



**ABN 58 624 972 185**

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**Annual Report**

**For the year ended 30 June 2019**

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**Kingwest Resources Limited**

**ABN 58 624 972 185**

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# **Kingwest Resources Limited**

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## **CORPORATE DIRECTORY**

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<b>Directors</b>	Mr Peter Bennetto Non-Executive Chairman  Mr Stephen Woodham Executive Director / CEO  Mr Stephen Brockhurst Non-Executive Director
<b>Company Secretary</b>	Mr David McEntaggart
<b>Registered Office &amp; Principal Place of Business</b>	Level 11, 216 St Georges Terrace Perth WA 6000
<b>Postal Address</b>	GPO Box 2517 Perth WA 6831
<b>Web Site</b>	<a href="http://www.kingwestresources.com.au">www.kingwestresources.com.au</a>
<b>Share Registry</b>	Security Transfer Australia Pty Ltd 770 Canning Highway Applecross WA 6153
<b>Auditors</b>	RSM Australia Partners Level 32, Exchange Tower 2 The Esplanade Perth WA 6000
<b>Securities Exchange Listing</b>	ASX Code: KWR
<b>Country of Incorporation and Domicile</b>	Australia

# Kingwest Resources Limited

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## DIRECTOR'S REPORT

For the year ended 30 June 2019

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The directors present the following report on Kingwest Resources Limited ("the Company") and its wholly owned subsidiaries (together referred to hereafter as "the Group") for the financial year ended 30 June 2019.

### Directors

The names of directors in office at any time during or since the end of the period are:

Peter Bennetto	Non-Executive Chairman
Stephen Woodham	Executive Director / CEO
Stephen Brockhurst	Non-Executive Director

### Company Secretary

Stephen Brockhurst held the position of Company Secretary until 1 October 2018.

David McEntaggart was appointed Company Secretary on 1 October 2018 and held the position until the date of this report.

### Principal Activities

The principal activity of the Group during the financial period was the completion of an initial public offer (IPO) to commence listing on the Australian Securities Exchange (ASX), acquisition of a significant tenement package in Western Australia and undertaking an exploration program on these tenements.

### Operating Results

The loss of the Group for the financial year ended 30 June 2019 amounted to \$966,122 (2018: loss \$590,441).

### Financial Position

As at 30 June 2019 the Group had a cash balance of \$1,859,163 (2018: \$865,683) and a net asset position of \$6,671,425 (2018: \$705,249).

### Dividends Paid or Recommended

No dividends have been paid, and the directors do not recommend the payment of a dividend for the financial period ended 30 June 2019.

### Corporate Governance Statement

The Company has disclosed its corporate governance statement on the Company website at [www.kingwestresources.com.au](http://www.kingwestresources.com.au).

### Significant Changes in State of Affairs

During the financial year the Group completed its IPO and commenced trading on the ASX. In the opinion of the directors, there were no other significant changes in the state of affairs of the Group that occurred during the period under review not otherwise disclosed in this report or in the financial report.

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### Corporate

As at the date of this report the following shares and options were on issue.

ORDINARY SHARES	2019 No.
Fully Paid Ordinary Shares	61,416,060

### OPTIONS

20 cents expiring on 30 June 2021	15,750,000
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### Review of Operations

#### Corporate

The Company successfully completed an Initial Public Offer (IPO) for the issue of 25,000,000 shares at an issue price of \$0.20 per share to raise \$5,000,000 (before costs). On 22 August 2018, the Company was admitted to the official list of the ASX and its securities commenced trading on 24 August 2018.

As part of the IPO the Company entered into various Sale and Purchase Agreements to acquire a significant tenement package in Western Australia prospective for gold and base metals. The most significant of these was the acquisition of 100% of the issued capital in Roman Kings Limited (now Roman Kings Pty Ltd) through the issue of 12,000,000 ordinary shares. The acquisition of Roman Kings resulted in the Company acquiring an interest in all of its current Projects in Western Australia. These interests were further increased when the Company acquired an additional 24% interest in the Crawford and Gambier Lass North Projects (taking the total interest to 75%) from through the payment of \$490,000 in cash consideration. Additionally the Company increased its tenement holding on the Emperor project by acquiring a further four tenements through the issue of 2,800,000 ordinary shares in the Company.

#### Emperor Project

*E37/0882, E37/1054, E37/1086, E37/1319, E37/1321, E37/1322*

Reconnaissance along the Emperor Structure located widespread vein quartz and ironstone float with gold values to 0.456ppm Au that are associated with anomalous levels of the pathfinder elements As and Bi. Results were detailed in the ASX Announcement of 6 September 2018.

Four kilometres to the west of the Emperor target an area of metal detector prospecting, known as Gilmour's, was examined and sampled. Several samples returned values greater than 0.1ppm Au associated with anomalous levels of pathfinder elements such as Ag, As, Cu, Sb, and Zn.

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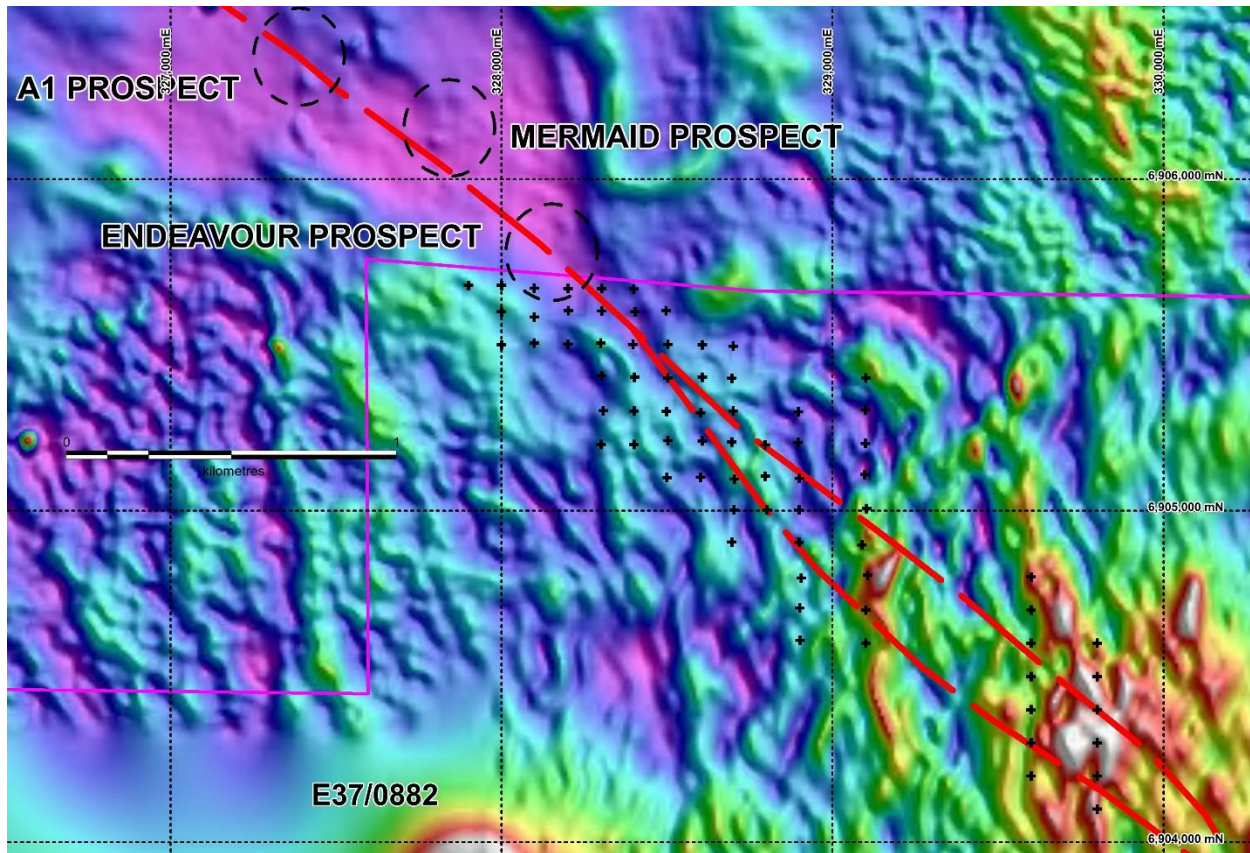


Figure 1: Emperor Prospect: Reduced to Pole magnetic image, Emperor Structure and completed aircore hole locations (black crosses). MGA 51

8 rock chip samples were collected from the SE corner of E37/1086. This area is a ridge of dolerite with quartz veining. Most of the tenement was found to be covered by aeolian sand with surface sampling considered ineffective.

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*Figure 2: Drilling hole EMAC010, Emperor Project*

Aircore drilling commenced on the Emperor Structure in September 2018. 75 holes were completed for 5,410m. The drilling had 3 target styles:

- i. Mineralisation along the Emperor Structure analogous to the Endeavour Prospect.
- ii. Fault intersections where north -south magnetic features intersect the Emperor Structure.
- iii. Intersections where north -south magnetic highs intersect the Emperor Structure. These are interpreted as sites where favourable host rocks such as magnetic dolerites may intersect the Emperor Structure.

Multiple gold anomalous results were returned along the 2.5km section of the Emperor Shear that had been tested. Better results include:

- 6m @ 0.67 g/t Au from 27m in hole EMAC004
- 1m @ 1.06 g/t Au from 57m in hole EMAC015
- 2m @ 1.09 g/t Au from 97m in hole EMAC041
- 4m @ 0.80 g/t Au from 60m in hole EMAC050
- 1m @ 1.18 g/t Au from 84m in hole EMAC050
- 3m @ 0.55 g/t Au from 93m in hole EMAC068

These results along with known mineralisation to the north west, (namely the Endeavour, Mermaid and A1 Prospects), demonstrate that the Emperor Shear is a significant gold mineralised structure for over 5km.

