KING RIVER COPPER LIMITED

(ACN 100 714 181)

Annual Report

For the year ended 30 June 2017

Contents

KING RIVER
COPPER LIMITED

Corporate Directory

ACN: 100 714 181

ASX Code: KRC

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

DIRECTORS

Anthony Barton	(Chairman)
Leonid Charuckyj	(Director)
Greg MacMillan	(Director)

COMPANY SECRETARY

Greg MacMillan

REGISTERED OFFICE

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Perth WA 6000
Tel: (08) 9221 8055
Fax: (08) 9325 8088
Email: info@kingrivercopper.com.au

SOLICITORS

Fairweather Corporate Lawyers
595 Stirling Highway
Cottesloe WA 6011

BANKERS

ANZ Banking Corporation
1275 Hay Street
West Perth WA 6005

SHARE REGISTER

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

AUDITORS

Ernst and Young
11 Mounts Bay Road
Perth WA 6000

INTERNET ADDRESS

www.kingrivercopper.com.au

The directors submit their report for King River Copper Limited ("King River" or "the Company") and its controlled entities for the year ended 30 June 2017.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. The directors were in office for the entire period unless otherwise stated. No director has served as a director of any other ASX Listed Companies in the past 3 years unless mentioned below.

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 34 years of commercial experience having also acted in senior executive and director capacities for two leading Australian stockbroking firms.

Mr Barton was also a non-executive Chairman of Spectrum Resources Limited, however resigned on the 8th 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 is also a non-executive director of Spectrum Resources Limited.

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 Practicing Accountant and a Chartered Company Secretary.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

King River has established a portfolio of 100% owned tenements covering approximately 733 square kilometres in the East Kimberley region in Western Australia ("Tenements"). 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 applied for approximately 6,634 square kilometres in the Northern Territory and is currently awaiting to hear back on the approval of these applications.

OPERATIONS REPORT

King River continued exploration during the year with focus on Gold-Silver-Copper exploration. The Company was granted exploration rights over Mt Remarkable, located some 80 kms south of the Speewah Dome, and has made application for 6,634 square kilometres of exploration tenements near Tennant creek in the Northern Territory.

The company also commenced a vanadium concept study to investigate the potential of producing high purity vanadium, titanium and iron products from the previously identified Central vanadium resources at Speewah.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the directors in the shares of the Company were

		Ordinary Shares	Options Over Ordinary Shares
Anthony Barton	Chairman	122,929,254[1]	14,548,519[1]
Leonid Charuckyj	Director	12,103,788[2]	1,164,850[2]
Greg MacMillan	Director	40,696,162[3]	5,292,421[3]
Total		**175,729,204**	**21,005,790**

[1] 28,959,876 of the shares and 5,200,001 options are held by Mr AP Barton and Mrs CH Barton as trustee for the Barton Family Superannuation Fund of which Mr Barton is a director and a beneficiary. 22,072,885 of the shares and 4,039,652 of the options are held by Australian Heritage Group Pty Ltd as trustee for the Australian Heritage Trust of which Mr Barton is a director and a beneficiary. 22,428,205 of the shares and 1,457,879 options are held by Inglewood Lodge Pty Ltd of which Mr Barton is a director and a beneficiary. 20,613,153 of the shares and 3,380,411 options are held by Barton & Barton Pty Ltd of which Mr Barton is a director. 22,896,609 of the shares and 400,000 options are held by Universal Oil (Australia) Pty Ltd of which Mr Barton is a director and a beneficiary. 5,958,526 of the shares and 70,576 options are held by Harvey Springs Estate Pty Ltd of which Mr Barton is a director and a beneficiary.

[2] 150,699 shares and 45,210 options are held in Mr L Charuckyj's personal name, 4,939,754 of the shares and 767,640 options are held by Mr L Charuckyj & Mrs CM Charuckyj as trustee for the ZETA Super Fund of which Mr Charuckyj is a trustee and beneficiary. 7,013,335 of the shares and 352,000 options are held by Temtor Pty Ltd of which Mr Charuckyj is a director and beneficiary.

[3] 18,623,277 of the shares and 1,252,769 of the options are held by GDM Services Pty Ltd as trustee for the GDM Services Trust of which Mr MacMillan is a director and beneficiary. 22,072,885 of the shares and 4,039,652 of the options are held by Australian Heritage Group Pty Ltd as trustee for the Australian Heritage Trust of which Mr MacMillan is a director and beneficiary.

CORPORATE STRUCTURE

King River is a company limited by shares that is incorporated and domiciled in Australia. King River has fully owned subsidiaries Speewah Mining Pty Ltd and Treasure Creek Pty Ltd (incorporated on 11th May 2017). The Group has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, Speewah Mining Pty Ltd and Treasure Creek Pty Ltd, both being 100% owned subsidiaries.

REVIEW OF CONSOLIDATED FINANCIAL CONDITION

The consolidated entity recorded an operating loss after income tax of $422,996 (2016: $187,202 loss). There was no dividend declared or paid during the year.

CAPITAL STRUCTURE

As at the date of this report the Company had 867,703,934 fully paid ordinary shares. There were also 124,410,168 listed options over ordinary shares on issue and 5,550,000 unlisted options over ordinary shares on issue (2016: 5,550,000). Details of the terms of the options are outlined in Note 17 of the consolidated financial statements.

CASH FROM OPERATIONS

The net cash outflow used in operations was $373,631 (2016: $113,055). The cash balance at year end was $715,516.

LOSS PER SHARE	**2017**	**2016**	**2015**	**2014**	**2013**
Basic and diluted loss per share (cents)	(0.07)	(0.04)	(0.10)	(0.40)	(12.16)
Share price (cents)	0.007	0.007	0.029	0.12	0.060

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year the following significant changes were made to the Company's equity:

- On the 3rd August 2016, the Company issued 127,133,897 ordinary shares @ $0.0062 as part of a Share Purchase Plan (SPP);
- On the 22nd August 2016, the Company issued 48,129,032 ordinary shares @ $0.0062 as part of a Placement from professional and sophisticated investors;
- On the 9th March 2017, the Directors agreed to convert their outstanding Directors fees for the period August 2016 to March 2017 into shares at a price 20% above the SPP and Placement price. This was approved at a general meeting held on the 10th April 2017 and 17,520,000 shares were issued @ $0.005 on the 3rd May 2017;

- On the 3rd May 2017, the Company issued 71,428,572 ordinary shares @ $0.0042 as part of a Placement, and 179,712,776 ordinary shares as part of a Share Purchase Plan, both of which were approved at the general meeting held on the 10th April 2017.

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.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The consolidated entity's current focus is on exploration of its Copper / Gold prospects referred to in the Operations Report on page 4.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity's environmental obligations are regulated under both State and Federal law. All environmental performance obligations are monitored by the Board and subjected from time to time to Government agency audits and site inspections. The consolidated entity has a policy of at least complying with, but in most cases exceeding, it's statutory environmental performance obligations. No environmental breaches have occurred or have been notified by any Government agencies during the year ended 30 June 2017.

SHARES UNDER OPTION

As at the date of this report, there were 129,960,168 unissued ordinary shares under granted options.

Date Options Granted	Expiry Date	Issue Price of Shares	Number Under Option
6-Dec-2012	30-Nov-2017	$0.10	1,250,000
7-May-2014	30-June-2019	$0.20	1,350,000
25-June-2014	30-June-2019	$0.20	1,200,000
21-July-2015	30-June-2018	$0.10	124,410,168
21-July-2015	30-November-2018	$0.10	1,750,000
			129,960,168

SHARES ISSUED ON EXERCISE OF OPTIONS

During or since the end of the financial year, there were no options exercised. Refer to Note 15 of the consolidated financial statements for further details of the options outstanding. Option holders do not have any right, by virtue of the option, to participate in any issue of the Company or any related body corporate.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into Director and Officer Protection Deeds ("D&O Deed") with each Director and the Company Secretary ("Officers"). Under the D&O Deed, the Company indemnifies the Officers to the maximum extent permitted by law and the Constitution against legal proceedings, damage, loss, liability, cost, charge, expense, outgoing or payment (including legal expenses on a solicitor/client basis) suffered, paid or incurred by the officers in connection with the Officers being an officer of the Company, the employment of the officer with the Company or a breach by the Company of its obligations under the D&O Deed.

Also pursuant to the D&O Deed, the Company must insure the Officers against liability and provide access to all board papers relevant to defending any claim brought against the Officers in their capacity as officers of the Company. The Company has paid insurance premiums of $6,400 (2016: $6,300) in respect of liability for any current and future directors, Company secretary, executives and employees of the Company. This amount is payable in total and no specific amount is included in the directors' remuneration. Please also note this amount was paid in the 2018 financial year.

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest dollar.

REMUNERATION REPORT (AUDITED)
This report details the nature and amount of remuneration for each director of King River Copper Limited, and for the executives in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, key management personnel (KMP) of the Company and the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) and Company secretary, and includes two executives in the group.
For the purposes of this report, the term "executive" encompasses the chief executive and senior executives of the Company.
Details of key management personnel

(i) Directors

A Barton	Chairman
L Charuckyj	Director
G MacMillan	Director / Company Secretary

(ii) Executives

K Rogers	Chief Geologist
A Chapman	Project Geologist

Other than as detailed above there are no other Executives of the Company.

1. Remuneration Committee
The Remuneration Committee of the Board of Directors of King River is responsible for determining and reviewing compensation arrangements for the directors and executives. The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

2. Use of Independent Remuneration Consultants

During the year ended 30 June 2017 no external remuneration consultants were engaged to assist the Group in any capacity.

3. Remuneration Policy
The Company's remuneration policies are reflected in the Charter of the Remuneration Committee. It is the Company's objective to provide maximum stakeholder benefit from the retention of high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions.
The Company's remuneration policy is to establish competitive remuneration (including performance incentives) consistent with long term development and success, to ensure remuneration is fair and reasonable (taking into account all relevant factors, and within appropriate controls or limits) that performance and remuneration are appropriately linked, that all remuneration packages are reviewed annually or on an ongoing basis in accordance with management's remuneration packages, and that retirement benefits or termination payments (other than notice periods) will not be provided or agreed other than in exceptional circumstances.
It is the Company's objective that the remuneration policy aligns with achievement of strategic objectives and creation of long term value for shareholders. The Company does not use specific performance hurdles or conditions in determining remuneration or short term rewards considering the stage of operations of the Company; options are issued to attract and retain Key Management personnel. The Company assesses each employee annually based upon the individual performance in carrying out the agreed responsibilities of the employee which have been developed in consideration of the Company's long term goals. The performance incentive component is reflected as part of the increase in salary and the issue of equity based compensation for each employee on an annual basis.
The Company does not have a formal policy to prohibit executives from entering into arrangements to protect the value of unvested long term incentive awards.
The Company has not issued any performance based payments during the period, performance related payments are under ongoing review and will be included when deemed appropriate given the Company position and performance at the time.

