



ABN 58 624 972 185

Interim Financial Report

For the half-year ended 31 December 2020

Contents	Page
Directors' Report	3
Auditor's Independence Declaration	14
Consolidated Statement of Profit or Loss and Other Comprehensive Income	15
Consolidated Statement of Financial Position	16
Consolidated Statement of Changes in Equity	17
Consolidated Statement of Cash Flows	18
Notes to the Financial Statements	19
Directors' Declaration	26
Independent Auditor's Review Report	27
Corporate Directory	29

DIRECTORS' REPORT

The Directors present their report together with the financial report of Kingwest Resources Limited ("the Company") and its wholly owned subsidiaries (together referred hereafter as "the Group" or "the Consolidated Entity") for the half-year ended 31 December 2020 and the independent auditors' review report thereon.

The Directors of the Company at any time during or since the end of the half-year are:

Adrian Byass	- Non-executive Chairman
Stephen Brockhurst	- Non-executive Director
Jonathan Price	- Non-executive Director
Jonathan Downes	- Non-executive Director
Alex McCulloch	- Non-executive Director (appointed 9 February 2021)

REVIEW OF OPERATIONS

During the second half of 2020 Kingwest Resources Limited ("Kingwest") completed updated Mineral Resource Estimates (MRE's) and Resource Definition drilling at the Menzies Gold Project (MGP). Kingwest also divested Non-Core Assets at Leonora and Goongarrie and acquired new Prospecting Licences at Menzies and Goongarrie. In addition to this Kingwest raised an additional \$4.3M via a Rights Issue and Private Placement to fund ongoing exploration, Resource Definition drilling and Scoping Studies. A maiden air-core drilling program also commenced at the highly prospective Goongarrie Gold Project (GGP) with 282 holes for 6,739 metres completed before the Christmas break.

Highlights

- **Near surface gold resources at the MGP increased by 87% since Kingwest acquired the MGP in September 2019**
- **Kingwest has completed the sale of two small non-core assets outside the Menzies Gold Project for \$2.1M**
- **Six new Prospecting Licences granted at MGP and six new Prospecting Licences granted at the Goongarrie Gold Project (GGP), significantly expanding the prospective landholdings at each Project**
- **High grade gold intersections in shallow MGP drilling designed to increase confidence and size of JORC resources include:**
 - **1m @ 107.0 g/t Au** from 88m in KWR098
 - **5m @ 13.8 g/t Au** from 122m in KWR102
 - **2m @ 37.71 g/t Au** from 63m in KWR124
 - **1m @ 56.54 g/t Au** from 56m in KWR123
 - **5m @ 9.83 g/t Au** from 43m in KWR122
 - **11m @ 7.13 g/t Au** from 62m in KWR176
 - **5m @ 11.72 g/t Au** from 46m in KWR151
 - **9m @ 6.00 g/t Au** from 91m in KWR152

DIRECTORS' REPORT

Mineral Resource Estimates (MRE's)

Inaugural MRE's were completed for the Lady Shenton Deposit and Stirling Deposit at its MGP (Figure 1) as announced to the ASX on 23rd July 2020.

The new estimates are presented in the Table 1 and Table 2 below. Resources at the MGP have increased by 37% since the previous estimate reported in March 2020 and by 87% since September 2019. Menzies Gold Project near surface MRE's now totals 320,000 ounces (Table 5).

The Lady Shenton System (Figure 1) is a significant, structurally controlled mining centre at MGP which has delivered very high-grade production (185kt @ 32 g/t Au for 191k oz Au) prior to 1946 and then later open pit mining in the 1990's which produced 349kt @ 2.7 g/t Au for 30.3k oz Au. Extensions of this mineralisation extend at depth and are repeated adjacent to the main workings, Pericles and Stirling deposits, that have been discovered since completion of open pit mining in the 1990's with Stirling being discovered during KWR drilling in 2019.

Table 1: Lady Shenton MRE.

Cut-off Au g/t	Resource Classification	Volume thousand m³	Density g/cm³	Tonnes kt	Au g/t	Au oz t. oz
0.5	Inferred	391	2.66	1038	2.1	70,700
1	Inferred	298	2.65	791	2.6	64,700

Table 2: Stirling MRE.

Cut-off Au g/t	Resource Classification	Volume thousand m³	Density g/cm³	Tonnes kt	Au g/t	Au oz t. oz
0.5	Inferred	231	2.60	600	1.5	28,300
1	Inferred	121	2.59	313	2.2	21,900

DIRECTORS' REPORT

Additional Resource Definition Drilling at Menzies

Kingwest completed Resource Definition drilling (infill and extensional) comprising 158 RC holes for 15,732 metres at the MGP in the six month period. This is designed to upgrade the category level and size of the MRE's, which currently total 319,900 ounces @ 2.08g/t Au (Table 5), mostly in the Inferred category.

Drilling focussed on the First Hit, Lady Shenton, Lady Harriet, and Yundaga Systems (Figure 1). Table 3 summarises all significant intersections, Table 4 summarises details for all holes completed. Updated MRE's will be calculated in the March Quarter 2021.