Minor amounts of anomalous Cu were detected when logging and this is reflected in the result of 12m @ 0.15% Cu in hole EMAC032. Cover becomes thicker to the south east. Several holes in the south eastern part of the grid show development of weak laterite gold anomalism suggesting a primary source in this area. EMAC004, EMAC071 and EMAC074 show anomalism representing the continuation of the Endeavour Deposit from the adjacent licence, which is not held by Kingwest Resources.



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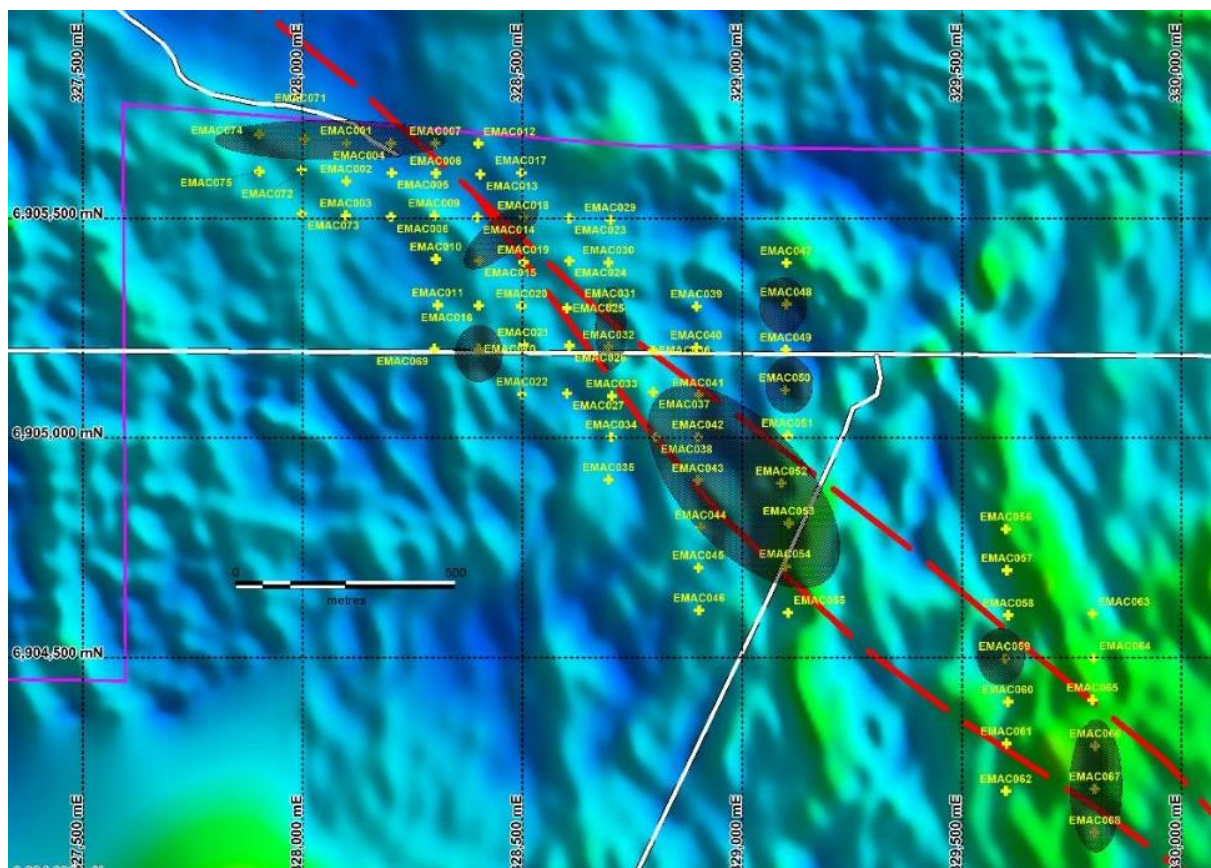


Figure 3: Anomalous areas identified in 2018 Emperor aircore drilling over RTP magnetics.  
MGA 51.

The Gilmour Prospect is located 10km SW of the Darlot Mine. The area has been identified by prospectors, with evidence of systematic metal detecting and nugget finds. No historic mine workings are present but three small prospecting pits have been located. The area contains outcropping quartz  $\pm$  tourmaline veining in dolerite and gabbro.

Rock chip sampling in the area has returned multiple values  $>0.1\text{ppm Au}$  and up to  $1.38\text{ppm Au}$ , associated with anomalous levels of pathfinder elements such as Ag, As, Cu, Pb, S, Sb, and Zn over an  $900\text{m} \times 1400\text{m}$  area. Results were presented in the ASX releases of 12 November 2018, 21 November 2018 and 23 January 2019. Grid based soil sampling and follow up rock chip sampling was completed during the year; see Figure 4 for results.



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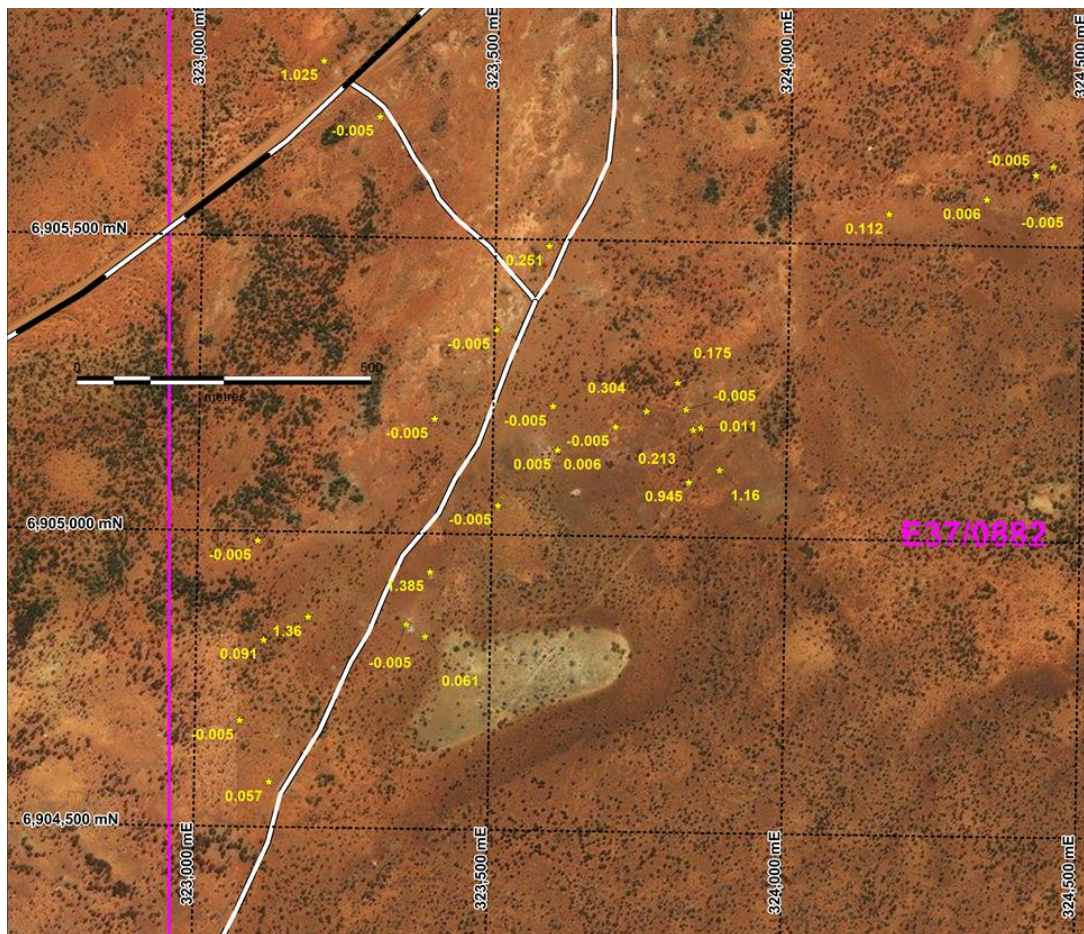


Figure 4: Gilmour Prospect with gold rock chip results in g/t Au. MGA 51

9 rock chip samples were collected from the northern and eastern parts of E37/1322. The eastern and northern parts of the lease have widespread outcrop and float with surface sampling techniques applicable. The area around the old Weebo airstrip is prospective in that there is widespread dolerite subcrop with vein quartz float. Eastern parts of the lease are underlain by the Weebo Granite and is not considered prospective. The southern parts of the tenement were found to be covered, with surface sampling considered ineffective. Only sporadic path finder anomalism was detected.

### King of the West Project

#### E37/1253

Results were received for 20 reconnaissance rock chip samples collected about old workings within the King of the West tenement. Multiple high - grade gold results were returned from four separate sets of old workings dating from the period 1897 to 1940. Particularly high grades are present at the King of the West Mine where values of 168ppm Au (with 45ppm Ag) and 59.4ppm Au were reported. In the immediate vicinity of the latter result, visible gold was detected in vein quartz (see Figure 6). Of further encouragement is that the highest grade sample is the easternmost sample and the lode remains open to the east. Results were detailed in the ASX Announcement of 6 September 2018.