4. Non Executive Director Remuneration

4.1 Fixed Remuneration

The aggregate remuneration to non executive directors will not exceed the maximum approved amount of $150,000. The board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable by shareholders. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The board considers fees paid to non executive directors of comparable companies when undertaking the annual review as well as additional time commitment of directors who serve on one or more sub committees and assistance to the Company with new investment opportunities. Each of the non executive directors during the financial year received a salary of $40,000 per annum plus superannuation. Non executive directors are encouraged to hold shares in the Company; these are to be purchased by the director on market. It is considered good corporate governance for directors to have a stake in the company on whose board he or she sits. Remuneration of non executive directors for the year ended 30 June 2017 is disclosed in Table 1 under the remuneration section of this report.

4.2 Variable Remuneration – Short Term Incentives

Non executive directors do not receive performance based bonuses or additional remuneration for their membership of subsidiary boards or committees.

4.3 Variable Remuneration – Long Term Incentives

During the financial year, the Company had no contractual obligations to provide long term incentives to non executive directors.

5. Executive Director Remuneration

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the company so as to:

- reward executives for Company and individual performance;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the company; and
- ensure total remuneration is competitive by market standards.

Executive remuneration comprises of:

- base pay and benefits; and
- long term incentives through equity based compensation.

5.1 Fixed Remuneration

Base pay and benefits

Base pay is structured as a total employment cost package that may be delivered as combination of cash and salary sacrifice superannuation at the executive's discretion.

Executives are offered a competitive base pay. Reference is made to industry benchmarks to ensure that the base pay is set to reflect the market for a comparable role. Base pay is reviewed annually, or upon promotion, to ensure the executive's pay is competitive with comparable positions of responsibility. There is no guaranteed base pay increases for any executive contract.

5.2 Variable Remuneration – Long Term Incentives

During the financial year the Company had no contractual obligations to provide long term incentives to the executive director.

5.3 Employment Contracts – Executives - Ken Rogers (Chief Geologist), Andrew Chapman (Project Geologist)

The Company had entered into employment agreements with Messer's Rogers and Chapman for the provision of technical geological services based on daily rates for the provision of services. Their services could be terminated by giving a 2 week notice by either party.

6. Remuneration of Key Management Personnel and Executives of the Company

Details of the remuneration of each director of King River, each of the executives of the Company and the consolidated entity for the year ended 30 June 2017 are set out in the following tables.

Table 1: Remuneration for the year ended 30 June 2017

30 June 2017	Short Term Salary & Fees	Post Employment Superannuation	Share Based Payments		Total	Performance Based Remuneration as % of Total
			Options	Shares[2]		
	$	$	$	$	$	%
Directors						
A Barton	14,600	-	-	29,200	43,800	-
L Charuckyj	14,600	-	-	29,200	43,800	-
G MacMillan	13,333	1,267	-	29,200	43,800	-
Sub Total[1]	**42,533**	**1,267**	**-**	**87,600**	**131,400**	**-**
Executives						
K Rogers	60,000	5,700	-	-	65,700	-
A Chapman	120,612	-	-	-	120,612	-
Sub Total	**180,612**	**5,700**	**-**	**-**	**186,312**	**-**
Total	**223,145**	**6,967**	**-**	**87,600**	**317,712**	**-**

1. Premium for Director's liability insurance is not included in remuneration table.
2. These shares were issued to Directors to settle outstanding directors fees accumulated from August 2016 – March 2017. Shares were issued at $0.005 per share based on the market price at time of issue.

Other than disclosed in the table above no director or executive received any compensation in the financial year ended 30 June 2017. None of the remuneration for directors or executives was performance related.

Table 2: Remuneration for the year ended 30 June 2016

30 June 2016	Short Term Salary & Fees	Post Employment Superannuation	Share Based Payments		Total	Performance Based Remuneration as % of Total
			Options	Shares		
	$	$	$	$	$	%
Directors						
A Barton	43,800	-	-	-	43,800	-
L Charuckyj	43,800	-	-	-	43,800	-
G MacMillan	40,000	3,800	-	-	43,800	-
Sub Total[1]	**127,600**	**3,800**	**-**	**-**	**131,400**	**-**
Executives						
K Rogers	60,000	5,700	4,567	-	70,267	6
A Chapman	92,895	-	9,133	-	102,028	9
Sub Total	**152,895**	**5,700**	**13,700**	**-**	**172,295**	**-**
Total	**280,495**	**9,500**	**13,700**	**-**	**303,695**	**-**

1. Premium for Director's liability insurance is not included in remuneration table.

Other than disclosed in the table above no director or executive received any compensation in the financial year ended 30 June 2016. None of the remuneration for directors or executives was performance related.

6.1 Equity Based Compensation – Options 2017

During the year no unlisted options were issued to directors or employees as an alternate remuneration to cash.

Table 1: Compensation Option Holdings of Key Management Personnel during the year ended 30 June 2017

30 June 2017	Balance at Beginning of Period 1 July 2016	Granted as Remuner-ation	Options Exercised	Net Change Other	Balance at End of Period 30 June 2017	Vested at 30 June 2017 Total	Not Exercisable	Exercisable
Directors								
A Barton	600,000	-	-	-	**600,000**	**600,000**	-	600,000
L Charuckyj	300,000	-	-	-	**300,000**	**300,000**	-	300,000
G MacMillan	300,000	-	-	-	**300,000**	**300,000**	-	300,000
Executives								
K Rogers	1,050,000	-	-	-	**1,050,000**	**1,050,000**	-	1,050,000
A Chapman	2,600,000	-	-	-	**2,600,000**	**2,600,000**	-	2,600,000
Total	**4,850,000**	**-**	**-**	**-**	**4,850,000**	**4,850,000**	**-**	**4,850,000**

6.2. Equity Based Compensation – Shares 2017

Table 1: Shareholdings of Key Management Personnel during the year ended 30 June 2017

30 June 2017	Balance 1 July 2016 Ord	Granted as Remuneration Ord	On Exercise of Options Ord	Net Change Other Ord	Balance 30 June 2017 Ord
Directors					
A Barton [1]	48,675,044	5,840,000	-	68,414,210	**122,929,254**
L Charuckyj [2]	3,882,835	5,840,000	-	2,380,953	**12,103,788**
G MacMillan [3]	17,641,394	5,840,000	-	17,214,768	**40,696,162**
Executives					
K Rogers	612,715	-	-	3,187,405	**3,800,120**
A Chapman	-	-	-	-	**-**
Total	**70,811,988**	**17,520,000**	**-**	**91,197,336**	**179,529,324**

[1] 28,959,876 of the shares and 5,200,001 options are held by Mr AP Barton and Mrs CH Barton as trustee for the Barton Family Superannuation Fund of which Mr Barton is a director and a beneficiary. 22,072,885 of the shares and 4,039,652 of the options are held by Australian Heritage Group Pty Ltd as trustee for the Australian Heritage Trust of which Mr Barton is a director and a beneficiary. 22,428,205 of the shares and 1,457,879 options are held by Inglewood Lodge Pty Ltd of which Mr Barton is a director and a beneficiary. 20,613,153 of the shares and 3,380,411 options are held by Barton & Barton Pty Ltd of which Mr Barton is a director. 22,896,609 of the shares and 400,000 options are held by Universal Oil (Australia) Pty Ltd of which Mr Barton is a director and a beneficiary. 5,958,526 of the shares and 70,576 options are held by Harvey Springs Estate Pty Ltd of which Mr Barton is a director and a beneficiary.

[2] 150,699 shares and 45,210 options are held in Mr L Charuckyj's personal name, 4,939,754 of the shares and 767,640 options are held by Mr L Charuckyj & Mrs CM Charuckyj as trustee for the ZETA Super Fund of which Mr Charuckyj is a trustee and beneficiary. 7,013,335 of the shares and 352,000 options are held by Temtor Pty Ltd of which Mr Charuckyj is a director and beneficiary.

[3] 18,623,277 of the shares and 1,252,769 of the options are held by GDM Services Pty Ltd as trustee for the GDM Services Trust of which Mr MacMillan is a director and beneficiary. 22,072,885 of the shares and 4,039,652 of the options are held by Australian Heritage Group Pty Ltd as trustee for the Australian Heritage Trust of which Mr MacMillan is a director and beneficiary.

6.3 Related Party Transactions

All equity transactions with key management personnel have been entered into at arm's length.

Australian Heritage Group Pty Ltd ("AHG"), a company of which Mr Anthony Barton, a Director and Mr Greg MacMillan, a Director and the Company Secretary, have entered into an occupancy and administration agreement with King River Copper in respect of providing occupancy, administration and bookkeeping services commencing March 2009. The total value of the occupancy and administration services provided by AHG during the year was $93,595 (2016: $77,623). As at 30th June 2017, there was an amount of $22,605 outstanding to pay AHG. This amount is included in Note 14. All services provided by companies associated with directors were provided on commercial terms.

Mr Anthony Barton, a Director of the Company purchased 21,163,488 (2016: 179,992) King River Copper shares throughout the 2017 financial year in arms lengths transactions on market during the year at market rates. He also took place in both Share Purchase Plans purchasing a total of 47,250,722 shares for $250,097 and received a total of 5,840,000 shares worth $29,200 as payment of outstanding Directors fees.

Mr Leonid Charuckyj took place in the Share Purchase Plans completed during the year and received a total of 2,380,953 King River Copper shares for a total of $10,000. He also received 5,840,000 shares worth $29,200 as payment of outstanding Directors fees.

Mr Greg MacMillan took place in the Share Purchase Plans completed during the year and received a total of 17,214,768 King River Copper shares for a total of $106,731. He also received 5,840,000 shares worth $29,200 as payment of outstanding Directors fees.