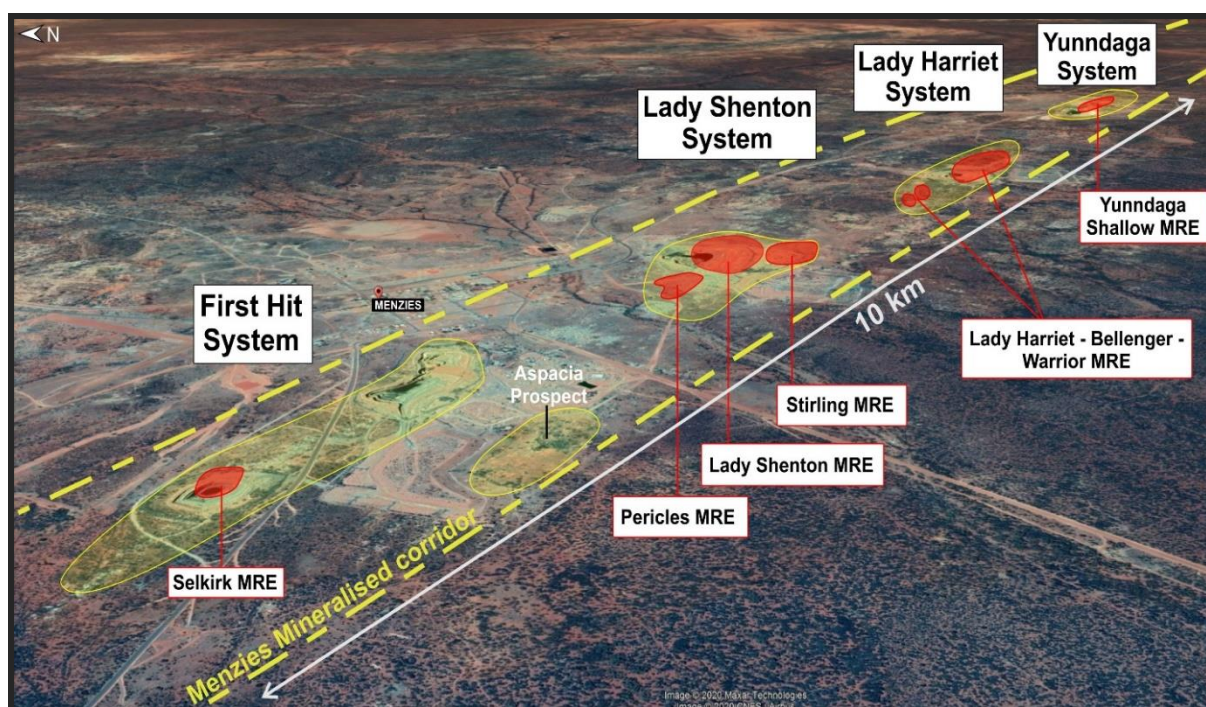


Figure 1: Menzies Gold Project (MGP) aerial view showing the main mineralised systems as well as the Lady Shenton and Stirling MRE locations.

Table 3: Significant drill intersections.

Prospect	Hole ID	From	To	Interval	Au g/t	Description
Selkirk	KWR056	95	99	4	3.39	4m @ 3.39 g/t Au from 95m
Pericles	KWR061	51	55	4	3.30	4m @ 3.30 g/t Au from 51m
Pericles	KWR062	66	72	6	3.23	6m @ 3.23 g/t Au from 66m
Pericles	KWR063	19	22	3	2.44	3m @ 2.44 g/t Au from 19m
Pericles	KWR064	44	46	2	7.14	2m @ 7.14 g/t Au from 44m
Pericles	KWR064	54	59	5	1.40	2m @ 2.54 g/t Au from 54m

DIRECTORS' REPORT

Prospect	Hole ID	From	To	Interval	Au g/t	Description
Pericles	KWR065	44	45	1	34.79	Inc 1m @ 34.79 g/t Au from 44m
Pericles	KWR065	44	46	2	18.07	2m @ 18.07 g/t Au from 44m
Pericles	KWR065	72	77	5	3.11	5m @ 3.11 g/t Au from 72m
Pericles	KWR066	82	84	2	3.13	2m @ 3.13 g/t Au from 82m
Pericles	KWR066	99	108	9	1.10	9m @ 1.10 g/t Au from 99m
Pericles	KWR067	22	24	2	4.55	2m @ 4.55 g/t Au from 22m
Pericles	KWR067	84	86	2	6.12	2m @ 6.12 g/t Au from 84m
Pericles	KWR067	102	110	8	1.19	8m @ 1.19 g/t Au from 102m
Pericles	KWR068	139	142	3	1.87	3m @ 1.87 g/t Au from 139m
Pericles	KWR068	60	64	4	3.18	4m @ 3.18 g/t Au from 60m
Pericles	KWR069	73	81	8	3.42	8m @ 3.42 g/t Au from 73m
Pericles	KWR070	51	54	3	1.55	3m @ 1.55 g/t Au from 51m
Pericles	KWR070	69	73	4	3.60	4m @ 3.60 g/t Au from 69m
Pericles	KWR070	129	148	19	1.25	19m @ 1.25 g/t Au from 129m
Pericles	KWR072	91	93	2	12.01	2m @ 12.01 g/t Au from 91m
Pericles	KWR072	79	82	3	12.28	3m @ 12.28 g/t Au from 79m
Pericles	KWR075	47	51	4	11.04	4m @ 11.04 g/t Au from 47m
Pericles	KWR076	31	34	3	4.18	3m @ 4.18 g/t Au from 31m
Pericles	KWR077	56	61	5	6.22	5m @ 6.22 g/t Au from 56m
Pericles	KWR078	44	45	2	2.80	2m @ 2.80 g/t Au from 44m
Pericles	KWR081	23	25	2	2.97	2m @ 2.97 g/t Au from 23m
Pericles	KWR082	74	76	2	3.34	2m @ 3.34 g/t Au from 74m
Pericles	KWR082	78	80	2	10.24	2m @ 10.24 g/t Au from 78m
Pericles	KWR082	61	64	3	1.95	3m @ 1.95 g/t Au from 61m
Pericles	KWR083	36	38	2	11.04	inc 2m @ 11.04 g/t Au from 36m
Pericles	KWR083	35	38	3	8.19	3m @ 8.19 g/t Au from 35m
Pericles	KWR084	19	20	1	16.50	inc 1m @ 16.5 g/t Au from 19m
Pericles	KWR084	17	21	4	5.43	4m @ 5.43 g/t Au from 17m