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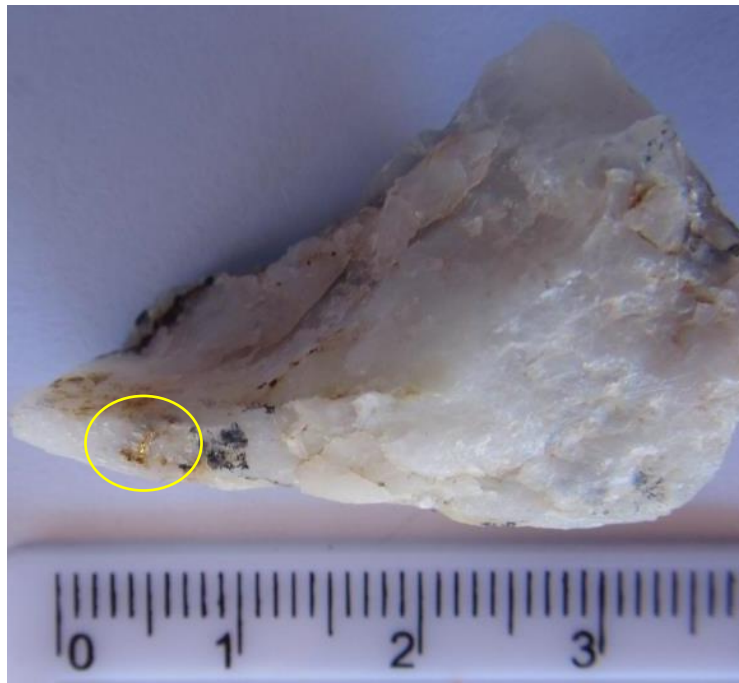
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*Figure 5: King of the West. Gossanous and fault brecciated vein quartz, **168g/t Au 45g/t Ag***



*Figure 6: Gold in vein quartz. King of the West Mine (scale marked in cm and mm)*



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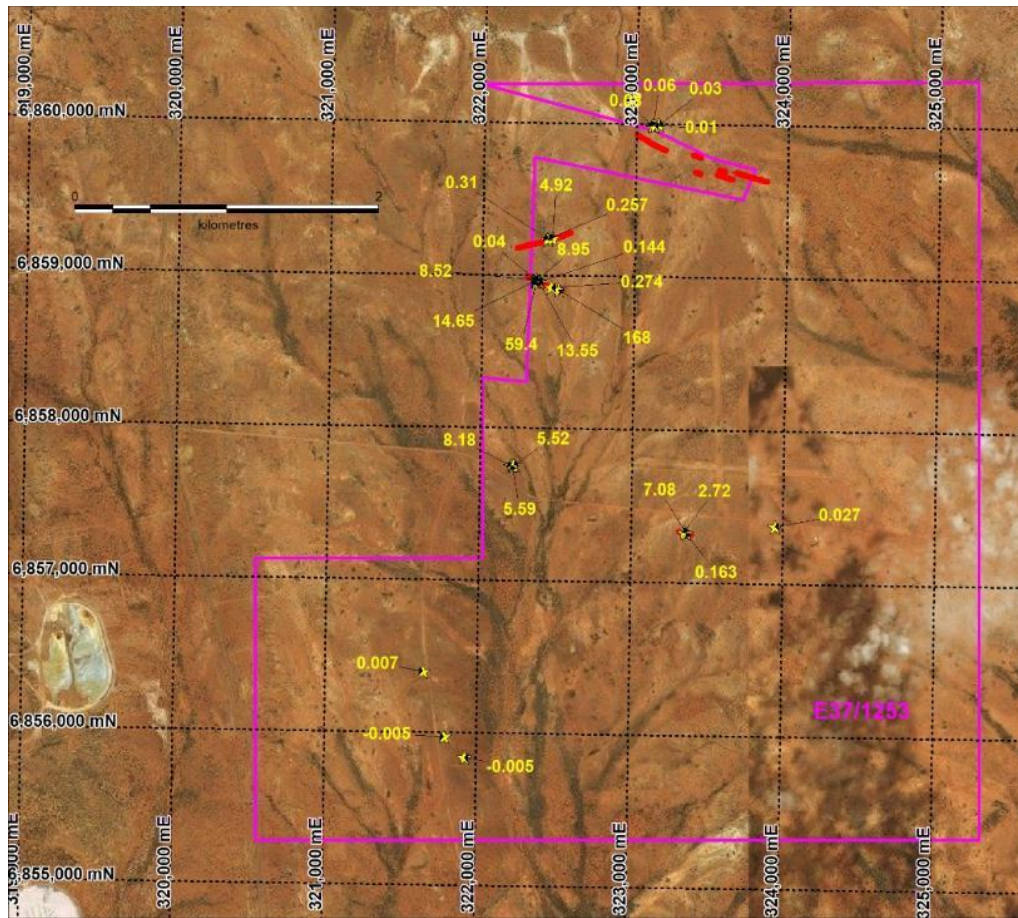


Figure 7: King of the West tenement showing mapped lodes, (red lines), and rock chip gold values (g/t Au). MGA  
51

Existing magnetic data was reprocessed over the King of the West area. A number of WNW -ESE magnetic breaks are present that are parallel to mapped lodes. These are considered prime areas for exploration.

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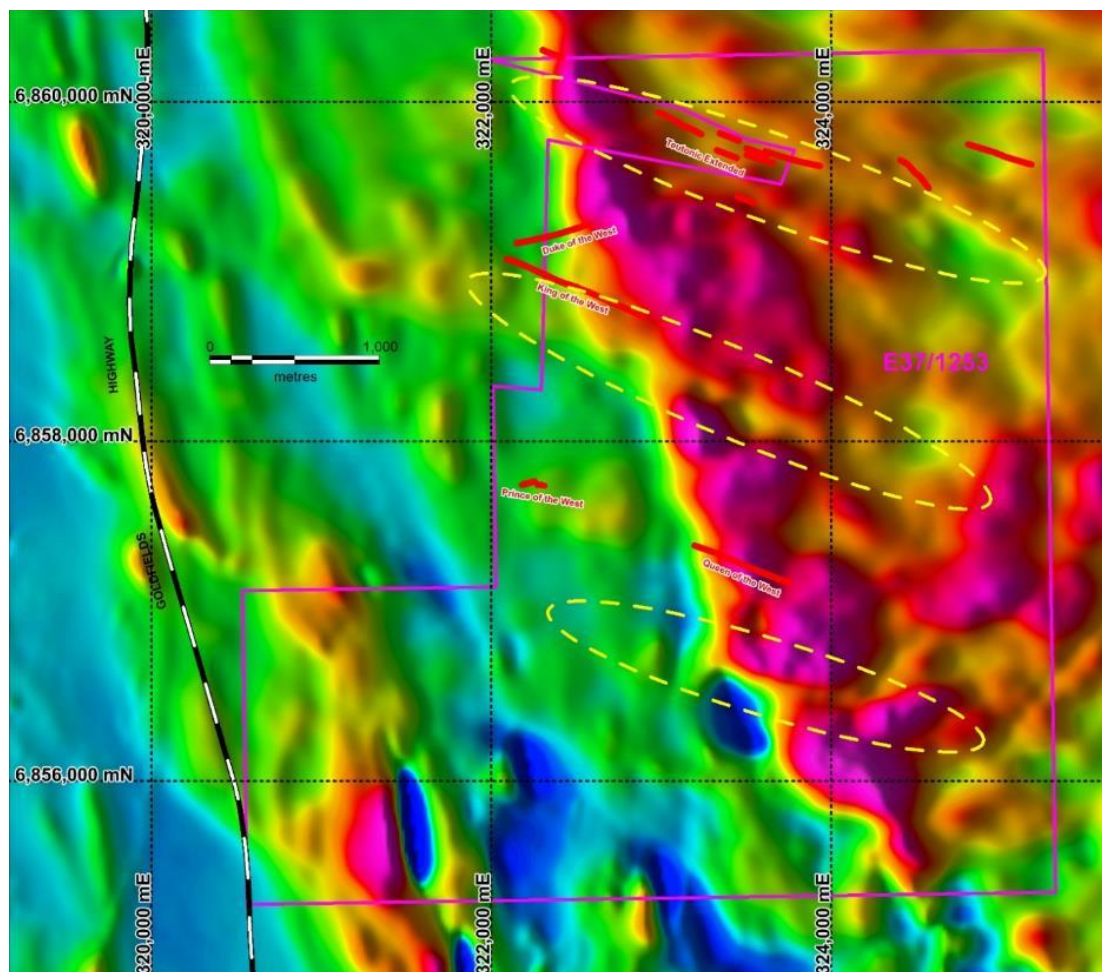


Figure 8: Reduced to Pole aero-magnetic image over the King of the West tenement showing mapped lodes, (red lines), and WNW -ESE magnetic breaks. MGA 51

A programme of 11 reverse circulation holes, (KWRC001 to KWRC011), was completed during the December 2018 quarter for a total of 1,121 metres. Lode and hole locations are shown on the following plan. The objective of the drilling was to test beneath outcropping lodes and old workings identified by the Company.

All holes intersected shear zones up to 40m wide with quartz veining, consistent with surface mapping and nearby deposits. Of the six holes testing along the King of the West lode, high - grade mineralisation was intersected in hole KWRC007 of:

**15m @ 9.18g/t Au, 4g/t Ag from 60m**

**including 5m @26.67g/t Au, 10g/t Ag from 66m**

This intercept on the King of the West Lode lies below a prospecting pit and collapsed shaft with rock chip results up to 168g/t Au, 45g/t Ag. This mineralisation represents a high - grade gold shoot within the shear zone that remains open at depth, (see figure 10).

The two holes testing Duke of the West lode returned anomalous results while three holes tested below shafts on the Prince of the West lode with anomalous values also returned.