End of Remuneration Report

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

	Directors[1] Meetings
Number of Meetings Held	2
Number of Meetings Attended	
Anthony Barton	2
Leonid Charuckyj	-
Greg MacMillan	2

1. During the year the Directors approved 6 circular resolutions which were signed by all Directors of the Company

2. Committee is made up of the full Board. Reference to meeting refers to meeting conducted specifically to deal with the particular business of that Committee.

COMMITTEE MEMBERSHIP

The role of the Audit, Remuneration and Nomination Committees is carried out by the full Board in accordance with the appropriate charters. The Board considers that no efficiencies or benefits would be gained by establishing separate committees.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of King River support and have adhered to the principles of corporate governance. The Company's corporate governance statement is contained in the following section of this annual report.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law and professional regulations, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

KING RIVER COPPER LIMITED

AUDITOR INDEPENDENCE

Section 370C 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 audit of the consolidated financial report. This Independence Declaration is disclosed on page 13 of this report and forms part of this directors' report for the year ended 30 June 2017.

NON AUDIT SERVICES

The Company's auditors, Ernst & Young, provided no non audit services during the year ended 30 June 2017.

TAX CONSOLIDATION

The Company and its subsidiaries form a tax consolidated group.

Signed in accordance with a resolution of the directors.

Mr Anthony Barton
Director

22nd September 2017

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

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Fax: +61 8 9429 2436
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Auditor's Independence Declaration to the Directors of King River Copper Limited

As lead auditor for the audit of King River Copper Limited for the year ended 30 June 2017, 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 audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Ernst & Young

P Teale
Partner
22 September 2017

Directors' Declaration

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

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

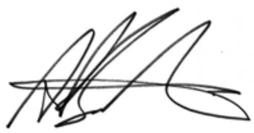
> (i) giving a true and fair view of the consolidated entity's financial position as at 30th June 2017 and of its performance for the year ended on that date; and
>
> (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(a); and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, subject to the matters set out in Note 2(e) to the financial report; and

(d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30th June 2017.

On behalf of the Board



Anthony Barton
Director

22nd September 2017

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Consolidated 2017 $	2016 $
Revenue	6(a)	**453**	790
Other income	6(b)	**170,204**	342,093
Directors' and employee benefits expenses	6(c)	**(131,400)**	(147,382)
Compliance costs		**(142,000)**	(113,824)
Depreciation expense	6(c)	**(15,680)**	-
Insurance		**625**	(15,826)
Other administration expenses	6(d)	**(305,198)**	(253,053)
Loss before income tax expense		**(422,996)**	(187,202)
Income tax benefit	7	**-**	-
Net loss for the year after tax		**(422,996)**	(187,202)
Other Comprehensive Income		**-**	-
Total Comprehensive Loss for the Year		**(422,996)**	(187,202)
Total Comprehensive Loss for the Year is attributable to:			
Owners of King River Copper Limited		**(422,996)**	(187,202)
		(422,996)	(187,202)
Loss per share			
Basic loss per share (cents per share)	9	**(0.07)**	(0.04)
Diluted loss per share (cents per share)	9	**(0.07)**	(0.04)

The accompanying notes form part of these consolidated financial statements.

Statement of Financial Position

AS AT 30 JUNE 2017

	Notes	Consolidated 2017 $	2016 $
Assets			
Current Assets			
Cash and cash equivalents	10	**715,516**	473,372
Trade and other receivables	11	**34,878**	23,749
Total Current Assets		**750,394**	497,121
Non Current Assets			
Deferred exploration expenditure	13	**10,176,360**	8,690,973
Plant and Equipment	12	**64,143**	44,828
Total Non Current Assets		**10,240,503**	8,735,801
Total Assets		**10,990,897**	9,232,922
Liabilities			
Current Liabilities			
Trade and other payables	14	**133,981**	146,567
Total Current Liabilities		**133,981**	146,567
Total Liabilities		**133,981**	146,567
Net Assets		**10,856,916**	9,086,355
Equity			
Issued capital	15(a)	**30,560,864**	28,367,307
Reserves	15(b)	**1,526,412**	1,526,412
Accumulated losses		**(21,230,360)**	(20,807,364)
Total Equity		**10,856,916**	9,086,355

The accompanying notes form part of these consolidated financial statements.

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Consolidated 2017 $	2016 $
Cash Flows from Operating Activities			
Interest received		**453**	790
Research & Development Tax Rebate		**170,204**	342,093
Payments to suppliers and employees		**(544,288)**	(455,938)
Net cash from / (used in) in operating activities	10	**(373,631)**	(113,055)
Cash Flows from Investing Activities			
Payment for exploration and evaluation		**(1,455,187)**	(1,403,791)
Payment for Property, Plant & Equipment		**(34,995)**	(36,818)
Refund of Security Deposits		**-**	46,671
Net cash used in investing activities		**(1,490,182)**	(1,393,938)
Cash Flows from Financing Activities			
Proceeds from issue of shares		**2,141,423**	1,127,547
Payment of share issue costs		**(35,466)**	(26,932)
Net cash from financing activities		**2,105,957**	1,100,615
Net increase / (decrease) in cash and cash equivalents		**242,144**	(406,378)
Cash and cash equivalents at beginning of year		**473,372**	879,750
Cash and Cash Equivalents at end of year	10	**715,516**	473,372

The accompanying notes form part of these consolidated financial statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2017

Consolidated	Issued Capital Note 15(a) $	Equity Benefits Reserve Note 15(b) $	Accumulated Losses $	Total Equity $
At 1 July 2015	27,266,692	1,510,429	(20,620,161)	**8,156,960**
Loss for the year	-	-	(187,203)	**(187,203)**
Total comprehensive loss for the year	-	-	(187,203)	**(187,203)**
Transaction with owners in their capacity as owners:				
Share Based Payments – 21st July 15	-	15,983	-	**15,983**
Issue of Shares – 26th November 15: Placement	300,000	-	-	**300,000**
Issue of Shares – 26th November 15: Rights Issue	827,547	-	-	**827,547**
Capital Raising Fees net of tax	(26,932)	-	-	**(26,932)**
Balance at 30 June 2016	**28,367,307**	**1,526,412**	**(20,807,364)**	9,086,355
At 1 July 2016	28,367,307	1,526,412	(20,807,364)	**9,086,355**
Loss for the year	-	-	(422,996)	**(422,996)**
Total comprehensive income for the year	-	-	(422,996)	**(422,996)**
Transaction with owners in their capacity as owners:				
Issue of Shares – 3rd August 16: Share Purchase Plan	788,230	-	-	**788,230**
Issue of Shares –22nd August 16: Placement	298,400	-	-	**298,400**
Issue of Shares – 3rd May 2017: Conversion of outstanding Directors fees	87,600	-	-	**87,600**
Issue of Shares – 3rd May 2017: Share Purchase Plan	754,793	-	-	**754,793**
Issue of Shares – 3rd May 2017: Placement	300,000	-	-	**300,000**
Capital Raising Fees net of tax	(35,466)		**-**	**(35,466)**
Balance at 30 June 2017	**30,560,864**	**1,526,412**	**(21,230,360)**	**10,856,916**

The accompanying notes form part of these consolidated financial statements.

1. CORPORATE INFORMATION

King River Copper ("King River" or "the Company") is a Company domiciled in Australia and publicly listed on the Australian Stock Exchange (ASX). The Company was incorporated on 28 May 2002. The address of the Company's registered office is 254 Adelaide Tce, Perth WA 6000. The consolidated financial statements as at and for the year ended 30 June 2017 comprise the Company and its subsidiaries (the "Group"). The nature of the operations and principal activities of the Group are described in the Directors' Report.

The consolidated financial report was authorised for issue by the directors on the 22nd September 2017 in accordance with a resolution of the directors.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASB's) and the Corporations Act 2001. The consolidated financial report also complies with International Financial Reporting Standards (IFRS's) and interpretations adopted by the International Accounting Standards Board (IASB). The statement of compliance with International Financial Reporting Standards in accordance with AASB 101.

(b) Basis of measurement

Unless stated otherwise, the consolidated financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, 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 estimates are revised and in any future periods affected.

(e) Going Concern Basis of Preparation

The Group incurred a net loss after income tax of $422,996 for the year ended 30 June 2017 (2016: $187,202) and a net cash inflow of $242,144 (2016: outflow of $406,378). As at 30 June 2017 the Group had cash and cash equivalents of $715,516 (2016: $473,372) and a working capital surplus of $616,413 (2016: $350,554 surplus). The Group's available cash on 31st August 2017 amounted to $190,395

The Group will require further funding during the next 12 months in order to meet day to day obligations as they fall due and 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 next 12 months 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 meet 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 significant 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.

2. BASIS OF PREPARATION continued

(f) Changes in accounting policies

From 1 July 2016 the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2016 applicable to the Group. The application of these Standards and Interpretations' does not have any material impact on the financial position or performance of the Group.

Reference	Summary	Application Date for Group
AASB 2016-2	**Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107** The amendments to AASB 107 *Statement of Cash Flows* are part of the IASB's Disclosure Initiative to help users of financial statements better understand changes in an entity's debt. The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).	1 January 2017

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Group for the annual reporting period ending 30 June 2017.