DIRECTORS' REPORT

Prospect	Hole ID	From	To	Interval	Au g/t	Description
Pericles	KWR085	66	72	6	1.02	6m @ 1.02 g/t Au from 66m
Selkirk North	KWR097	43	44	1	9.08	1m @ 9.08 g/t Au from 43m
Selkirk	KWR098	88	89	1	107.00	1m @ 107.00 g/t Au from 88m
Selkirk	KWR099	82	83	1	22.42	1m @ 22.42 g/t Au from 82m
Selkirk	KWR099	95	97	2	10.12	2m @ 10.12 g/t Au from 95m
Pericles	KWR102	122	127	5	13.84	5m @ 13.84 g/t Au from 122m
Pericles	KWR103	97	101	4	1.29	4m @ 1.29 g/t Au from 97m
Pericles	KWR104	75	76	1	8.87	1m @ 8.87 g/t Au from 75m
Pericles	KWR104	103	104	1	5.85	1m @ 5.85 g/t Au from 103m
Pericles	KWR105	96	101	5	1.97	5m @ 1.97 g/t Au from 96m
Pericles	KWR107	88	89	1	6.16	1m @ 6.16 g/t Au from 88m
Pericles	KWR107	19	24	5	2.30	5m @ 2.30 g/t Au from 19m
Pericles	KWR108	73	74	1	5.49	inc 1m @ 5.49 g/t Au from 73m
Pericles	KWR108	70	72	2	2.55	2m @ 2.55 g/t Au from 70m
Pericles	KWR108	70	72	2	2.98	2m @ 2.98 g/t Au from 70m
Stirling	KWR112	80	81	1	7.24	1m @ 7.24 g/t Au from 80m
Stirling	KWR113	30	31	1	21.99	1m @ 21.99 g/t Au from 30m
Stirling	KWR115	26	27	1	8.35	1m @ 8.35 g/t Au from 26m
Stirling	KWR116	32	35	3	2.69	3m @ 2.69 g/t Au from 32m
Stirling	KWR117	77	80	3	1.90	3m @ 1.90 g/t Au from 77m
Stirling	KWR118	38	43	5	4.26	5m @ 4.26 g/t Au from 38m
Stirling	KWR119	23	24	1	5.38	1m @ 5.38 g/t Au from 23m
Stirling	KWR122	40	45	5	9.83	5m @ 9.83 g/t Au from 40m
Stirling	KWR123	56	57	1	56.54	1m @ 56.64 g/t Au from 56m
Stirling	KWR124	63	65	2	37.71	2m @ 37.71 g/t Au from 63m
Stirling	KWR125	56	58	2	2.87	2m @ 2.87 g/t Au from 56m
Pericles	KWR136	21	22	1	6.68	1m @ 6.68 g/t Au from 89m
Pericles	KWR136A	88	95	7	2.00	7m @ 2.00 g/t Au from 88m

DIRECTORS' REPORT

Prospect	Hole ID	From	To	Interval	Au g/t	Description
Warrior	KWR139	46	47	1	5.64	1m @ 5.64 g/t Au from 46m
Lady Harriet	KWR143	57	62	5	1.06	5m @ 1.06 g/t Au from 57m
Lady Harriet	KWR144	98	99	1	8.38	1m @ 8.38 g/t Au from 98m
Lady Harriet	KWR144	15	25	10	4.42	10m @ 4.42 g/t Au from 15m
Lady Harriet	KWR145	83	84	1	17.24	inc 1m @ 17.24 g/t Au from 83m
Lady Harriet	KWR145	81	84	3	7.01	3m @ 7.01 g/t Au from 81m
Lady Harriet	KWR146	74	76	2	5.99	2m @ 5.99 g/t Au from 74m
Lady Harriet	KWR148	71	75	4	2.10	4m @ 2.10 g/t Au from 71m
Lady Harriet	KWR151	91	95	4	3.04	4m @ 3.04 g/t Au from 91m
Lady Harriet	KWR151	46	51	5	11.72	5m @ 11.72 g/t Au from 46m
Lady Harriet	KWR152	91	93	2	20.71	Inc 2m @ 20.71 g/t Au from 91m
Lady Harriet	KWR152	91	100	9	6.00	9m @ 6.00 g/t Au from 91m
Lady Harriet	KWR154	82	85	3	2.27	3m @ 2.27 g/t Au from 82m
Bellenger	KWR156	12	18	6	3.62	6m @ 3.62 g/t Au from 12m
Bellenger	KWR158	8	12	4	1.85	4m @ 1.85 g/t Au from 8m
Bellenger	KWR162	22	26	4	1.31	4m @ 1.31 g/t Au from 22m
Stirling	KWR164	88	89	1	22.42	1m @ 22.42 g/t Au from 88m
Stirling	KWR165	79	81	2	16.16	2m @ 16.16 g/t Au from 79m
Stirling	KWR168	35	37	2	2.61	2m @ 2.61 g/t Au from 35m
Stirling	KWR169	40	41	1	26.78	1m @ 26.78 g/t Au from 40m
Yunndaga	KWR176	62	73	11	7.13	11m @ 7.13 g/t Au from 62m
Yunndaga	KWR177	53	54	1	5.59	1m @ 5.59 g/t Au from 53m
Yunndaga	KWR178	68	69	1	7.35	inc 1m @ 7.35 g/t Au from 68m
Yunndaga	KWR178	67	69	2	4.25	2m @ 4.25 g/t Au from 67m
Yunndaga	KWR178	86	90	4	1.30	4m @ 1.30 g/t Au from 86m
Yunndaga	KWR179	47	52	5	1.44	5m @ 1.44g/t Au from 47m
Yunndaga	KWR180	63	64	1	5.32	inc 1m @ 5.32 g/t Au from 63m
Yunndaga	KWR180	93	94	1	9.57	1m @ 9.57 g/t Au from 93m