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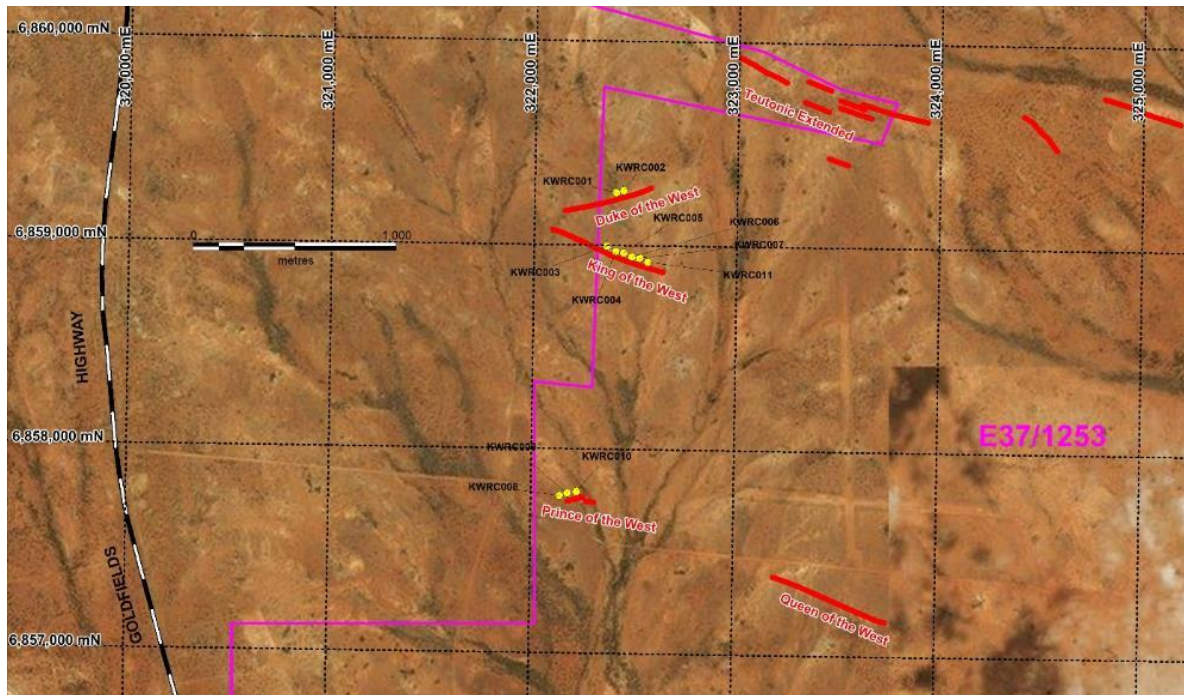


Figure 9: King of the West. Mapped quartz lodes and drill hole locations. MGA 51.

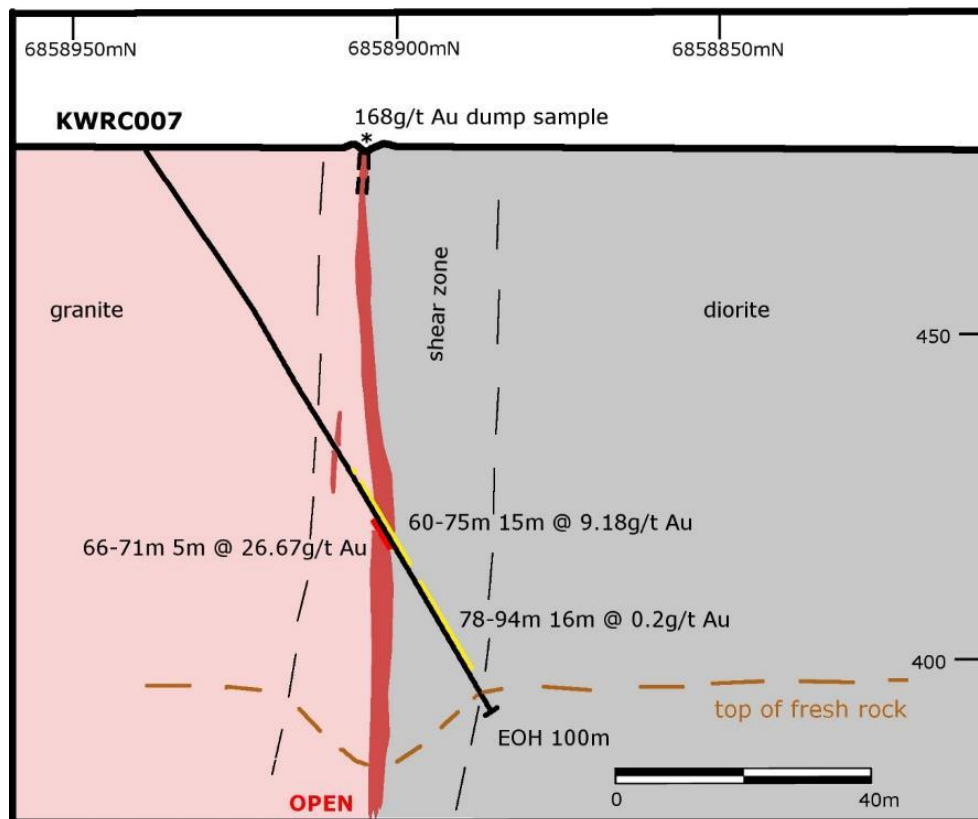


Figure 10: King of the West Lode: Section 322520mE

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A program of 7 holes totalling 980m was completed in the June 2019 quarter targeting high grade mineralisation beneath old workings. Drilling targeted the King of the West and Queen of the West vein systems.

Two holes were drilled into the King of the West lode targeting extensions to the previously announced high grade intersection in hole KWRC007; 15m @ 9.18g/t from 60m. The two holes were drilled either side of, and below, the high-grade intersection. Neither hole intersected significant gold mineralisation.

Drilling into the Queen of the West lode targeted extensions at depth of old, shallow workings where high grade chip samples were collected. Chip samples of 7.08g/t, 2.41g/t and 17.4g/t were collected in August 2018 (see ASX announcement 6 September 2018). Five holes were drilled with none of them intersecting significant gold mineralisation.

#### Crawford Project

*M37/1202 P37/8901 P37/8902\* P37/8903\**

An initial aircore programme of 24 holes for 1,204m was completed to the east of the resource to expand the resource area (See KWR ASX release 12 November 2018).

The plan in Figure 11 shows the drill hole positions in relation to the originally defined resource. Final 1m assaying was returned that did not materially alter the initial 3m composite results. Significant mineralisation was located in 2 specific areas:

- i. On the eastern margin of the existing resource area where results of 5m @ 0.93g/t Au from 34m in CAC001; 1m @ 1.07g/t Au from 20m in CAC005, 4m @ 1.70g/t Au from 24m in hole CAC005 were returned. A high-grade interval of 5m @ 14.22g/t Au from 44m in hole CAC005 is particularly encouraging with mineralisation present to the end of hole at 49m. The high-grade result is close to the 2017 hole RKRC007 (6m @ 5.55g/t Au from 37m, including 1m @ 21.1g/t Au). This shows that high - grade results are repeatable and provides some confidence that a distinct high - grade zone can be modelled within the resource. These results expanded the potential extent of the resource to the east.
- ii. Drilling 40m beyond the northern margin of the original resource area returned 2m @ 0.72 g/t Au from 22m in hole CAC020. This result along with other anomalous historic results indicated that the current JORC resource is likely to expand to the north with further infill drilling.

Approximately 170kg of mineralised material was recovered and stored for future metallurgical test work.

Rehabilitation works are planned for the September 2019 quarter.

\*Prospecting licences P37/8902 and P37/8903 were relinquished during the year as non-core assets.



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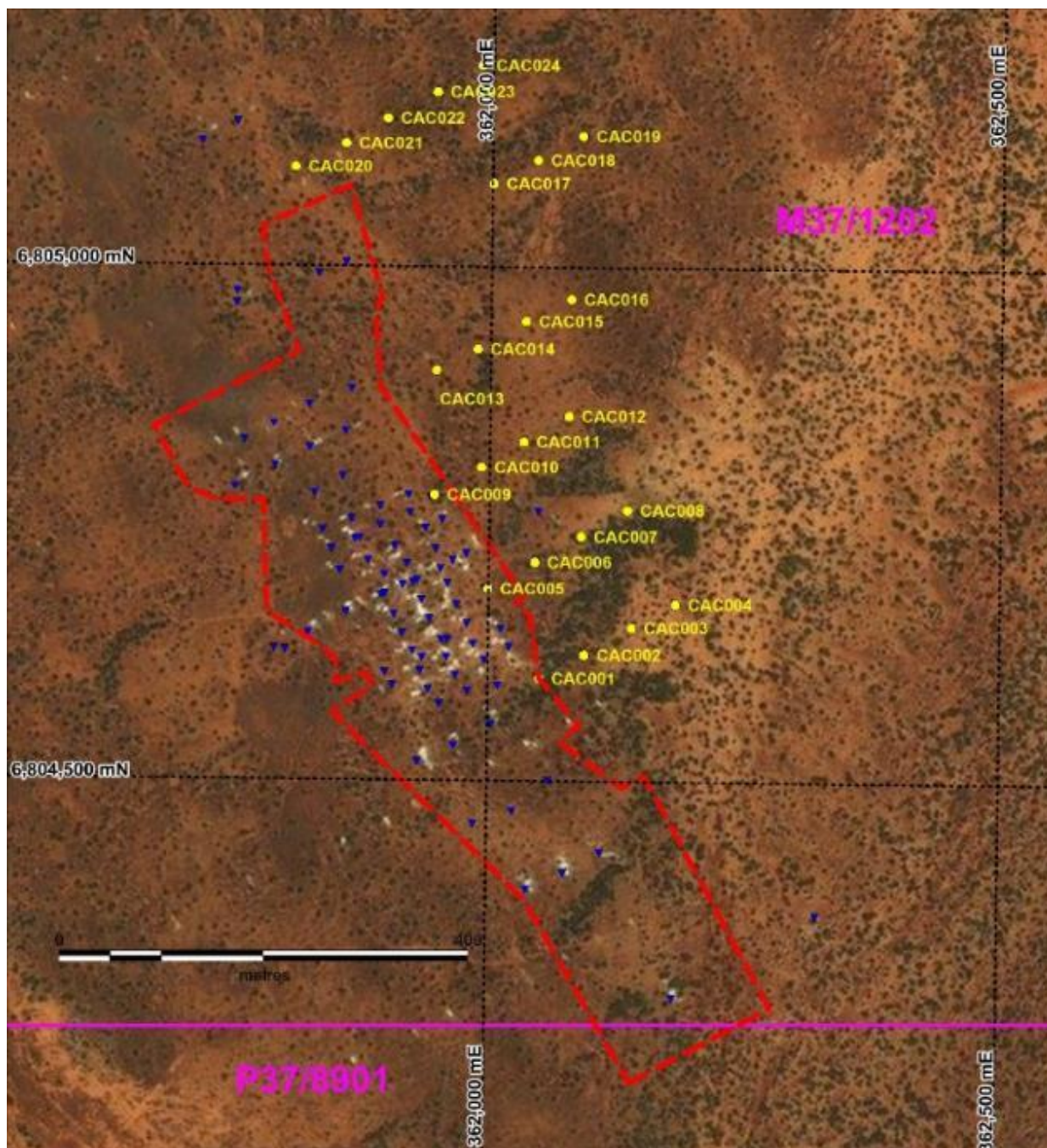


Figure 11: Satellite image over the Crawford Deposit showing resource outline, existing resource drill holes (blue triangles) and recent aircore holes (yellow dots). MGA 51

A drilling program of 13 holes totalling 2,073m was completed at the Crawford deposit during the June 2019 quarter. This drilling combined with an exercise in re-logging available historic holes has resulted in an updated geological interpretation for the Crawford mineralisation. Previously, mineralisation was interpreted as a series of shallow, west dipping, stacked lodes. The recent drilling program was targeting down dip extensions to these lodes, however

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several holes failed to intersect gold mineralisation in the primary, fresh zone. It is now apparent that the bulk of gold mineralisation at Crawford represents remobilised, secondary mineralisation within the lower oxide zone.