The Group has reviewed these standards and interpretations, the potential effect of these standards and interpretations is yet to be fully determined. These are outlined in the following table;

AASB 2014-10	**Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture** The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in AASB 3 *Business Combinations.* Any gain or loss resulting from the sale or contribution of assets that does not contribute a business, however, is recognised only to the extent of unrelated investors interests in the associate or joint venture. AASB 2015-10 defers the mandatory effective date (application date) of AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018****instead of 1 January 2016	1 January 2018
AASB 2016-5	**Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions** This Standard amends AASB 2 *Share-based Payment*, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: ➢ The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments ➢ Share-based payment transactions with a net settlement feature for withholding tax obligations ➢ A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.	1 January 2018
AASB 9	**Financial Instruments** AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement.* Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-	1 January 2018

	trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss. For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss. All other AASB 139 classification and measurement requirements for financial liabilities have been carried forward into AASB 9, including the embedded derivative separation rules and the criteria for using the FVO. The incurred credit loss model in AASB 139 has been replaced with an expected credit loss model in AASB 9. The requirements for hedge accounting have been amended to more closely align hedge accounting with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies in the hedge accounting model in AASB 139. The Group is currently evaluating the impact of the new standard.	
AASB 15	**Revenue from Contracts with Customers** AASB 15 replaces all existing revenue requirements in Australian Accounting Standards (AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB Interpretation 13 *Customer Loyalty Programmes*, AASB Interpretation 15 *Agreements for the Construction of Real Estate*, AASB Interpretation 18 *Transfers of Assets from Customers* and AASB Interpretation 131 *Revenue – Barter Transactions Involving Advertising Services*) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB 117 (or AASB 16 *Leases*, once applied). The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps: ► Step 1: Identify the contract(s) with a customer ► Step 2: Identify the performance obligations in the contract ► Step 3: Determine the transaction price ► Step 4: Allocate the transaction price to the performance obligations in the contract ► Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. The Group is not expecting this new standard to have a significant impact.	1 January 2018
AASB 16	**Leases** AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finances leases under AASB 117 *Leases*. The Standard includes two recognition exemptions for lessees – leases of 'low-value' assets (eg, personal computers) and short-term leases (eg, leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (eg, the lease liability) and an asset representing the right to use the underlying asset during the lease term (eg, the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (eg, a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases. The Group is currently evaluating the impact of the new standard.	1 January 2019

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of Consolidation

The consolidated financial report comprises the financial statements of King River Copper Limited and its controlled entities (the "Group" or "consolidated entity"). King River Copper Limited's controlled entities are the wholly owned companies Speewah Mining Pty Ltd and Treasure Creek Pty Ltd. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with its investee and has ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has;

- Power over the investee (eg, existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including;

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included/excluded from the date control was obtained, or until the date control ceased. There are no minority interests in the equity of the controlled entity.

(b) Income Tax and Other Taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. Deferred income tax is provided for on all temporary differences at balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

3. SIGNIFICANT ACCOUNTING POLICIES continued

The carrying amount of deferred income tax assets is reviewed at each financial year end and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

The Company and its' subsidiary have formed a tax consolidated group. The consolidated financial statements have been prepared on this basis of the formation of a consolidated group.

The Company and its' subsidiaries have implemented the tax consolidation legislation as of 1 July 2004.

The head entity, King River and the subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, King River also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(c) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Group will not be able to collect the debt. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(d) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and impairment losses.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Impairment

Carrying values of assets are reviewed at each financial year end to determine whether there are any objective indicators of impairment that may indicate the carrying values may not be recoverable in whole or in part.

Where an asset does not generate cash flows that are largely independent it is assigned to cash generating unit and the recoverable amount test applied to the cash generating unit as a whole.

Recoverable amount is determined as the greater of fair value less costs to sell and value in use. The assessment of value in use considers the present value of future cash flows discounted using an appropriate pre-tax discount rate reflecting the current market assessments of the time value of money and risks specific to the asset.

An impairment exists if the carrying value of the asset is determined to be in excess of its recoverable amount, in which case the asset or cash generating unit is written down to its recoverable amount.

Depreciation

The depreciable amount of plant and equipment is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are on the next page:

3. SIGNIFICANT ACCOUNTING POLICIES continued

Class of Fixed Asset	Depreciation Rate
Plant and equipment	10-50%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(e) Financial Assets

Other financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Recognition and Derecognition

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the consolidated entity commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

(f) Shares in controlled entities

Investments in controlled entities are measured at cost. The Company assesses whether it is necessary to recognise any impairment loss in the investment in subsidiaries following any significant changes in the underlying assets or operations of the relevant subsidiary.

(g) Exploration and Evaluation Expenditure

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method. Exploration and evaluation expenditure is capitalised provided the rights to tenure of the area of interest is current and either:

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

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised mine development. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

Impairment

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

3. SIGNIFICANT ACCOUNTING POLICIES continued

(i) Trade and Other Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(j) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(k) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue is capable of being reliably measured. Interest revenue is recognised as interest accrues using the effective interest method.

(l) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(m) Share Based Payment Transactions

Equity settled transactions

The Group provides benefits to directors and employees (including senior executives) of the Group in the form of share based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

The cost of these equity settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of shares is determined by the price on grant date and of options using the Black & Scholes model, further details of which are given in Note 17. In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of King River (market conditions) if applicable.

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification. If an equity settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in

3. SIGNIFICANT ACCOUNTING POLICIES continued

the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(n) Employee Benefits

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee, departures, and period of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(o) Contributed Equity

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

(p) Earnings Per Share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element. Losses have an anti-dilutive effect. Therefore the basic and diluted earnings for the current and prior period have remained the same.

(q) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

(i) Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

(a) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(i) *Capitalisation of exploration and evaluation expenditure*

Under AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group has the option to either expense exploration and evaluation expenditure as incurred, or to capitalise such expenditure (provided certain conditions are satisfied). The Group has elected, when the conditions in AASB 6 are met, to capitalise these costs.

(b) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events and are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities with the next annual reporting period are:

(i) Determination of mineral resources and ore reserves

The Group's policy for estimating its mineral resources and ore reserves requires that the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 (the 'JORC code') be used as a minimum standard.

The information on mineral resources and ore reserves were prepared by or under the supervision of Competent Persons as defined in the JORC code. The amounts presented are based on the mineral resources and ore reserves determined under the JORC code. There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

(ii) Share based payment transactions

The Group measures the cost of equity settled transactions with employees and suppliers by reference to the fair value of the equity instrument at the date at which they are granted. The fair value is determined by using a Black and Scholes model, using the assumptions detailed in Note 17. The accounting estimates and assumptions relating to equity settled share based payments would have no impact on the carrying amounts of the assets and liabilities within the next annual reporting period but may impact income and expenses.

(iii) Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made. In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

5. PARENT ENTITY INFORMATION

	Parent	
	2017	2016
	$	$
Current Assets	**596,881**	395,559
Non-current Assets	**10,155,196**	8,612,983
Total Assets	**10,752,077**	9,008,542
Current Liabilities	**87,803**	132,991
Non-current Liabilities	**-**	-
Total Liabilities	**87,803**	132,991
Contributed Equity	**30,560,864**	28,367,307
Accumulated Losses	**(21,423,002)**	(21,018,168)
Option Reserve	**1,526,412**	1,526,412
Total Equity	**10,664,274**	8,875,551
Profit / (Loss) for the year	**(404,835)**	(184,666)
Total Comprehensive loss for the year	**(404,835)**	(184,666)

	Consolidated	
	2017	2016
	$	$
6. REVENUES AND EXPENSES		
(a) Revenue		
Interest	**453**	790
(b) Other Income		
Research & Development Tax Rebate	**170,204**	342,093
(c) Expenses		
Depreciation – plant and equipment	**(15,680)**	-
Directors' and employee benefits expenses:		
- wages and fees	**(127,600)**	(127,600)
- superannuation contribution expense	**(3,800)**	(3,800)
- share based payments (options issued)	**-**	(15,982)
	(131,400)	(147,382)
(d) Other administration expenses		
Administration and book keeping fees	**(98,780)**	(77,623)
Travel and accommodation	**(15,008)**	(19,137)
Advertising and marketing	**(33,000)**	(10,228)
Office expenses	**(115,052)**	(100,513)
Other expenses	**(43,358)**	(45,552)
	(305,198)	(253,053)

	Consolidated	
	2017	2016
	$	$
7. INCOME TAX		
The major components of the income tax are:		
Statement of Comprehensive Income		
Current income tax		
Current tax attributable to prior years	**-**	-
Deferred income tax		
Relating to adjustment of prior year balances due to change in tax rate	**336,967**	
Relating to origination and reversal of temporary differences	**(169,419)**	(59,375)
Tax losses foregone in lieu of Exploration Development Incentive claim in relation to the 2016 financial year	**221,156**	(445,417)
Movement in recognised and unrecognised deferred tax asset	**(388,704)**	504,792
Income tax benefit reported in the income statement	**-**	-
Reconciliation to Income Tax Expense on Accounting Loss		
A reconciliation between tax expense and the product of accounting loss before tax multiplied by the Company's applicable income tax rate is as follows:		
Accounting loss before income tax	**(422,996)**	(187,203)
Tax benefit at the statutory income tax rate 27.5% (2016: 30%)	**(116,324)**	(56,161)
Non Deductible Expenses		
Prior year adjustments impacting timing differences not recognised		
Deferred tax assets not brought to account as realisation is not considered probable	159,314	153,279
Entertainment	1,182	517
Donations	275	-
Research & Development adjustment	(46,806)	(102,628)
Share based payment	-	4,795
Superannuation not paid within 28 days	2,313	-
Other	46	198
Income Tax Benefit	-	-

Consolidated	**Statement of Financial Position**	
	30 June 2017	30 June 2016
	$	$
Deferred income tax		
Deferred income tax at 30 June relates to the following:		
Deferred tax liabilities		
Exploration	**(2,788,310)**	(2,607,292)
Fixed Assets	**(1,955)**	(1,208)
Deferred tax assets		
Capital raising costs	**69,390**	69,756
Prepayments	**-**	4,623
Tax losses	**6,590,210**	7,016,711
Less: tax losses foregone in lieu of Exploration Development Incentive	**(221,156)**	(445,417)

	Consolidated	
	2017	2016
	$	$
Provisions	**392**	428
Accrued Expenses	**6,325**	6,000
Net deferred tax asset not recognised	**3,654,897**	4,043,601

The Company and its subsidiary form a tax consolidated group. The consolidated financial statements have been prepared on this basis of the formation of a consolidated group. The above DTA amounts are not recognised in the accounts on the basis the Company does not meet the DTA recognition test, as profits are not forecast for the period ended 30 June 2017.

The Company issued $221,156 (2016: $445,417) Exploration Development Incentive (EDI) tax credits to shareholders which resulted in a reduction of the Company's carried forward tax losses of $804,202 (2016: $1,484,722). The EDI enables eligible exploration companies to create exploration credits by giving up a portion of their tax losses from greenfields mineral exploration and distributing these exploration credits to equity shareholders. Australian resident shareholders that are issued with an exploration credit will be entitled to a refundable tax offset or additional franking credits. The exploration Company's carry forward losses are reduced proportionately to reflect the amount of exploration credits created.