DIRECTORS' REPORT

Prospect	Hole ID	From	To	Interval	Au g/t	Description
Yunndaga	KWR180	63	69	6	1.56	6m @ 1.56 g/t Au from 63m
Yunndaga	KWR185	112	116	4	1.44	4m @ 1.44 g/t Au from 112m
Pericles	KWR186	131	132	1	7.44	inc 1m @ 7.44 g/t Au from 131m
Pericles	KWR186	124	132	8	1.81	8m @ 1.81 g/t Au from 124m
Pericles	KWR187	70	71	1	10.96	inc 1m @ 10.96 g/t Au from 70m
Pericles	KWR187	70	72	2	5.99	2m @ 5.99 g/t Au from 70m

N.B. Minimum 1m @ 5.00g/t Au (or > 5.00 mg Au)

Non-Core Asset Sales

Goongarrie Lady Mining Lease M29/420 and miscellaneous licence L29/109 and related mining information and approvals was sold to Resource Mining Pty Ltd, who are not a related party on an arm's length basis, under the following terms:

- Cash payment of \$1.9M plus GST.
- Royalty payments to KWR of \$20/oz plus GST uncapped production royalty on gold troy ounces produced after the initial 15koz of production from those tenements.
- KWR to retain 14 day first right of refusal on future sale of the assets.
- Resource Mining Pty Ltd to have 14 day first right of refusal on future sale of the royalty.
- Industry standard conditions to completion of the sale, all of which are expected to be satisfied expeditiously.

Leonora Projects Crawford's and Gambier Lass North (M37/1202, E37/893 and P37/8901) was sold to Specrez Pty Ltd, who are not a related party on an arm's length basis, under the following terms:

- \$190,000 cash plus GST consisting of \$10,000 deposit and \$180,000 on completion.
- 1.75% Net Smelter Return (NSR) Royalty for all production from M37/1202.

New Tenements Granted

Six new Prospecting Licences granted at Menzies (P29/2578 – 2580, 2582, 2584, 2585) and six new Prospecting Licences granted at Goongarrie (P29/2530 – 2533, 2467, 2468) significantly expanding the prospective landholdings at each Project.

Aircore Drilling at Goongarrie

First pass aircore drilling commenced at the GGP with 282 holes for 6,739 metres completed in the December 2020 quarter. Drilling is focused on multiple targets on and around the shallow salt lakes or on clay pans adjacent to the salt lakes (Figure 2). The ancient lake sediments are widespread and have inhibited previous exploration efforts as they act as a mask above possible mineralisation. All assays are pending and expected in January 2021. Additional drilling remains to be completed over several targets not tested in 2020. These include targets under the deeper parts of the lake which will require a track mounted aircore rig which specialises in drilling on the very soft and wet lake sediments. This is due in the first half of 2021.