Figures 12 and 13 illustrate the re-interpretation from the recent drilling program, resulting in a bulk near surface free-digging ore body. Figures 13 illustrates that the mineralised zone within the lower oxide region of the ore body remains open to the east.

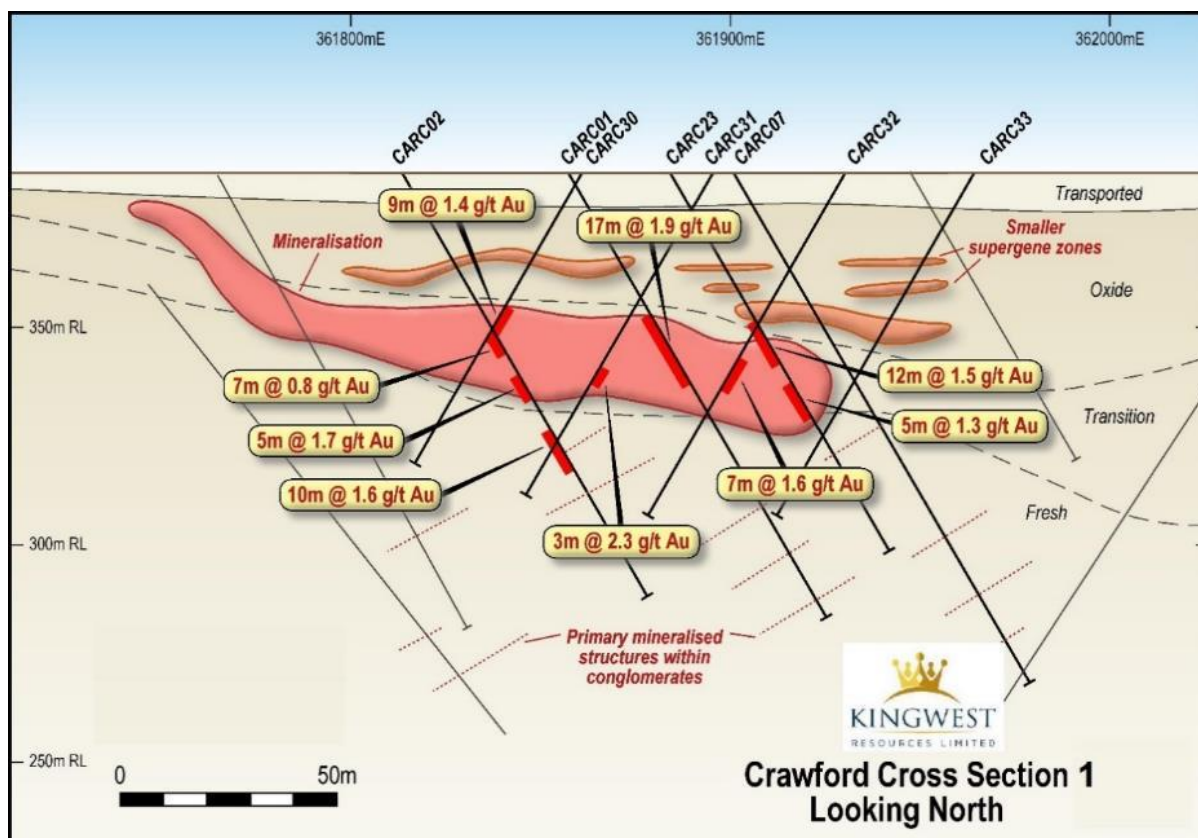


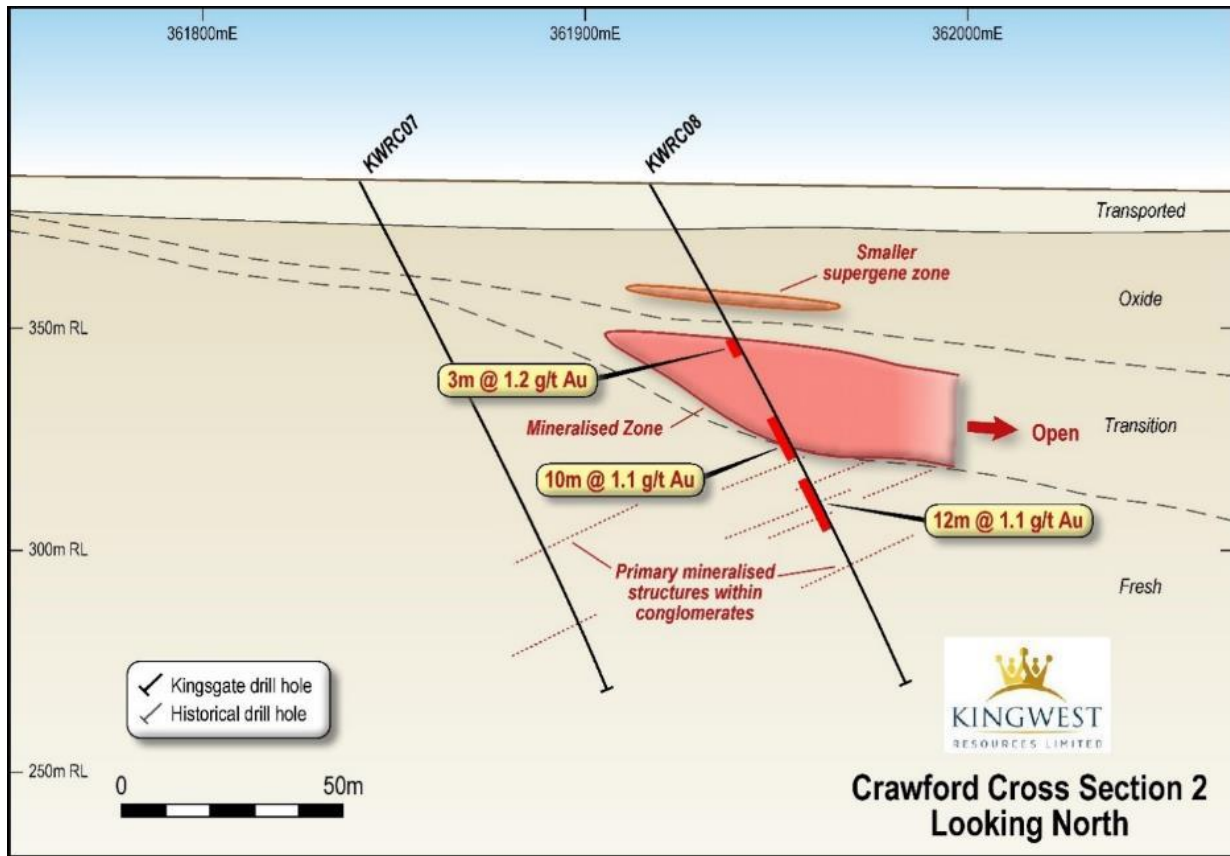
Figure 12: Cross section 1 through Crawford

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*Figure 13: Cross section 2 through Crawford*

The host rock is a sequence of sediments and conglomerates with mineralisation in the primary zone restricted to favourable conglomerate zones. These favourable sequences may or may not be continuous along strike or dip. Figure 14 shows primary mineralisation intersected in hole KWRC08. The host conglomerates are altered and bleached with trace pyrite; apparent is the erratic distribution of gold mineralisation. This is typical of the primary mineralisation.

The oxidised mineralisation shows increased continuity due to remobilisation of the gold and this is the main exploration target.



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*Figure 14: Mineralised interval in KWCRC08, part of 12m @ 1.08g/t 80m-92m*

Previous drilling has been targeting depth extensions in the fresh rock as they dip towards the west. It is now apparent that mineralisation may continue to the east as the weathering profile deepens. Figure 15 shows the location of all RC and diamond drilling collars. The bulk of drilling has focussed on the core area with little to the north and south along strike.

With this new information and updated geological understanding, work on a new Mineral Resource Estimate (MRE) can commence. This will involve re-modelling the oxide interpretation as it now appears that this does form a relatively continuous zone above the primary lodes. The previous interpretation had a series of stacked lodes continuing into the oxide zone and this will now be re-modelled.