8. SEGMENT REPORTING

The Consolidated Entity operates in one geographical area being Australia and one industry, being exploration for the year to 30 June 2017. 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	
	2017	2016
	$	$
9. LOSS PER SHARE		
Loss used in calculation of basic and diluted earnings per share	(422,996)	(187,202)
	Number	**Number**
Weighted average number of ordinary shares for the purposes of basic earnings per share	**649,713,411**	423,779,657
Effect of dilution - share options	**-**	-
Weighted average number of ordinary shares adjusted for effect of dilution	**649,713,411**	423,779,657

As at 30 June 2017 the Company has 5,550,000 unlisted Directors' and Employees Options (2016: 5,550,000) and 124,410,167 listed options (2016: 124,410,167) 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. CASH AND CASH EQUIVALENTS

(i) Cash and cash equivalents balance

Cash at bank and on hand	**715,516**	473,372
	715,516	473,372

Cash at bank earns interest at floating rates based on daily bank deposit rates.

	Consolidated 2017 $	2016 $
10. (ii) Reconciliation of net loss after tax to net cash flows from operations		
Profit/(Loss) for the year	**(422,996)**	(187,202)
Share-based payments	**-**	15,983
Depreciation	**15,680**	-
Increase/(decrease) in liabilities:		
– current payables	**33,685**	(58,164)
Net Cash flow used in Operating Activities	**(373,631)**	(113,055)

11. TRADE AND OTHER RECEIVABLES

	2017	2016
GST recoverable	**34,878**	23,749
	34,878	23,749

(a) Allowance for impairment loss

Trade and other receivables which are primarily from the ATO are non-interest bearing and are generally paid on 30 day settlement terms. Trade and other receivables are neither past due nor impaired at 30 June 2017 and 30 June 2016.

(b) Fair value

Due to the short term nature of the other receivables, their carrying value is assumed to approximate their fair value

12. PLANT AND EQUIPMENT

	2017	2016
Cost	**101,934**	68,120
Accumulated depreciation	**(37,791)**	(23,292)
Net carrying amount	**64,143**	44,828
At beginning of year, net accumulated depreciation	**44,828**	8,009
Acquired	**34,995**	36,819
Disposals	**-**	-
Depreciation charge for the year	**(15,680)**	-
At end of year, net accumulated depreciation	**64,143**	44,828

The useful life of the assets was estimated between 3 and 20 years for 2017.

13. DEFERRED EXPLORATION EXPENDITURE

Costs carried forward in respect of:

	2017	2016
Explorations and Evaluations Phase – At Cost		
Balance at beginning of the year	**8,690,973**	7,472,047
Expenditure incurred	**1,485,387**	1,218,926
Total Exploration Expenditure	**10,176,360**	8,690,973

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. As at 30 June 2017 there are no indicators of impairment under AASB 6 related to Deferred Exploration Expenditure.

	Consolidated	
	2017	2016
	$	$
14. TRADE AND OTHER PAYABLES		
Trade payables	**133,981**	146,567

Trade payables and other creditors are non interest bearing and are normally settled on 30 day terms. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

15. CONTRIBUTED EQUITY AND RESERVES

(a) Contributed Equity - Consolidated

	2017	
	Number	**$**
Issued capital at beginning of year as at 1 July 2016	**423,779,657**	28,367,307
Fully paid ordinary shares carry one vote per share and carry the right to dividends		
Movements in ordinary shares on issue		
Issued 3rd August 16 for Cash in Share Purchase Plan	**127,133,897**	788,230
Issued 22nd August 16 for Cash in Placement	**48,129,032**	298,400
Issued 3rd May 2017 as converted outstanding Directors Fees	**17,520,000**	87,600
Issued 3rd May 17 for Cash in Placement	**71,428,572**	300,000
Issued 3rd May 17 for Cash in Share Purchase Plan	**179,712,776**	754,793
Transaction Costs on Share Issue net of tax	**-**	(35,466)
Issued capital at end of year as at 30 June 2017	**867,703,934**	30,560,864

Movement in options on issue	**Number**	**Exercise Price**
Listed Options on Issue as at 1 July 2016	**124,410,168**	10 cents
Listed Options on Issue as at 30 June 2017	**124,410,168**	10 cents
		3,000,000 @ 10c
Unlisted Options on Issue as at 1 July 2016	**5,550,000**	2,550,000 @ 20c
Options on Issue as at 30 June 2017	**5,550,000**	

15. (a) Contributed Equity – Consolidated continued

	2016	
	Number	**$**
Issued capital at beginning of year as at 1 July 2015	**311,024,953**	27,266,692
Fully paid ordinary shares carry one vote per share and carry the right to dividends		
Movements in ordinary shares on issue		
Issued 26th Nov 15 for Cash in Placement	**30,000,000**	300,000
Issued 26th Nov 15 for Cash in Rights Issue	**82,754,704**	827,547
Transaction Costs on Share Issue net of tax	**-**	(26,932)
Issued capital at end of year as at 30 June 2016	**423,779,657**	28,367,307

Movement in options on issue	**Number**	**Exercise Price**
Listed Options on Issue as at 1 July 2015	**-**	
Issued 21st July 2015 (expiry date 30 June 2018, issued for nil consideration)	**124,410,168**	10 cents
Listed Options on Issue as at 30 June 2016	**124,410,168**	

	Number	**Exercise Price**
Unlisted Options on Issue as at 1 July 2015	**3,800,000**	
Issued 21st July 2015	**1,750,000**	10 cents
Options on Issue as at 30 June 2016	**5,550,000**	

There were no other significant movements in equity after the 2017 reporting period until the lodgement of this report.

Terms and conditions of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

As per the Corporations Act 2001 the Company does not have authorised capital and ordinary shares do not have a par value.

15(b) Reserves

	Equity Benefits Reserve
	$
Reserves	
At 30 June 2015	1,510,429
Share-based payments	15,983
At 30 June 2016	1,526,412
Share – based payments	-
At 30 June 2017	**1,526,412**

Nature and Purpose of Equity Benefits Reserve

This reserve is used to record the value of equity benefits provided to directors, employees and external service providers as part of their fees and remuneration.

During the 2016 year, the following options were issued by the Company:

- 1,750,000 unlisted options exercisable at $0.10 on or before 30th November 2018 were issued to contractors and employees of the Company. These options all vested immediately.

	Consolidated	
	2017	2016
	$	$

16. COMMITMENTS

(a) Exploration Expenditure Commitment

In order to maintain the Company's interest in mining tenements, the Company is committed to meet the minimum expenditure conditions under which the tenements were granted. These amounts change annually and are also based on whether term of extensions are granted for each tenement.

Within 1 year	**817,112**	759,673

(b) Operating Lease Commitment

The Company entered an agreement for occupancy and parking paid on a monthly basis, the commitments under this agreement is:

within 1 year	**41,909**	52,580
1 - 3 years	**41,909**	52,580

Total lease payment during the year was $41,909 (2016: $52,580)

17. SHARE BASED PAYMENTS

(a) Recognised share-based payment expenses

There was no share based payment recognised this year. The expense recognised in the 2016 Statement of Comprehensive Income in relation to share-based payments is disclosed in Note 6.

(b) General terms of share-based payment plans

There were no share based payments made this year. For the year ended 30 June 2016, 1,750,000 unlisted options exercisable at $0.10 on or before 30th November 2018 were issued to contractors and employees of the company. These options all vested immediately.

(c) Summaries of options granted

The following table illustrates the number and weighted average exercise prices (WAEP) and movements of share options issued during the year to contractors & employees.

	2017		2016	
	Number	**WAEP**	Number	WAEP
Options outstanding at the beginning of the year	**5,550,000**	**0.15**	3,800,000	0.17
Granted during the year	**-**	**-**	1,750,000	0.10
Converted during the year	**-**	**-**	-	-
Expired during the year	**-**	**-**	-	-
Cancelled during the year	**-**	**-**	-	-
Outstanding at the end of the year	**5,550,000**	**0.15**	5,550,000	0.15
Exercisable at the end of the year	**5,550,000**	**0.15**	5,550,000	0.15

There were 5,550,000 options issued or exercisable as at 30 June 2017 (2016: 5,550,000).

(d) Weighted average remaining contractual life

The weighted average remaining contractual life for the options outstanding as at 30 June 2017 is 1.19 years (2016: 2.46 years).

(e) Range of exercise price and weighted average share price at the date of exercise

The exercise price for options outstanding at the end of the year was:

Options	**2017**	**2016**
Class J (1,250,000)	0.10	0.10
Class L (2,550,000)	0.20	0.20
Class M (1,750,000)	0.10	0.10

17. SHARE BASED PAYMENTS continued

There were no options exercised during the 2017 financial year.

(f) Weighted average fair value

There were no options granted during the year ended 30 June 2017.

(g) Option pricing model

The fair value of the equity-settled share options granted under the option plan is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted.
The following table lists the inputs to the model used for the years ended 30 June 2016. Please note there were no options granted during the year ended 30 June 2017:

Grant Date	21 July 2015	**Total 2015**
Options Issued	1,750,000	**3,800,000**
Volatility (%)	**100**	**-**
Risk free interest rate (%)	**1.99**	**-**
Historic share price previous to grant date (cents)	**0.02**	**-**
Expected life of options (months)	**40**	**-**
Options exercise price (cents)	**10**	**-**

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

18. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise of cash and short term deposits. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.
Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in notes 10, 11, and 14 to the consolidated financial statements.
The Group manages its exposure to a variety of financial risks: market risk (including commodity risk and interest rate risk), credit risk, liquidity risk and cash flow interest rate risk in accordance with the approved Group policies.
Primary responsibility for the identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified.
The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessment of market forecast for interest rate and foreign exchange. The Group manages credit risk by only dealing with recognised, creditworthy, third parties and liquidity risk is monitored through the development of future rolling cash flow forecasts.

Commodity price risk

The Group's policy is to sell its commodity products at current market prices. Once in production the Group expects to have an exposure to commodity price risk associated with the production and sale of vanadium and fluorite. Presently the Group is not exposed to commodity price risk.

Interest rate risk

The Group's current exposure to the risk of changes in market interest rates relate primarily to cash assets rates and is managed by the Board in accordance with the approved investment policy. This policy defines maximum exposures and credit ratings limits.
The Group does not account for fixed rate financial assets and liabilities at fair value through profit or loss.
During the financial year the Group has managed its cash assets by entering into a fixed interest term deposits to maximise its cash balance.
The following table summarises the impact of reasonably possible changes on interest rates for the Group as at 30 June 2017.
The sensitivity is based on the assumption that interest rate changes by 80 basis points with all other variables held are constant.