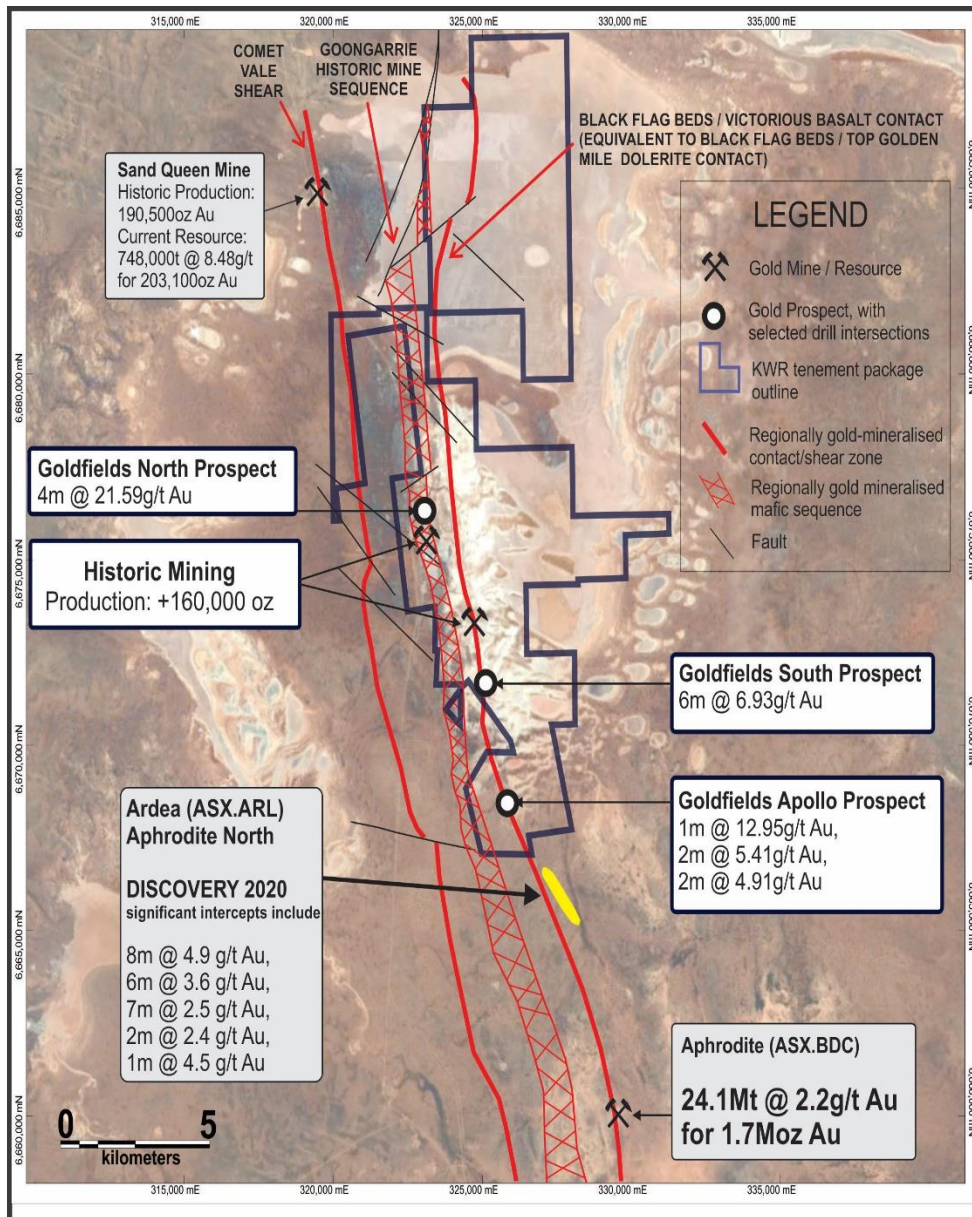


Figure 2: Plan view of the GGP tenements on satellite background, significant mineralised trends and select historic significant drill intersections

DIRECTORS' REPORT

Table 4: Menzies MRE's.

MENZIES PROJECT									
Deposit	Indicated Resource			Inferred Resource			Total Resource		
(>1g/t Au)	Mt	Au (g/t)	Oz	Mt	Au (g/t)	Oz	Mt	Au (g/t)	Oz
Yundaga Shallow				1.58	2.00	103,000	1.58	2.03	103,000
Lady Shenton Shallow				0.79	2.60	64,700	0.79	2.55	64,700
Stirling				0.31	2.20	21,900	0.31	2.17	21,900
Pericles	0.63	1.80	35,800	0.78	1.70	43,700	1.40	1.80	79,500
Lady Harriet-Bellenger	0.30	1.80	17,400	0.18	2.10	11,500	0.48	1.90	28,900
Selkirk				0.09	4.50	12,600	0.09	4.50	12,600
Warrior				0.13	2.30	9,300	0.13	2.30	9,300
Lady Irene							<i>Not</i>	<i>yet</i>	<i>estimated</i>
First Hit							<i>Not</i>	<i>yet</i>	<i>estimated</i>
Yundaga Deeps							<i>Not</i>	<i>yet</i>	<i>estimated</i>
TOTAL	0.93	1.80	53,200	3.86	2.15	266,800	4.78	2.08	319,900

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Kingwest Resources Limited's planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "expect," "intend," "may", "potential," "should," and similar expressions are forward-looking statements. Although Kingwest believes that its expectations reflected in these forward- looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that further exploration will result in the estimation of a Mineral Resource.

DIRECTORS' REPORT

Competent Person Statement

The information in this report that relates to Exploration results is based on information compiled by Mr Peter Spitalny who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Spitalny is a consultant Geologist to Kingwest Resources Limited. Mr Spitalny has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results and consents to the inclusion in this report of the matters based on their information in the form and context in which they appear.

The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement released on 9 July 2019 and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

RESULTS

The loss for the half-year ended 31 December 2020 attributable to the Group was \$1,120,639 (2019: loss of \$4,666,721).

CORPORATE

As at 31 December 2020 the Group had \$5,061,780 in cash and the Company had the following securities on issue:

- 153,693,858 fully paid ordinary shares;
- 15,750,000 unlisted options exercisable at \$0.20 on or before 30 June 2021;
- 2,700,000 unlisted options exercisable at \$0.39 on or before 30 June 2022;
- 5,150,000 unlisted options exercisable at \$0.54 on or before 30 June 2022;
- 400,000 unlisted options exercisable at \$0.215 on or before 22 September 2022;
- 2,970,000 share appreciation rights with a strike price of \$0.28 expiring 7 October 2024; and
- 1,125,000 share appreciation rights with a strike price of \$0.18 expiring 15 September 2023.

EVENTS SUBSEQUENT TO REPORTING DATE

On 9 February 2021, Mr Alex McCulloch was appointed as a Non-Executive Director of the Company.