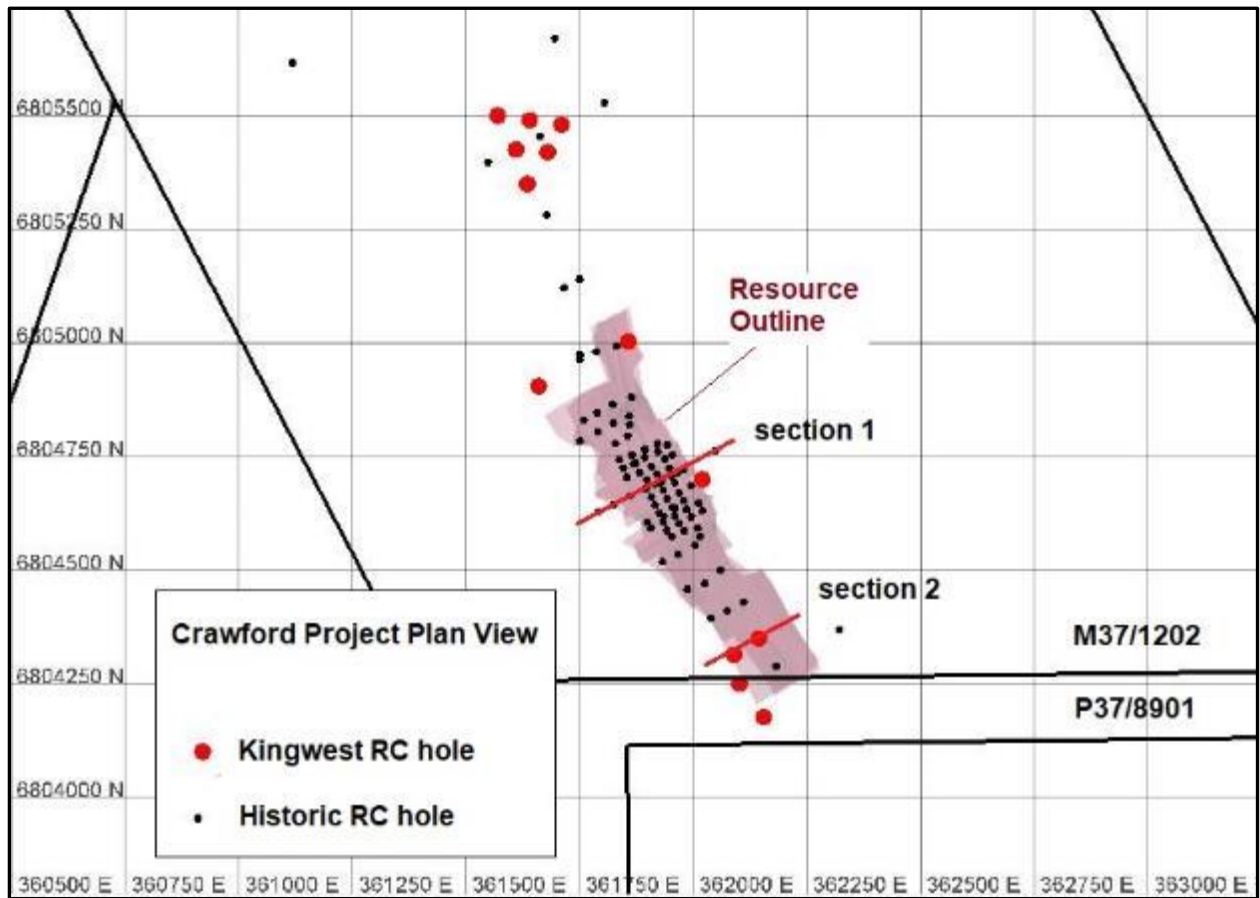
Upon completion of this updated model it is planned to move towards a mining study focussing on the open-pittable oxide mineralisation. Crawford is well placed near major infrastructure and is located on a granted mining lease to expedite any mining plans if the mining study proves to be positive.

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*Figure 15: Map of Crawford Resource area and completed RC drillholes*

Six holes were drilled to the north of the current resource area. Four of these holes intersected an un-mineralised mafic intrusive. This has been interpreted as a later stage Proterozoic mafic dyke.

There is no RC drilling north of this area and this remains a prime target for future exploration.

**Gambier Lass North Project**

*E37/0893*

An initial reconnaissance programme of 33 soil and 5 rock chip samples was completed during August 2018. Elevated values were detected for As, Au, Bi, Cr, Sb, Zn and further sampling is intended.

A secondary reconnaissance programme of 74 sieved, B-horizon soil samples were collected in the NW west part of the licence to test over magnetic anomalies and follow up elevated results from August 2018. 18 rock samples were collected in conjunction with the soil sampling comprising, vein quartz, dacite, and ironstone.

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Figure 16: Satellite image of the northern part of E37/893. Black stars represent previous scout soil samples from August 2018. Green triangles represent October 2018 soil sampling. MGA 51

Elevated soil values were present with peak values of 30ppb Ag, 5 ppb Au, 250ppb Bi, 24ppm Cu, 20ppb Hg, 1.7ppm Mo, 11ppm Pb, 230ppb Sb, 1.1ppm Se, 26ppm Zn.

Rock chip values were mildly anomalous, but results are considered to be due to secondary enrichment in ironstone. Zinc is enriched with multiple values over 300ppm. Peak values included: 110ppm As, 7ppb Au, 145ppm Co, 130ppm Cu, 475ppm Ni, 33ppm Pb, 749ppm Zn.

A program of 14 holes totalling 1,693m was drilled at Gambier Lass North during the June 2019 quarter. These holes were testing historical RAB drilling that returned some high-grade intersections including 6m @ 3.24g/t from 38m, 7m @ 1.52g/t from 23m and 5m @ 1.1g/t from 60m.

The drilling program was successful in delineating mineralisation. Figure 17 illustrates the mineralisation styles at Gambier Lass North. High-grade primary mineralisation was intersected in the southern most line drilled (Figure



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18). This quartz lode is interpreted as a continuation of the historic Gambier Lass mine located 600m to the south (not on Kingwest tenement, see Figure 19).

Historic production at the Gambier Lass mine is recorded as 11,000t @ 25g/t, producing 8,500oz.

In addition to the primary quartz hosted mineralisation, shallow supergene mineralisation was also delineated in the drilling. This mineralisation appears to form a blanket over the primary gold lodes. The historic RAB drilling intersections are all interpreted as supergene mineralisation in the oxide zone.

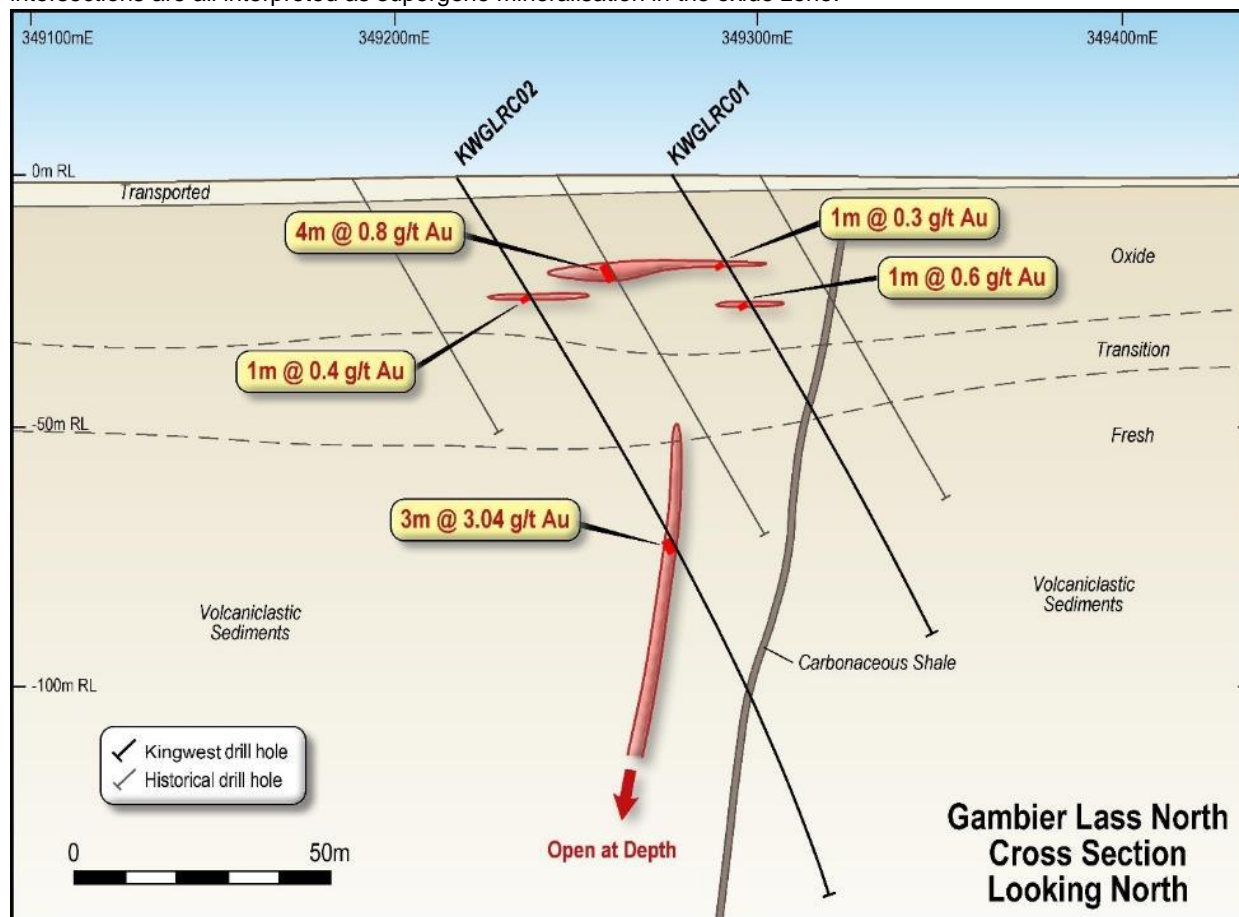


Figure 17: Cross-section through Gambier Lass North drilling



Figure 18: Mineralised interval in KWGLRC02 showing quartz vein, 3m @ 3.04g/t

Drill spacing in the southern part of the lease is 200m. Follow up infill drilling will be required to delineate additional primary and supergene mineralisation. Figure 19 shows the location of the historic Gambier Lass mine and the interpreted northern extension into the Kingwest tenement. The lode is interpreted to continue under cover therefore excluding surface exposure. Future work programs will focus on extending the known mineralisation to the north and south of the current drill hits.