18. FINANCIAL RISK MANAGEMENT continued

The 80 basis points sensitivity is based on reasonably possible changes over a financial year, using the observed historical trend. The analysis is performed on the same basis for the comparative period.

The Group's exposure to interest rate risk on post-tax loss arises from higher or lower interest income from cash and cash equivalents. Please see Note 10 for information on cash balance held with variable and fixed interest rates.

	Consolidated	
	2017	2016
	$	$
Financial assets		
Cash and cash equivalents	**715,516**	473,372
	715,516	473,372
Impact on post tax profit and equity		
Post-tax gain/(loss) and equity		
80 bp increase	**282**	523
80 bp decrease	**(282)**	(523)

Foreign currency risk

The Group has no material transactional foreign currency exposure.

Credit risk

Credit risk arises in the event that counterparty will not meet its obligations under a financial instrument leading to financial losses. The Group is exposed to credit risk from its operating activities, financing activities including deposits with banks and receivables.

The credit risk control procedures adopted by the Group is to assess the credit quality of the institution with whom funds are deposited or invested, taking into account its financial position and past experiences. Investment limits are set in accordance with limits set by the Board based on the counterparty credit rating. The limits are assigned to minimise concentration of risks and mitigate financial loss through potential counterparty failure. The compliance with credit limits is regularly monitored as part of day-to-day operations. Any credit concerns are highlighted to senior management.

As the Group is yet to commence mining operations it has no significant exposure to customer credit risk. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets in the Statement of Financial Position.

Credit Quality of Financial Assets

	S&P Credit rating				
	AAA	**A1+**	**A1**	**A2**	**Unrated**
	$	**$**	**$**	**$**	**$**
Consolidated as at 30 June 2017					
Cash and cash equivalents	-	715,516	-	-	-
Other Financial Assets	-	-	-	-	-
Trade and Other Receivables	32,955	-	-	-	-
Consolidated as at 30 June 2016					
Cash and cash equivalents	-	472,432	-	-	940
Other Financial Assets	-	-	-	-	-
Trade and Other Receivables	23,749	-	-	-	-

Liquidity risk

The responsibility for liquidity risk management rests with the Board of Directors.

The Group manages liquidity risk by maintaining sufficient cash to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The Group's liquidity needs can be met through a variety of sources, including: cash generated from interest accrued on cash balances, short and long term borrowings and issue of equity instruments.

18. FINANCIAL RISK MANAGEMENT continued

Alternatives for sourcing our future capital needs include our current cash position, future operating cash flow, project debt financings and equity raisings. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs.

As at 30 June 2017 and 30 June 2016, the Group's financial liabilities have contractual terms of less than 6 months.

Capital risk management

The Group's capital comprises share capital, reserves less accumulated losses amounting to $10,856,916 at 30 June 2017 (2016: $9,086,354). The Group's capital management objectives are:

- To safeguard the business as a going concern;
- To maximise potential returns for shareholders through minimising dilution; and
- To retain an optimal debt to equity balance in order to minimise the cost of capital.

The Group may issue new shares or sell assets to reduce debts in order to maintain the optimal capital structure.

19. GROUPS INFORMATION

The consolidated financial statements include the financial statements of King River Copper Limited and its subsidiaries:

	Country of	**% Equity Interest**	
	Incorporation	**2017**	2016
Speewah Mining Pty Ltd	Australia	**100**	100
Treasure Creek Pty Ltd (incorporated 11th May 2017)	Australia	**100**	-

20. EVENTS AFTER THE BALANCE SHEET DATE

There were no other matters or circumstance that arose that has significantly affected, or may significantly affect, the operations of King River, the results of those operations or the state of affairs of King River in subsequent years that is not otherwise disclosed in the consolidated financial statements.

21. AUDITORS' REMUNERATION

The auditors of King River are Ernst & Young.

	Consolidated	
	2017	2016
	$	$
Amounts received or due and receivable by Ernst & Young for:		
An audit or review of the financial report of the entity	**31,930**	30,900

22. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES

There were no changes to key management personnel between the reporting date and the date the financial report was authorised for issue.

(a) Compensation of Key Management Personnel

Key Management Personnel		
Short-term	**223,145**	280,495
Post-employment superannuation	**6,967**	9,500
Value of Share based payments	**87,600**	13,700
	317,712	303,695

24. RELATED PARTY TRANSACTIONS

All equity transactions with key management personnel have been entered into at arm's length.
Australian Heritage Group Pty Ltd ("AHG"), a company of which Mr Anthony Barton, a Director and Mr Greg MacMillan, a Director and the Company Secretary, have entered into an occupancy and administration agreement with King River Copper in respect of providing occupancy, administration and bookkeeping services commencing March 2009. The total value of the occupancy and administration services provided by AHG during the year was $93,595 (2016: $77,623). As at 30th June 2017, there was an amount of $22,605 (2016: 30,140) outstanding to pay AHG. This amount is included in trade and other payables in Note 14. All services provided by companies associated with directors were provided on commercial terms.

Mr Anthony Barton, a Director of the Company purchased 21,163,488 (2016: 179,992) King River Copper shares throughout the 2017 financial year in arms lengths transactions on market during the year at market rates. He also took place in both Share Purchase Plans purchasing a total of 47,250,722 shares for $250,097 and received a total of 5,840,000 shares worth $29,200 as payment of outstanding Directors fees.

Mr Leonid Charuckyj took place in the Share Purchase Plans completed during the year and received a total of 2,380,953 King River Copper shares for a total of $10,000. He also received 5,840,000 shares worth $29,200 as payment of outstanding Directors fees.

Mr Greg MacMillan took place in the Share Purchase Plans completed during the year and received a total of 17,214,768 King River Copper shares for a total of $106,731. He also received 5,840,000 shares worth $29,200 as payment of outstanding Directors fees.

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Independent auditor's report to the Members of King River Copper Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of King River Copper Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is 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 30 June 2017 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Carrying value of capitalised exploration and evaluation assets

Why significant	How our audit addressed the key audit matter
The carrying value of exploration and evaluation assets is subjective as it is based on the Group's ability, and intention, to continue to explore the asset. The carrying value may also be impacted by the results of exploration work indicating that the mineral reserves may not be commercially viable for extraction. This creates a risk that the amounts stated in the financial report may not be recoverable. Refer to Note 13 – Exploration and evaluation assets to the financial report for the amounts held on the consolidated statement of financial position as at 30 June 2017 and related disclosure.	We evaluated the Group's assessment of the carrying value of exploration and evaluation assets. In obtaining sufficient audit evidence, we: ► considered the Group's right to explore in the relevant exploration area which included obtaining and assessing supporting documentation such as license agreements; ► considered the Group's intention to carry out significant exploration and evaluation activity in the relevant exploration area which included assessment of the Group's cash-flow forecast models, enquired with senior management and Directors as to the intentions and strategy of the Group; ► assessed the carrying value of assets where exploration results brought into question the recoverability of capitalised assets and; ► assessed the ability to fund any planned future exploration and evaluation activity.

Information other than the financial report and auditor's report

The Directors are responsible for the other information. The other information comprises the information in the Group's Annual Report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Directors' responsibilities for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial report represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 7 to 11 of the Directors' Report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of King River Copper Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Philip Teale
Partner
Perth
22 September 2017

ASX Additional Information

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 12th September 2017.

(a) Distribution of Equity Securities

The number of shareholders, by size of holding, in each class of share are:

			Listed Ordinary Shares		Listed Options	
			Number of Holders	**Number of Shares**	**Number of Holders**	**Number of Options**
1	–	1,000	96	43,593	182	81,454
1,001	–	5,000	202	658,149	415	1,225,093
5,001	–	10,000	192	1,610,493	216	1,663,010
10,001	–	100,000	640	28,269,847	497	17,797,826
100,001	–	and over	622	837,121,852	178	103,642,785
			1,752	**867,703,934**	**1,488**	**124,410,168**

(b) Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are:

		Listed Ordinary Shares	
		Number of Shares	**Percentage of Shares %**
1	Universal Oil (Australia) Pty Ltd <Anthony P Barton Family A/c>	45,324,814	5.22%
2	Sesna Pty Ltd	45,100,929	5.20%
3	Lawrence Crowe Consulting Pty Ltd <L C C Super Fund A/c>	24,028,717	2.77%
4	Occasio Holdings Pty Ltd <Occasio Unit A/c>	20,446,017	2.36%
5	BNP Paribas Nominees Pty Ltd	22,257,799	2.57%
6	L & E Fisher Nominees Pty Ltd	15,446,174	1.78%
7	Mr Anthony P Barton & Mrs Corinne H Barton <Anthony P Barton PSF A/c>	15,056,609	1.74%
8	Greatside Holdings Pty Ltd	14,688,880	1.69%
9	Mr Guiseppe Maio	14,039,189	1.62%
10	Barton & Barton Pty Ltd	13,917,018	1.60%
11	Mr Anthony P Barton & Mrs Corinne H Barton <Barton Superfund A/c>	13,903,267	1.60%
12	Mr Trevor John Donnelly	11,163,125	1.29%
13	National Nominees Ltd	10,431,600	1.20%
14	GDM Services Pty Ltd < The GDM Services A/c>	9,309,542	1.07%
15	The Purple Onion Pty Ltd <Kim Bailey Super Fund A/c>	8,214,286	0.95%
16	Australian Heritage Group Pty Ltd <Australian Heritage A/c>	7,885,386	0.91%
17	Buckley Consultancy Pty Ltd	7,397,569	0.85%
18	Mr William Percival Reynolds <The W P Reynolds Family A/c>	7,331,609	0.84%
19	Shayden Nominees Pty Ltd	7,260,183	0.84%
20	Mr Kenneth Jon Carter & Mrs Mandy Emma Carter	7,062,222	0.81%

(c) Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of Shares	Percentage of Ordinary Shares %
Mr Anthony Barton and Associates	122,929,254	14.17%

(d) Voting Rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(e) Twenty Largest Quoted Option Holders

These options all have an exercise price of 10 cents and expire on the 30th June 2018