Other than the above, there are no events subsequent to the end of the period that would have had a material effect on the Group's financial statements at 31 December 2020.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 forms part of the directors' report for the half-year ended 31 December 2020.

Signed in accordance with a resolution of the Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.



Adrian Byass

Chairman

12 February 2021

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Kingwest Resources Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 12 February 2021

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

	Note	31 December 2020	31 December 2019
		\$	\$
Interest income		6,395	6,378
Gain on disposal of tenements		1,007,893	-
Other income		9,699	-
Compliance and regulatory expense		(136,026)	(143,800)
Corporate advisory and consulting fees		(46,758)	(43,657)
Depreciation expense		(25,642)	(7,230)
Employee benefits expense		(116,759)	(149,514)
Finance costs		(1,525)	(1,146)
Impairment of exploration expenditure	2	(1,511,824)	(4,151,013)
Share based payment expense		(177,535)	(65,663)
Travel and accommodation		(8,031)	(29,252)
Other expenses		(120,526)	(81,824)
LOSS BEFORE INCOME TAX		(1,120,639)	(4,666,721)
Income tax benefit		-	-
LOSS FOR THE PERIOD		(1,120,639)	(4,666,721)
Other Comprehensive Income / (Loss)			-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(1,120,639)	(4,666,721)
Basic and diluted loss per share (cents)		(0.80)	(5.69)

The consolidated statement of profit or loss and other comprehensive Income should be read in conjunction with the attached notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	31 December 2020	30 June 2020
		\$	\$
Current Assets			
Cash and cash equivalents		5,061,780	2,781,402
Trade and other receivables		125,106	211,739
Exploration and evaluation assets held for sale		-	636,692
Total Current Assets		5,186,886	3,629,833
Non-Current Assets			
Exploration and evaluation expenditure	2	14,881,343	14,060,951
Plant & equipment		49,408	54,785
Right-of-use asset		40,153	58,685
Total Non-Current Assets		14,970,904	14,174,421
Total Assets		20,157,790	17,804,254
Current Liabilities			
Trade and other payables	3	3,997,679	4,635,292
Lease liabilities		38,440	36,764
Provisions		15,278	11,767
Total Current Liabilities		4,051,397	4,683,823
Non-Current Liabilities			
Lease liabilities		3,314	22,863
Total Non-Current Liabilities		3,314	22,863
Total Liabilities		4,054,711	4,706,686
Net Assets		16,103,079	13,097,568
Equity			
Issued capital	4	21,873,812	17,925,197
Reserves	4	2,169,486	1,991,951
Accumulated losses		(7,940,219)	(6,819,580)
Total Equity		16,103,079	13,097,568

The consolidated statement of financial position should be read in conjunction with the attached notes to the financial statements.

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

	Issued Capital	Accumulated Losses	Share based payment Reserve	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2019	7,433,798	(1,556,563)	794,190	6,671,425
Comprehensive loss				
Loss for the period	-	(4,666,721)	-	(4,666,721)
Total comprehensive loss for the period	-	(4,666,721)	-	(4,666,721)
Transactions with owners, in their capacity as owners				
Shares issued	7,475,000	-	-	7,475,000
Share based payments	-	-	1,027,559	1,027,559
Share issue costs	(267,673)	-	-	(267,673)
Total transactions with owners, in their capacity as owners	7,207,327	-	1,027,559	8,234,886
Balance at 31 December 2019	14,641,125	(6,223,284)	1,821,749	10,239,590
	Issued Capital	Accumulated Losses	Share based payment Reserve	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2020	17,925,197	(6,819,580)	1,991,951	13,097,568
Comprehensive income				
Loss for the period	-	(1,120,639)	-	(1,120,639)
Total comprehensive income for the period	-	(1,120,639)	-	(1,120,639)
Transactions with owners, in their capacity as owners				
Shares issued	4,291,445	-	-	4,291,445
Share based payments	-	-	177,535	177,535
Share issue costs	(342,830)	-	-	(342,830)
Total transactions with owners, in their capacity as owners	3,948,615	-	177,535	4,126,150
Balance at 31 December 2020	21,873,812	(7,940,219)	2,169,486	16,103,079

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

	31 December 2020 \$	31 December 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(441,422)	(498,329)
Interest paid	(1,525)	(1,146)
Interest received	6,540	9,707
NET CASH USED IN OPERATING ACTIVITIES	(436,407)	(489,768)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration expenditure	(3,292,223)	(1,828,752)
Payments for exploration assets	-	(1,750,000)
Proceeds from disposal of exploration assets	2,080,000	-
Payments for plant and equipment	(1,734)	(14,310)
NET CASH USED IN INVESTING ACTIVITIES	(1,213,957)	(3,593,062)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares (net of costs)	3,948,615	3,732,327
Lease repayments	(17,873)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	3,930,742	3,732,327
Net increase / (decrease) in cash held	2,280,378	(350,503)
Cash at the beginning of the financial period	2,781,402	1,859,163
CASH AT THE END OF THE FINANCIAL PERIOD	5,061,780	1,508,660

The consolidated statement of cash flows should be read in conjunction with the attached notes to the financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The half-year consolidated financial statements are a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

The consolidated half-year financial report does not include all of the information required for a full annual financial report. The half-year financial report is to be read in conjunction with the most recent annual financial report for the year ended 30 June 2020. This report must also be read in conjunction with any public announcements made by Kingwest Resources Limited and its controlled entities during the half-year.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of certain non-current assets, financial assets and financial liabilities.