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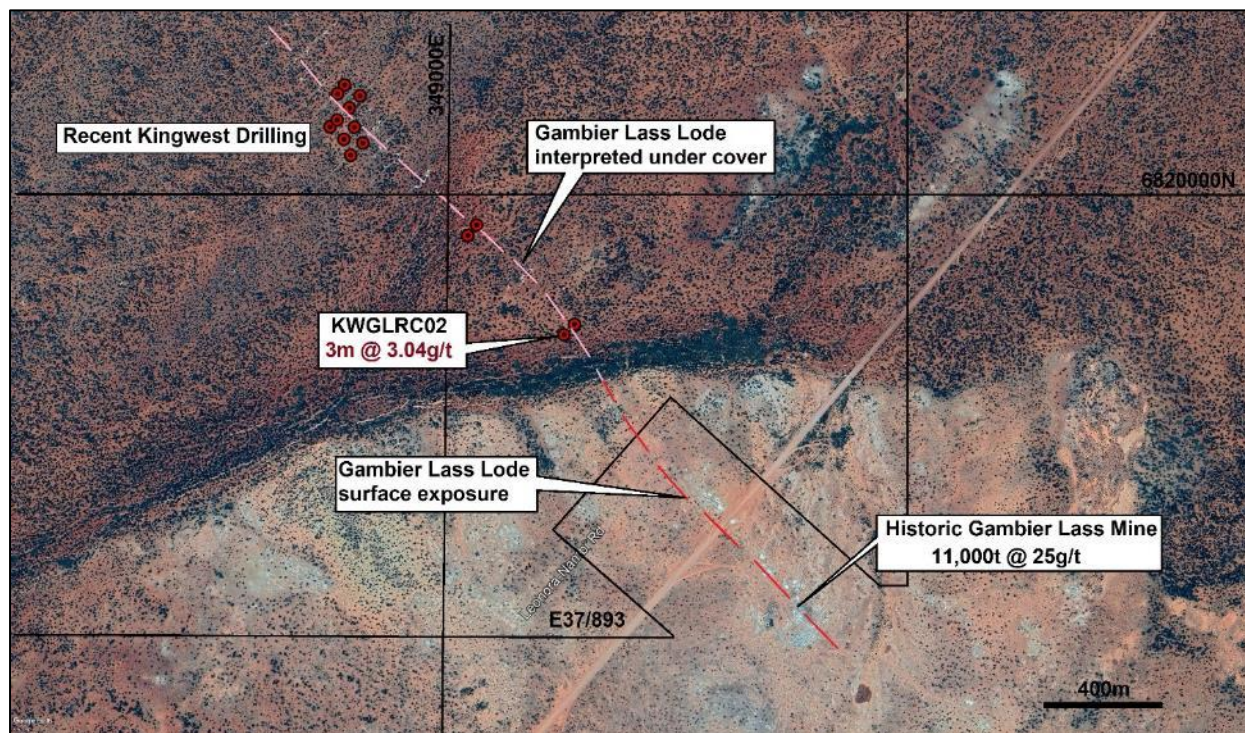


Figure 19: Plan of Gambier Lass North Project with Kingwest drilling and historic Gambier Lass mine

### Roman Well Project

E37/1252

A reconnaissance programme of 136 angled aircore holes for 1,692m was completed at the Roman Well Project during the December 2018 quarter. The drilling had 3 target styles:

- i. Magnetic highs to the west of the shear zones.
- ii. A fault splay off the Mertondale Shear with coincident historic gold, copper and zinc in soil anomalism.
- iii. The Mertondale Shear with sporadic, weak gold in soil anomalism.

Drilling was along a series of west to east lines with all holes angled -60° to 270°. Holes were drilled to refusal with some minor extensions by slim line RC. The depth to refusal was much less than envisaged. Some planned holes could not be drilled due to topography restricting site access. See KWR ASX release 21 November 2018 for further details. Better results included:

- 3m @ 0.27g/t Au from 12m in hole RWAC004
- 3m @ 0.31g/t Au from 36m in hole RWAC064

A new target area was been identified in holes RWAC064 and RWAC065 on the western side of the licence. This area is a magnetic high with sheared basalt faulted against granite with quartz vein out crops. There is no previous known work about this area. The shallow cover and outcrop on the licence indicates that further soil and rock chip sampling is suitable with mapping to refine targets.

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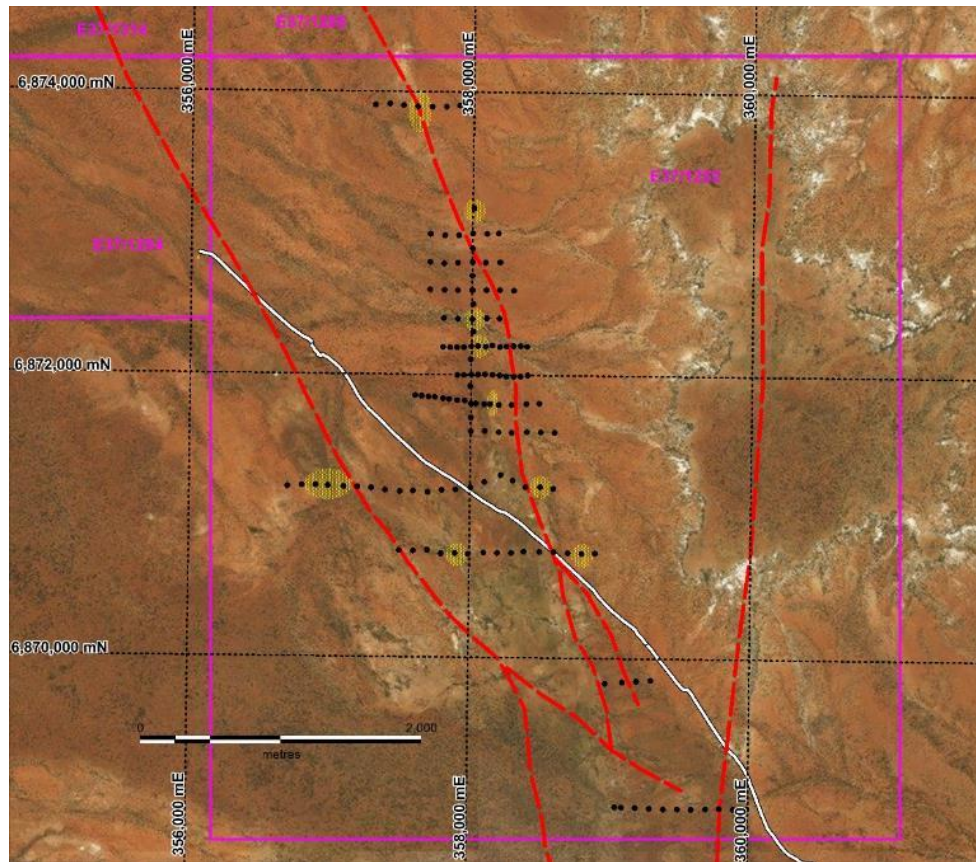


Figure 20: Roman Well tenement on satellite, showing interpreted / mapped shears, completed aircore drilling and areas of elevated results. MGA 51

**Northern Wells Project (Greymare Well & Big Well) (KWR 100%)**

*E37/1284 E37/1285 E37/1314*

A 100m line spacing aerial magnetic and radiometric survey commenced late in the September 2018 quarter covering E37/1284, E37/1285, E37/1314. Results of this survey will assist future on ground exploration programs.

A 100m line spacing aero-magnetic and radiometric survey has been completed over E37/1284, E37/1285. Data interpretation is ongoing.



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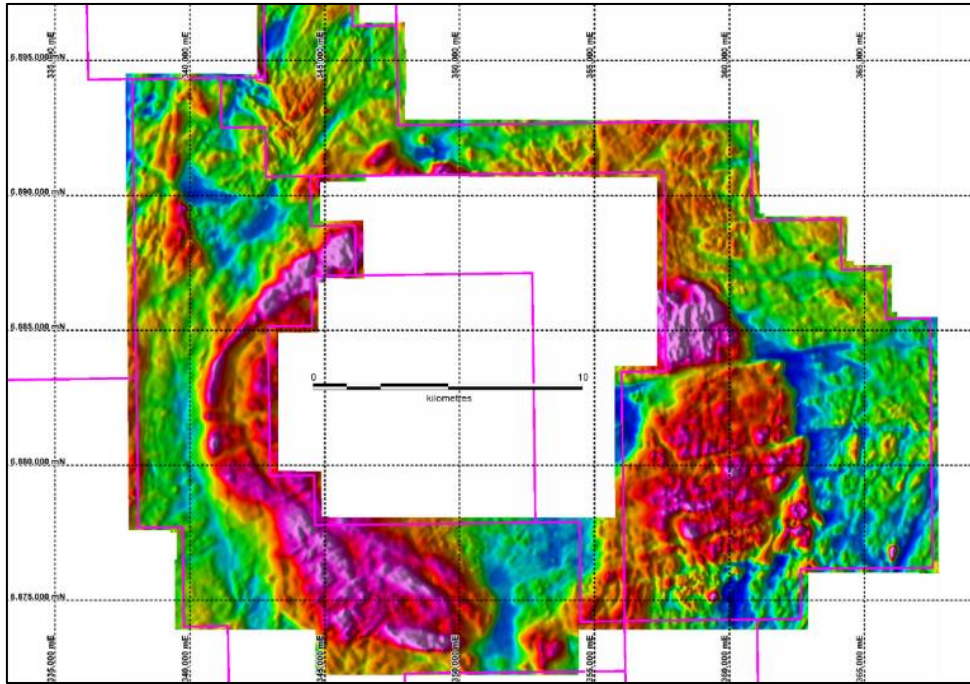


Figure 21: New Reduced to Pole Magnetic data, Greymare Well and Big Well leases.