		Listed Options	
		Number of Options	Percentage of Options %
1.	Sesna Pty Ltd	11,331,968	9.11%
2.	L & E Fisher Nominees Pty Ltd	3,996,870	3.21%
3.	Mrs Esther Thangarani Ebenezer	2,984,140	2.40%
4.	Barton & Barton Pty Ltd	2,884,000	2.32%
5.	Mr Anthony P Barton & Mrs Corinne H Barton <Anthony Peter Barton PSF A/c>	2,800,001	2.25%
6.	Greatside Holdings Pty Ltd	2,788,000	2.24%
7.	Occasio Holdings Pty Ltd <Occasio Unit A/>	2,564,000	2.06%
8.	Mr Anthony P Barton & Mrs Corinne H Barton <Barton Superfund A/c>	2,400,000	1.93%
9.	The King's Ransom (VIC) Pty Ltd <King Family Super Fund A/c>	2,316,300	1.86%
10.	John Gavros	2,000,000	1.61%
11.	Kim Campbell	1,900,000	1.53%
12.	Universal Oil (Australia) Pty Ltd <Anthony P Barton Family A/c>	1,857,879	1.49%
13.	BNP Paribas Nominees Pty Ltd	1,749,200	1.41%
14.	Jomot Pty Ltd	1,720,000	1.38%
15.	Jarden Custodians Ltd	1,699,304	1.37%
16.	Opalworx Pty Ltd	1,654,000	1.33%
17.	Illington Pty Ltd <Superannuation Fund A/c>	1,512,000	1.22%
18.	Mr Anthony Kastropil <TK Superannuation Fund A/c>	1,475,815	1.19%
19.	Australian Heritage Group Pty Ltd <New Capital Fund A/c>	1,445,086	1.16%
20.	Pine Air Pty Ltd <Argyle & Sutherland S/F A/c>	1,418,181	1.14%

(f) Distribution of unquoted option holder numbers

Category (Size of Holding)	No of Option Holders	No of Options
100,001 and over	7	5,550,000
	7	**5,550,000**

(g) Holders of more than 20% of unquoted options

There are no holders, holding more than 20% of the unquoted options on issue.

(h) On-Market Buyback

There is no on-market buy-back scheme in operation for the company's quoted shares or quoted options.

(i) Schedule of Mining Tenements

Area of Interest	Tenements	Comments
Australia – Western Australia		
East Kimberley	M80/267	All of the Tenements are registered in the name of Speewah Mining Pty Ltd, a wholly owned subsidiary of King River Copper Limited.
East Kimberley	M80/268	
East Kimberley	M80/269	
East Kimberley	E80/2863	Note:
East Kimberley	E80/3657	M = Mining Lease
East Kimberley	E80/4468	E = Exploration Licence
East Kimberley	E80/4740	L = Miscellaneous Licence
East Kimberley	E80/4741	
East Kimberley	E80/4829	
East Kimberley	E80/4830	
East Kimberley	E80/4831	
East Kimberley	E80/4832	
East Kimberley	E80/4961	
East Kimberley	E80/4962	
East Kimberley	E80/4972	
East Kimberley	E80/4973	
East Kimberley	E80/5007	
East Kimberley	L80/43	
East Kimberley	L80/47	

Corporate Governance Statement

1 INTRODUCTION

1.1. Corporate Governance

The Australian Stock Exchange ("ASX") Listing Rules ("Listing Rules") require a listed entity to include in its annual report a statement on corporate governance practices disclosing the extent to which it has followed the "best practice" corporate governance recommendations set by the ASX Corporate Governance Council. If the entity has not followed any of the recommendations, it must identify them and give reasons why. It must state the period during which the recommendations were followed. For this purpose, Listing Rules Guidance Note 9 sets out the 8 essential corporate governance principles and the applicable "best practice recommendations".

1.2. Compliance with ASX Listing Rule 4.10.3

Listing Rule 4.10.3 and Guidance Note 9 reflect ASX policy that it is "*appropriate to focus on disclosure of corporate governance practices rather than prescribe adoption of a particular practice*". Therefore, an entity's obligation is to highlight areas of departure from the recommendations: the "*if not, why not?*" approach.

1.3. The Company's Approach

The Board and senior management of King River Copper ("the Company") are committed to acting responsibly, ethically and with high standards of integrity as the Company works to create shareholder value. To achieve this goal, the Board has developed and adopted corporate governance practices and policies that have been implemented throughout management and governance. This Corporate Governance Statement summarises these practices as they have been adopted by the Company.

1.4. Adoption by the Board

The Board of the Company has reviewed and considered this Corporate Governance Statement and has adopted it. A Board resolution to this effect has been passed.

1.5. Summary of Compliance

The Company has complied with 24 of the 26 "best practice recommendations". Non-compliance with Recommendations 2.2 and 4.2 relates to the Board considering it appropriate to not separately constitute an Audit Committee and there not being an independent Chairman on the Board. The full Board deals with matters that would be dealt with by Audit, Remuneration and Nomination Committees and it considers the make up of the Board and its Committees are appropriate given the Company's size and operations and the current directors' skills and experience.

2 ESSENTIAL PRINCIPLES OF GOOD CORPORATE GOVERNANCE

2.1. Principle 1: Lay Solid Foundations for Management and Oversight

"*Recognise and publish the respective roles and responsibilities of the board and management.*"

Recommendation 1.1: Formalise and disclose the functions reserved to the Board and those delegated to senior executives.

The Directors monitor the business affairs of the Company on behalf of Shareholders and have formally adopted a Board Charter which is designed to encourage Directors to focus their attention on accountability, risk management and ethical conduct.

The Board's primary role is the optimisation of Company performance and protection and enhancement of shareholder value. They develop strategies for the Company, reviews strategic objectives and monitors performance against these objectives. Its functions and responsibilities include the following;

- setting strategic and policy direction
- monitoring performance against strategy
- identifying principal risks and opportunities and ensuring risk management systems are established and reviewed
- approving and monitoring financial reports
- capital management
- significant business transactions and investments
- appointing senior management and monitoring performance
- remuneration
- development and succession
- continuous disclosure compliance
- ensuring effective shareholder communication
- overseeing the Company's commitment to sustainable development and the environment
- ensuring the Board remains appropriately skilled
- reviewing and approving corporate governance systems
- enhancing and protecting the Company's reputation.

- establishing and maintaining appropriate ethical standards

The Board is also governed by the Company's Constitution, and on appointment each director is provided with a Director's Information Kit, which forms part of the terms of their appointment and contains guides to directors' duties and responsibilities, the role of the Board and committees, the Constitution and the Company's policies.

The Company has in place formal letters of engagement for its senior management, setting out the responsibilities specifically delegated to them.

Recommendation 1.2: Disclose the process for evaluating the performance of senior executives.

During each Financial Year an assessment of the performance of each senior executive is undertaken by the Remuneration Committee and the Board. Individual executives are evaluated against the terms and conditions of their employment and set policies for senior executive remuneration. Remuneration packages consist of base salary, fringe benefits, incentive schemes (including performance related bonuses), superannuation and entitlements upon retirement or termination.

Senior executives are evaluated and rewarded for both financial and non-financial performance across a range of indicators that apply to delivering results across the Company and linked to creating value for shareholders. Annual salary increases are determined by the following three factors: (a) movement in job salary rates as determined by the Minerals and Energy Human Resources Conference ("MEHRC") national survey on like positions and job size; (b) movement in individual competency values; and (c) movement in individual performance values.

2.2. Principle 2: Structure the Board to Add Value

"*Have a board of an effective composition size and commitment to adequately discharge its responsibilities and duties.*"

Recommendation 2.1: A majority of the board should be independent directors.

The board comprises of Mr Anthony Barton, Mr Leonid Charuckyj and Mr Greg MacMillan as directors. Details of the directors are set out in the Company's annual report. At present, Mr Leonid Charuckyj is considered to be an independent director in terms of the ASX Corporate Governance Council's definition of independence. Mr Barton & Mr MacMillan are not considered independent as Mr Barton is a substantial shareholder of the Company and Mr MacMillan is currently acting as Company Secretary. The board is not made up of a majority of independent directors, however the company has also adopted certain procedures intended to ensure independent decision making occurs, including the requirement for directors to absent themselves from discussions in which they have a conflict of interest and the functioning of the Remuneration and Audit Committees.

Recommendation 2.2: The chairperson should be an independent director.

The chairperson, Mr Barton, is not independent, as outlined above.

Recommendation 2.3: The roles of the chairperson and Chief Executive Officer should not be exercised by the same individual.

The role of chairperson is filled by Mr Anthony Barton and currently the position of Chief Executive Officer is vacant.

Recommendation 2.4: The board should establish a Nomination Committee.

The Board has established a nomination committee comprising of all three Directors. The Board considers that given its size and that all members of the Board hold non-executive positions in the Company, no efficiencies or other benefits would be gained by establishing a separate nomination committee. The Board assesses the experience, knowledge and expertise of potential directors before any appointment is made. The nomination committee deals with matters relating to the renewal of Board Members and Board Performance. The company has also adopted a Nomination and Remuneration Committee Charter.

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

The Remuneration Committee has developed a formal process for performance evaluation of the Board. The Remuneration Committee reviews the remuneration policies applicable to all Directors and Executive Officers once a year making recommendations on remuneration packages and terms of employment to the Board.

The company secretary is appointed and removed by the Board. The company secretary works with the Chairman, the Board and the Board Committees on all governance issues. All Directors have access to the company secretary for the purpose of obtaining information or advice.

2.3. Principle 3 : Promote ethical and responsible decision-making

Companies should actively promote ethical and responsible decision-making.

Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- *The practices necessary to maintain confidence in the company's integrity.*
- *The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders.*
- *The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.*

The Company has adopted a Code of Conduct setting the standards expected of officers, employees and contractors. This demonstrates the Company's commitment to conducting business in an ethical and accountable manner. In essence, officers, employees and contractors are expected to:

- act in good faith with the utmost honesty, integrity, objectivity and fairness
- not to act improperly, misleadingly or deceptively
- not to engage in illegal activity
- understand and comply with applicable laws and Company policies
- avoid conflicts of interest
- be professional, responsible and accountable
- respect an individual's rights
- deal responsibly with the community.

The Board monitors implementation of the Code. Breaches are reported by employees or contractors to a supervisor and by management or directors to the Board or the chairperson. In addition, the Director's Information Kit provided to each director contains a guide to the duties and responsibilities of directors and it is expected that Directors will be familiarised with these or any other documents prepared by the Company to meet corporate governance requirements.

Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity for the board to assess annually both the objectives and the progress in achieving them.

The Company has not yet established a formal diversity policy. The Board has and will where appropriate conduct all Board appointments in a manner that promotes gender diversity including establishing a structured approach for identifying a pool of candidates, using external experts where necessary.