The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

These interim financial statements were authorised for issue on 12 February 2021.

(B) USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(C) ACCOUNTING POLICIES

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except for the policies stated below.

(D) NEW AND REVISED STANDARDS AND AMENDMENTS THEREOF AND INTERPRETATIONS EFFECTIVE FOR THE CURRENT HALF-YEAR THAT ARE RELEVANT TO THE CONSOLIDATED ENTITY

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') 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.

The adoption of these Accounting Standards and Interpretations did not have a significant impact on the consolidated entity.

2. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2020	30 June 2020
	\$	\$
Exploration and evaluation assets		
Balance at the beginning of period	14,697,643	4,991,506
Tenement Acquisition ²	-	9,336,896
Exploration costs capitalised	2,767,631	5,000,215
Tenement disposal ¹	(1,072,107)	(479,961)
Impairment of exploration costs	(1,511,824)	(4,151,013)
Balance at the end of reporting period	<u>14,881,343</u>	<u>14,697,643</u>

¹ During the period the Group disposed of Goongarrie Lady tenements (M29/420 and L29/109) for upfront cash consideration of \$1,900,000 (ex GST) and the Crawfords and Gambier Lass tenements (M37/1202, E37/893 and P37/8901) for upfront cash consideration of \$180,000 (ex GST). The Group recognised a gain on disposal of the tenements of \$1,007,893. Consideration for the disposal also included deferred consideration based on future milestones which has been disclosed as a contingent asset (refer to Note 7).

² During the year ended 30 June 2020 the Group acquired the Menzies and Goongarrie Gold Projects from Horizon Minerals Limited ("Horizon") by acquiring a number of exploration and mining tenements near the town of Menzies in Western Australia. Consideration for the acquisition consisted of an initial cash payment to Horizon of \$1,750,000 and the issue of 20,000,000 ordinary shares with a fair value of \$3,000,000. Consideration for the acquisition also includes a payment of \$1,625,000 in cash and \$1,625,000 in shares at a deemed issue price being the lower of \$0.15 per share and a 30 day VWAP. This deferred consideration is due no later than 18 months following settlement, being 18 March 2021. The Group also issued 2,500,000 ordinary shares with a fair value of \$375,000 and a total of 7,850,000 unlisted options with a fair value of \$961,896 to facilitators of the acquisition.

The ultimate recoupment of balances carried forward in relation to areas of interest still in the exploration or valuation phase is dependent on successful development, and commercial exploitation, or alternatively sale of the respective areas. The Company conducts impairment testing on an annual basis when indicators of impairment are present at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

3. TRADE AND OTHER PAYABLES

	31 December 2020 \$	30 June 2020 \$
Current		
Trade creditors	568,004	1,274,171
Accruals	179,675	111,121
Menzies deferred consideration ¹	3,250,000	3,250,000
Balance at the end of reporting period	<u>3,997,679</u>	<u>4,635,292</u>

¹ Menzies deferred consideration is payable on or before 18 March 2021 consisting of payment of \$1,625,000 in cash and \$1,625,000 in shares at a deemed issue price being the lower of \$0.15 per share and a 30 day VWAP (refer to Note 2).

4. ISSUED CAPITAL & RESERVES

	31 December 2020 \$	30 June 2020 \$
Issued capital	(a) 21,873,812	17,925,197
Share based payment reserve	(b) <u>2,143,486</u>	<u>1,991,951</u>

(a) Reconciliation of movement during the period:

	Shares	\$
Opening balance	121,905,376	17,925,197
Entitlement Issue Placement – 18 September 2020	24,381,075	3,291,445
Placement – 25 September 2020	7,407,407	1,000,000
Costs of share issue	-	(342,830)
	<u>153,693,858</u>	<u>21,873,812</u>

(b) Movement in share based payment reserve

	31 December 2020 \$
Opening balance	1,991,951
Options expense	31,852
Performance rights expense	145,683
Closing Balance	<u>2,169,486</u>

4. ISSUED CAPITAL & RESERVES (CONTINUED)

(c) Outstanding Unlisted Securities

As at 31 December 2020 the company had the following unlisted securities outstanding:

Expiry Date and Price	Type	Number
Options Expiring 30/06/2021 @ \$0.20	Unlisted Option	15,750,000
Options Expiring 30/06/2022 @ \$0.39	Unlisted Option	2,700,000
Options Expiring 30/06/2022 @ \$0.54	Unlisted Option	5,150,000
Options Expiring 22/09/2022 @ \$0.215	Unlisted Option	400,000
Share Appreciation Rights Expiring 7/10/2024 @ \$0.28 Strike Price	Performance Rights	2,970,000
Share Appreciation Rights Expiring 15/09/2023 @ \$0.18 Strike Price	Performance Rights	1,125,000

5. SHARE BASED PAYMENTS

There were the following share based payments during the period:

	31 December 2020	31 December 2019
	\$	\$
Shares		
606,060 Ordinary shares issued to a drilling supplier in lieu of cash for services provided at a deemed issue price of \$0.165 per share – issued July 2019	-	100,000
20,000,000 Ordinary shares issued to acquire the Menzies Gold Project at a deemed issue price of \$0.15 per share – issued September 2019	-	3,000,000
2,500,000 Ordinary shares to facilitators of the Menzies Gold Project at a deemed issue price of \$0.15 per share – issued September 2019	-	375,000
Unlisted Securities		
400,000 options issued to consultants – issued November 2020	31,852	-
1,125,000 share appreciation rights issued pursuant to the Performance Rights Plan – issued September 2020	26,006	-
2,970,000 share appreciation rights issued pursuant to the Performance Rights Plan – issued October & November 2019	119,677	65,663
2,700,000 options issued to facilitators of the Menzies Gold Project acquisition – issued September 2019	-	362,555
5,150,000 options issued to facilitators of the Menzies Gold Project acquisition – issued September 2019	-	599,341

NOTES TO THE FINANCIAL STATEMENTS

a) *Consultant Options*

The Consultant Options were issued on 23 November 2020 in lieu of services provided.

