminates the previous AASB 139 categories for financial assets held to maturity, receivables and available for sale. Under AASB 9, on initial recognition a financial asset is classified as measured at:

- a. Amortised cost;
- b. Fair Value through Other Comprehensive Income (FVOCI) – debt investment;
- c. FVOCI – equity investment; or
- d. Fair Value through Profit or Loss (FVTPL)

The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. For financial assets measured at amortised cost, these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

As of 30 June 2018, and 31 December 2018, the Company's financial instruments consist of cash and cash equivalents, trade and other receivables, and trade and other payables.

Cash and cash equivalents and trade and other receivables previously designated as receivables under AASB 139 are now classified as amortised cost under AASB 9. The trade and other payables are designated as other financial liabilities, which are measured at amortised cost.

The cash and cash equivalents, trade and other receivables and trade and other payables approximate their fair value due to their short-term nature.

Notes to the Half Year Consolidated Financial Statements

Impairment of financial assets

In relation to the financial assets carried at amortised cost, AASB 9 requires an expected credit loss model to be applied as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. In particular, AASB 9 requires the Group to measure the loss allowance at an amount equal to lifetime expected credit loss ("ECL") if the credit risk on the instrument has increased significantly since initial recognition. On the other hand, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months.

As at 1 July 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information. The assessment did not result in any impairment being recognised.

Measurement Category

Class of financial instrument presented in the statement of financial position	Original measurement category under AASB 139	New measurement category under AASB 9
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Trade and other receivables	Loans and receivables	Financial assets at amortised cost
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost

The change in classification has not resulted in any re-measurement adjustment at 1 July 2018.

AASB 15 Revenue from Contracts with Customers (AASB 15)

The Group has adopted AASB 15 with the date of initial application being 1 July 2018. In accordance with the transitional provisions in AASB 15 the standard has been applied using the full retrospective approach.

AASB 15 supersedes AASB 118 Revenue, AASB 111 Construction Contracts and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

At 1 July 2018 it was determined that the adoption of AASB 15 had no impact on the Group as there was no Revenue from Contracts with Customers.

New accounting standards and interpretations issued but not yet effective

The Group has not elected to early adopt any new standards or amendments that are issued but not yet effective.

Notes to the Half Year Consolidated Financial Statements

	2018	2017
	\$	\$
3. INCOME AND EXPENSES		
(a) Interest income		
Interest income	2,605	266
	<u>2,605</u>	<u>266</u>
(b) Compliance costs		
Accounting/Audit fees	(2,310)	(14,948)
ASX/ASIC fees	(154,953)	(37,578)
Share registry fees	(60,510)	(15,424)
Legal fees	(45,759)	(4,300)
	<u>(263,532)</u>	<u>(72,250)</u>
(c) Other administration expenses		
Administration & bookkeeping fees	(52,477)	(41,100)
Travel & accommodation	(8,587)	(9,664)
Shareholder relations	(77,736)	(24,470)
Office expenses	(86,579)	(57,290)
Website Costs	(16,340)	-
Other expenses	(6,060)	(9,514)
	<u>(247,779)</u>	<u>(142,038)</u>

4. SEGMENT INFORMATION

The Consolidated Entity operates in one geographical area being Australia and one industry, being exploration for the period to 31 December 2018. 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.

	Consolidated	
	31 December 2018	30 June 2018
	\$	\$
5. ISSUED CAPITAL		
a) Issue and Paid Up		
Issued and Fully Paid	39,734,370	39,618,414
Total	<u>39,734,370</u>	<u>39,618,414</u>

Notes to the Half Year Consolidated Financial Statements

	31 December 2018		31 December 2017	
	Number of Shares	Amount Paid \$	Number of Shares	Amount Paid \$
b) Movement in shares on issue				
At 1 July	1,177,190,445	39,618,414	867,703,934	30,560,864
Issued during the period	1,448,108	145,019	262,774,999	1,626,650
Cost of issue	-	(29,063)	-	(78,668)
At 31 December	1,178,638,553	39,734,370	1,130,478,933	32,108,846

	31 December 2018			
	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	-	-	8,800,000	13 cents
Bonus Options Issued	412,877,897	12 cents	-	-
Options Exercised	(10,386)	12 cents	-	-
Options Expired	-	-	(1,750,000)	10 cents
At 31 December	412,867,511	12 cents	7,050,000	14 cents

There were no other movements during the period.

6. COMMITMENTS & CONTINGENCIES

	Consolidated	
	31 December 2018	30 June 2018
	\$	\$
(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	1,239,300	907,000

Notes to the Half Year Consolidated Financial Statements

	Consolidated	
	For the half year ended 31 Dec 2018	For the full year ended 30 June 18
	\$	\$
7. DEFERRED EXPLORATION EXPENDITURE		
Costs carried forward in respect of:		
Explorations and Evaluations Phase – At Cost		
Balance at beginning of the half year	12,252,588	10,176,360
Expenditure incurred	2,247,817	2,233,556
Capitalise Tenement cost written off	-	(157,328)
Total Exploration Expenditure	14,500,405	12,252,588

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.

8. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	31 December 2018	
	Carrying Value	Fair Value
	\$	\$
Trade and other receivables	125,053	125,053
Trade and other payables	131,541	131,541

	Consolidated	
	For the half year ended 31 Dec 2018	For the full year ended 30 June 18
	\$	\$
9. LOSS PER SHARE		
Loss used in calculation of basic and diluted earnings per share	(631,034)	(871,803)
	Number	Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,178,630,784	997,835,997
Effect of dilution - share options	-	-
Weighted average number of ordinary shares adjusted for effect of dilution	1,178,630,784	997,835,997

As at 31 December 2018 the Company has 412,867,511 bonus options on issue. As at 31 December 2018 the Company has 7,050,000 Directors' and Employees Options (June 2018: 8,800,000) 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.

10. 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.

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 2018, 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 [period date] 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.

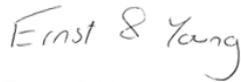
Auditor's responsibility

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 2018 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.

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*.



Ernst & Young



Philip Teale
Partner
Perth
13 March 2019