Due to the small scale of the Company's operations and the limited number of employees, the Company has not yet set a formal policy for achieving gender diversity. The Company will monitor its position and consider establishing a formal policy as and when the Company develops over time.

Recommendation 3.3: Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

The Company has not established measurable guidelines in relation to diversity. Due to the small scale of the Company's operations and the limited number of employees, the Company has not yet set a formal policy for achieving gender diversity. The Company will monitor its position and consider establishing a formal policy as and when the Company develops over time to address equal opportunities in the hiring, training and career advancement of directors, officers and employees.

Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive position and women on the board.

The gender balance throughout the organisation at 30 June was as follows:

	2017		2016	
	Female	Total	Female	Total
Board	-	3	-	3
Other Key Management Personnel	-	2	-	2

All appointments have previously and will continue to be conducted in a manner that promotes gender diversity, including establishing a structured approach for identifying a pool of candidates, using external experts where necessary.

2.4. Principle 4: Safeguard Integrity in Financial Reporting

"*Have a structure to independently verify and safeguard the integrity of the company's financial reporting.*"

Recommendation 4.1: The board should establish an audit committee.

The Board has established an Audit Committee consisting of the full board. The Board considers that given its size and that all members of the Board hold non-executive positions in the Company, no efficiencies or other benefits would be gained by establishing a separate audit committee.

Recommendation 4.2: Structure the audit committee so that it consists of: only non executive directors; a majority of independent directors; an independent chairperson, who is not chairperson of the board; and at least three members.

The audit committee is made up of the full board being three non – executive directors. The chairman of the Audit Committee, Mr MacMillan is not the Chairman of the Board and is a Non-Executive director of the company. Mr Charuckyj was considered an independent director pursuant to the ASX Corporate Governance Principles.

The Board considers that given its size and that all members of the Board hold non-executive positions in the Company, no efficiencies or other benefits would be gained by establishing a separate audit committee or appointing another non-executive, independent director to the Board.

Recommendation 4.3: <u>The audit committee should have a formal charter</u>.

The Board has adopted an Audit Committee Charter which sets out the duties of the Committee. These include the following;

- to be the focal point of the communication between the Board, management and the external auditor
- recommend engagement and monitor performance of the external auditor
- review external audit reports and ensure prompt remedial action
- review the effectiveness of management information and internal control, all areas of significant financial risk and risk management, significant transactions not a normal part of the Company's business, financial information and ASX reporting statements
- monitor internal controls and compliance and review the disclosure policy annually.

The audit committee aims to meet at least once every quarter, with further meetings on an as required basis. The charter is included on the Company's website which also includes any information on procedures for the selection and appointment of the external auditor, or rotation of external engagement partners.

2.5. Principle 5: Make Timely and Balanced Disclosure

"*Promote timely and balanced disclosure of all material matters concerning the Company.*"

Recommendation 5.1: <u>Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance</u>.

The Company has in place a continuous disclosure policy, "A Guide to Disclosure" which is reviewed at least annually, a copy of which is included in the Director's Information Kit provided to each director upon appointment, and which forms part of the terms of their appointment. A copy of the policy is also provided to all Company officers, employees and agents. The Company has obligations under the Corporations Act and ASX Listing Rules to keep the market fully informed of information which may have a material effect on the price or value of its securities. The Company discharges these obligations by releasing information to ASX in the form of an ASX release or disclosure in other relevant documents (e.g. the Annual Report). In addition, a list of recent announcements is presented in each Board meeting for discussion, minuting and action if required.

2.6. Principle 6: Respect the Rights of Shareholders

"*Respect the rights of shareholders and facilitate the effective exercise of those rights.*"

Recommendation 6.1: <u>Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings</u>.

The Company has in place a communications policy, a copy of which is included in the Director's Information Kit provided to each director upon appointment. The company is committed to ensuring that trade in securities takes place in an efficient, competitive and informed market. The communications policy recognises the importance of forthright communication as a key plank in building shareholder value and that to prosper and achieve the growth the company must (among other things) earn the trust of employees, customers, suppliers, communities and security holder by being forthright in its communications and consistent in its fulfilment of obligations.

The key aspects of the policy are:

- diligent compliance with the Company's disclosure and trading policies;
- prompt, transparent compliance with statutory reporting and meeting obligations, including detailed and full disclosure in relation thereto; and
- effective use of the Company's website, electronic communication and its share registry to keep shareholders up to date and to deal with enquiries.

The communications policy was adopted in May 2007 and is reviewed annually.

The Company employs a wide range of communication approaches to its members and the broader investment community. In addition to direct communication with its members, a section of the Company's website it is dedicated to its investors. Media releases, investor presentations and interim and full-financial reports are available for review on its website. These announcements, presentations and reports are placed on the website immediately after they have been released to ASX. Members with access to email can, through the Company's website, elect to be placed on an email mailing list in order to be sent certain corporate information as it is released, including notices of annual general meetings and explanatory statements and Annual reports. The Company regularly issues direct mail-outs to all shareholders advising of its email communication facility to encourage shareholders to be placed on its email mailing list.

As the usage and acceptance of electronic communications in the community increases, the Company continues to investigate the potential for increased use of electronic means of communicating with its investors and engaging their involvement in the Company, including shareholder participation in its general meetings.

2.7. Principle 7: Recognise and Manage Risk

"*Establish a sound system of risk oversight and management and internal control.*"

Recommendation 7.1: The board or appropriate committee should establish policies on risk oversight and management, and disclose a summary of those policies.

The Company has in place a risk oversight and management policy, a copy of which is included in the Director's Information Kit provided to directors upon appointment and which sets out systems for risk oversight, management and internal control. This risk management policy was adopted in May 2007. The key aspects of it are:

- the Board oversees the establishment and implementation of risk management;
- the Audit Committee is delegated the function and responsibility to establish, implement and maintain risk management systems and frameworks; and
- the Company's senior management are delegated the tasks of management of operational risk and the implementation of risk management strategies.

The Board approves risk management systems and reviews them and their implementation annually. The Company's risk profile, assessed and determined on the basis of the Company's businesses in mineral exploration, is reviewed annually. The Board regularly considers risk management at its meetings.

The Company's risk management systems and control frameworks include the Board's ongoing monitoring of management and operational performance, a comprehensive system of budgeting, forecasting and reporting to the Board, regular presentations to the Board by management on the management of risk, approval procedures for significant capital expenditure above threshold levels, the functioning of the Audit Committee, comprehensive written policies on specific activities and corporate governance, regular communication between directors on compliance and risk and consultation and review between the Board and external accountants.

Recommendation 7.2: The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively the board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

The Board has identified the specific and general risks that the Company is subject to and regularly assess and evaluation the impact of these and other potential risks on the Company's operation and business objectives. The risk profile of the company contains both financial and non-financial factors including material risks arising from pricing, competitive position, currency movements, operational efficiency, product quality and investments in new projects. Senior management are responsible for the development of risk mitigation plans and the implementation of risk reduction strategies and each week the senior management team meets to identify and discuss the types of business risks threatening the Company as a whole or specific business activity within the Company.

To reduce these risks, the company has in place an experienced Board, regular Board meetings, financial annual audit and half year review, rigorous appraisal of new investments, and advisers familiar with the company. The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board Meetings.

The Board is of the view that its risk management systems promote informed and measured decision making on risk issues bases on a systematic approach to risk identification, assessment, control, review and reporting.

Recommendation 7.3: The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Company Secretary confirms in writing to the Board that the financial reports of the Company for the financial year:

- present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards;
- the statement given in paragraph (a) above is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

2.8. Principle 8: Remunerate Fairly and Responsibly

Recommendation 8.1: The board should establish a Remuneration Committee.

The Company aims to attract and retain high calibre directors and senior executives capable of meeting the leadership and specific management needs of the Company. A Remuneration Committee was established by the Board in previous years to focus on this Company objective. The role of the Remuneration Committee is carried out by the full Board.

The Committee's duties include supervising employment and human resources, recommending remuneration for executive directors and senior employees and for non executive director remuneration within approved limits, assisting executive directors develop remuneration arrangements and reviewing executive succession and development.

The Committee met once during the Financial Year.

Recommendation 8.2: Clearly distinguish the structure of non executive directors remuneration from that of senior directors and senior executives.

Executive Directors remuneration packages may comprise of:

(a) salary and associated superannuation;
(b) fixed directors fees; and
(c) performance based bonuses.

The aggregate remuneration to non executive directors will not exceed the maximum amount of $150,000 approved by the Company's shareholders. The Company has adopted a Nomination and Remuneration Committee Charter.

Full remuneration disclosure, including superannuation entitlements, and the number of meetings of the Remuneration Committee is provided by the Company in this annual report. The Remuneration Committee ensures that all equity based executive remuneration is made within the guidelines set by plans approved by Shareholders.

Departure from Best Practice Recommendations

From 1 July 2016 to 30 June 2017, the Company complied with each of the Eight Essential Corporate Governance Principles and Best Practice Recommendations published by the ASX Corporate Governance Council, other than in relation to the table below.

Recommendation	Notification of Departure	Explanation from Departure
2.1	Majority of the board are not independent Directors	The existing structure is considered appropriate given the small scale of the Company's enterprise and the associated economic restrictions this places on the Company. The Company has also adopted procedures intended to ensure independent decision making occurs.
2.2	The Chairman is not independent	The existing structure is considered appropriate given the small scale of the Company's enterprise and the associated economic restrictions this places on the Company. The existing structure is aimed at maximising the financial position of the Company by keepings its operating costs to a minimum.
3.2	Not established a formal diversity policy	Due to the small scale of the Company's operations and the limited number of employees, the Company has not yet set a formal policy for achieving gender diversity. The Company will monitor its position and consider establishing a formal policy as and when the Company develops over time.
3.3	The Company has not established measurable guidelines in relation to diversity	Due to the small scale of the Company's operations and the limited number of employees, the Company has not yet set a formal policy for achieving gender diversity. The Company will monitor its position and consider establishing a formal policy as and when the Company develops over time to address equal opportunities in the hiring, training and career advancement of directors, officers and employees.
4.2	The Audit Committee; - is not chaired by an independent chair	The role of the Audit Committee is currently carried out by the full Board, consisting of two non-independent directors and one independent director. The existing structure is considered appropriate given the size and financial position of the company.