Grant Date/entitlement	Number of Instruments	Grant Date	Expiry Date	Exercise Price	Fair value per instrument \$	Value \$
Consultant Options	400,000	20/11/2020	22/09/2022	\$0.215	0.0795	31,812

The options issued during the period were calculated using the Black-scholes option pricing model with the following inputs:

	Options granted Range
Expected volatility (%)	100%
Risk free interest rate (%)	0.8%
Weighted average expected life of options (years)	1.83
Expected dividends	Nil
Option exercise price (\$)	\$0.215
Share price at grant date (\$)	\$0.175
Fair value of option (\$)	\$0.0795

The options issued were deemed to vest immediately and there were no other vesting conditions.

b) *Share Appreciation Rights*

The Performance Rights Plan was approved by shareholders on 10 September 2019. On 17 September 2020 1,125,000 Share Appreciation Rights (SARs) were issued to employees, of these 50% vest on 17 September 2021 (Tranche 1) and 50% vest on 17 September 2022 (Tranche 2).

Grant Date/entitlement	Number of Instruments	Grant Date	Vesting Date	Fair value per instrument \$	Value \$
Tranche 1 - SARs issued to employees / consultants at a strike price of \$0.18 expiring 15 September 2023	562,500	17/09/2020	17/09/2021	0.107	60,131
Tranche 2 - SARs issued to employees / consultants at a strike price of \$0.18 expiring 15 September 2023	562,500	17/09/2020	17/09/2022	0.107	60,131

5. SHARE BASED PAYMENTS (CONTINUED)

The SARs issued during the period were calculated using a binomial pricing model with the following range of inputs:

	Rights granted
Expected volatility (%)	100%
Risk free interest rate (%)	0.75%
Weighted average expected life (years)	3 years
Expected dividends	Nil
Strike price (\$)	\$0.18
Share price at grant date (\$)	\$0.18

6. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Consolidated Entity operates in one segment, being exploration for mineral resources. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Entity. The Consolidated Entity only operates in Australia.

7. CONTINGENT ASSETS AND LIABILITIES

During the period the Group disposed on the Goongarrie Lady tenements (M29/420 and L29/109). As part of the sale the Group is entitled to royalty payments of \$20/oz (ex GST) uncapped on gold troy ounces produced after the initial 15koz of production from the Goongarrie Lady tenements.

During the period the Group disposed of the Crawfords and Gambier Lass tenements (M37/1202, E37/893 and P37/8901). As part of the sale the Group is entitled to a 1.75% Net Smelter Return (NSR) Royalty for all production on tenements M37/1202 and E37/893. In the event that a decision to mine is not made by the purchaser by 22 July 2021, the purchaser must pay the Group \$100,000 (ex GST). If mining operations have not commenced by 22 July 2022 or 22 July 2023 the purchaser must pay the Group \$100,000 (ex GST) on each of those dates.

In the opinion of the directors, there were no other significant changes in contingent assets or liabilities during the period ended 31 December 2020.

8. COMMITMENTS

In the opinion of the directors, there were no significant changes in commitments during the period ended 31 December 2020.

9. EVENTS SUBSEQUENT TO REPORTING DATE

On 9 February 2021, Mr Alex McCulloch was appointed as a Non-Executive Director of the Company.

There are no other events subsequent to the end of the period that would have a material effect on the Group's financial statements at 31 December 2020.

10. INTEREST IN CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and the results of the following subsidiaries:

Controlled entities	Country of incorporation	Percentage owned	Percentage owned
		31 December 2020	30 June 2020
Roman Kings Pty Ltd	Australia	100%	100%
Pax Romana Resources Pty Ltd	Australia	100%	100%
Golden Gladiator Pty Ltd	Australia	100%	100%
Menzies Operational and Mining Pty Ltd	Australia	100%	100%
Goongarrie Operational and Mining Pty Ltd	Australia	100%	100%

DIRECTORS' DECLARATION

In the opinion of the Directors of Kingwest Resources Limited:

- (a) The attached financial statements and notes:
 - (i) comply with Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Act 2001, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2020 and of the Consolidated Entity's performance, for the half-year ended on that date.
- (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.

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



Adrian Byass
Chairman
12 February 2021



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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
KINGWEST RESOURCES LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Kingwest Resources Limited which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other 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 summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Kingwest Resources Limited, 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.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Kingwest Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Kingwest Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 12 February 2021

DIRECTORS

Adrian Byass (Non-Executive Chairman)
Jonathan Downes (Non-Executive Director)
Stephen Brockhurst (Non-Executive Director)
Jon Price (Non-Executive Director)
Alex McCulloch (Non-Executive Director)

CHIEF EXECUTIVE OFFICER

Edward Turner

COMPANY SECRETARY

Stephen Brockhurst

REGISTERED OFFICE

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BANKERS

National Australia Bank

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