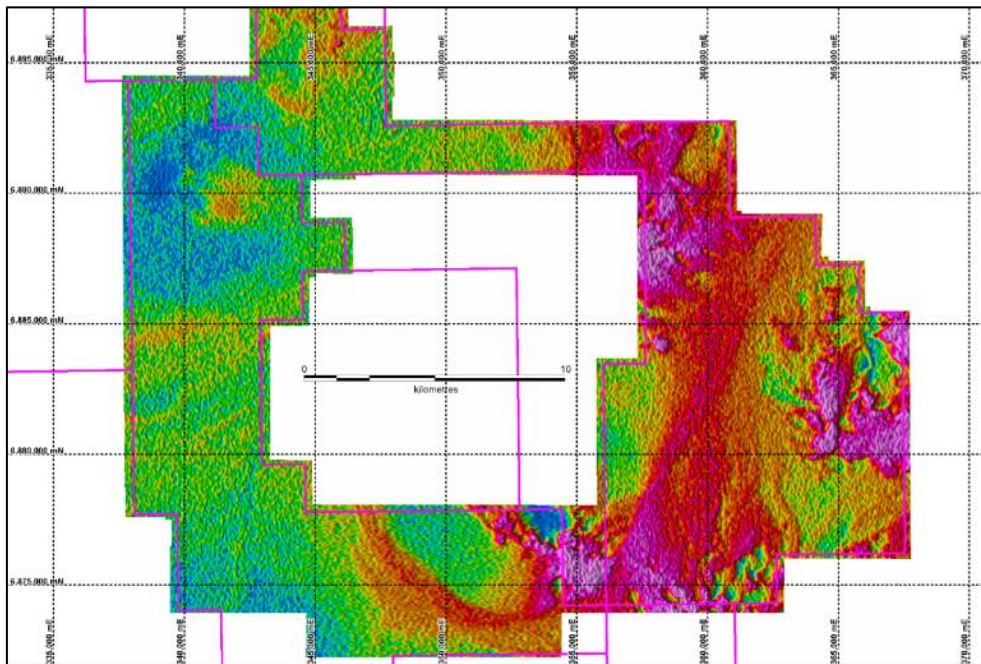


Figure 22: New K channel radiometric data, Greymare Well and Big Well leases. Magenta areas represent near surface bedrock exposure on the Big Well lease.

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*The information in this report that relates to Exploration Results is based on information compiled by Richard Maddocks BAppSci, MSc, a Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Maddocks has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Maddocks consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The information contained in this report referring to Historic Exploration Results and Mineral Resources is extracted from the reports entitled 'Prospectus – Kingwest Resources Ltd' released on August 22 2018, 'High Grade Rock Chip Results' released to the ASX on 6 September 2018, 'Strong Initial Drilling Results at Crawford and Emperor' released on 21 November 2018, 'Exceptional Mineralisation from Initial KOW Drilling Program' , released on January 7 2019, ' Widespread Gold Anomalism at Gilmour Prospect', released on January 23 2019, and 'Drilling Confirms Potential Resource Target and Extension' released June 5 2019, all available to view on [www.kingwestresources.com.au](http://www.kingwestresources.com.au) or the ASX website under the code KWR. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.*

### Events after the Reporting Period

On 9 July 2019 the Group announced that it had entered into an Agreement to acquire the Menzies Gold Project with Horizon Minerals Limited (formerly Intermin Resources Limited) for consideration of \$8,000,000 in cash and shares over 18 months ("Menzies Acquisition"). The Menzies Gold Project is located in Menzies, Western Australia and is one of Australia's highest grade, large scale gold regions. The Menzies Acquisition is subject to several conditions precedent including shareholder approval, satisfaction of due diligence and raising a minimum of \$4,000,000 through an equity placement.

On 5 August 2019 the Group completed a placement of 10,000,000 shares at \$0.15 per share to professional and sophisticated investors to raise \$1,500,000 (before costs). The placement forms part of the conditions precedent to the Menzies Acquisition with firm commitments also being received for the balance of \$2,500,000.

On 6 August 2019 the Company lodged a Notice of Meeting for shareholders to approve various resolutions related to the Menzies Acquisition and on 10 September 2019 the resolutions were approved by shareholders. The Group is now working towards progressing settlement of the transaction.

No other matter or circumstance has arisen since the end of audited period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.



# Kingwest Resources Limited

ABN 58 624 972 185

## DIRECTOR'S REPORT

For the year ended 30 June 2019

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### Information on Directors

The names of directors who held office from incorporation until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

#### **Stephen Woodham**

**CEO / Executive Director (Appointed 13 March 2018)**

Mr Woodham has over 30 years' experience in the mining and exploration industry in Western Australia and New South Wales. His area of specialisation includes field logistics and support and land access in rural and remote environments. He also has an extensive track record of tenement acquisition, mining investment and commercial and cross-cultural negotiation. Mr Woodham was a founding director of Centaurus Resources, and managing director of Tellus Resources. His specialisation includes field logistics and support and land access in rural and remote environments. He also has an extensive track record of tenement acquisition, mining investment and commercial and cross-cultural negotiation. Mr Woodham was a founding director of Centaurus Resources, and managing director of Tellus Resources.

Mr Woodham is not currently a Director of any other listed Company.

#### *Interest in Shares and Options*

- 850,000 ordinary shares
- 1,000,000 options exercisable at \$0.20 on 30/06/2021

#### **Peter Bennetto GAICD, SA Fin**

**Non-Executive Chairman (Appointed 20 April 2018)**

Mr Bennetto has over 30 years' experience in banking and investment. Peter has held a number of company director positions in mining, technology and manufacturing companies listed on the ASX since 1990.

Mr Bennetto is currently a Director of Ironbark Limited and Medadvisor Limited.

#### *Interest in Shares and Options*

- 344,803 ordinary shares
- 1,500,000 options exercisable at \$0.20 on 30/06/2021

#### **Stephen Brockhurst BCom**

**Non-Executive Director (Appointed 13 March 2018)**

Mr Brockhurst has 15 years' experience in the finance and corporate advisory industry and has been responsible for the preparation of the due diligence process and prospectuses on a number of initial public offers. His experience includes corporate and capital structuring, corporate advisory and company secretarial services, capital raising, ASX and ASIC compliance requirements.

Mr Brockhurst has served on the board and acted as Company Secretary for numerous ASX listed companies. He is currently a Director of Estrella Resources Limited and Nelson Resources Limited. Mr Brockhurst was previously a Director of Roto-Gro International Limited (resigned 5 February 2018).

#### *Interest in Shares and Options*

- 1,000,000 options exercisable at \$0.20 on 30/06/2021. 500,000 of these options are held by Mining Corporate Pty Ltd, a company of which Mr. Brockhurst is a director and shareholder.

# **Kingwest Resources Limited**

**ABN 58 624 972 185**

## **DIRECTOR'S REPORT**

**For the year ended 30 June 2019**

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**David McEntaggart**

**Corporate Secretary (Appointed 1 October 2018)**

Mr McEntaggart is a Chartered Accountant and Chartered Secretary with over 10 years' experience in the resource industry and accounting profession in Australia and the UK. He provides services to a number of ASX listed companies specialising in financial accounting and corporate compliance.

### **REMUNERATION REPORT (AUDITED)**

The remuneration report, which forms part of the Directors' Report, outlines the remuneration arrangements in place for key management personnel (KMP) who are defined as those persons having the authority and responsibility for planning and directing the major activities of the Group, directly and indirectly, including any director (whether executive or otherwise).

#### **Remuneration Philosophy**

The performance of the Group depends on the quality of the Company's Directors, executives and employees and therefore the Group must attract, motivate and retain appropriately qualified industry personnel.

#### **Remuneration policy**

Remuneration levels for the executives are competitively set to attract the most qualified and experienced candidates, taking into account prevailing market conditions and the individual's experience and qualifications.

During the period, the Group did not have a separately established remuneration committee. The Board is responsible for determining and reviewing remuneration arrangements for the executive and non-executive Directors.

The remuneration of executive and non-executive Directors is not dependent on the satisfaction of performance conditions. Remuneration and share based payments are issued to align Directors' interest with that of shareholders.

#### **CEO & Executive Director Remuneration**

Mr Woodham was appointed as a Director on 13 March 2018 and CEO on 17 May 2018. His employment conditions are governed by an Executive Services Agreement dated 16 May 2018. The terms of agreement can be terminated by either party providing one (1) month written notice. Mr Woodham is entitled to receive \$180,000 per annum (inclusive of statutory superannuation), commencing upon the official admission of the Company to the ASX. From the date of his appointment up to the date the Company was admitted to the ASX Mr Woodham was paid a daily rate in his role as CEO.

#### **Non-Executive Directors Remuneration**

Mr Bennetto was appointed as a Director on 20 April 2018, and Mr Brockhurst was appointed as a Director on 13 March 2018. Mr Bennetto is entitled to receive \$60,000 per annum (exclusive of superannuation) for his role as Non-Executive Chairman as per an appointment letter effective 20 April 2018. Mr Brockhurst is entitled to receive \$40,000 per annum (exclusive of superannuation) for his role as Non-Executive Director as per an appointment letter effective 13 March 2018.

The Company's Constitution provides that the remuneration of Non-Executive Directors will not be more than the aggregate fixed sum determined by a general meeting. Before a determination is made by the Company in a general meeting, the aggregate sum of fees payable by the Company to the Non-Executive Directors is a maximum of \$250,000 per annum. Summary details of remuneration of the Non-Executive Directors are provided in the table below. The remuneration is not dependent on the satisfaction of a performance condition.

Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at meetings of Directors and otherwise in the execution of their duties as Directors.

# Kingwest Resources Limited

ABN 58 624 972 185

## DIRECTOR'S REPORT

For the year ended 30 June 2019

A Director may also be paid additional amounts as fees or as the Directors determine where a Director performs extra services or makes any special exertions, which in the option of the Directors are outside the scope of the ordinary duties of a Director.

### Relationship between the Remuneration Policy and Company Performance:

	30 June 2019	30 June 2018
	\$	\$
Revenue	44,413	-
Profit/(loss) after income tax	(966,122)	(590,441)
Basic loss per share (cents)	(2.12)	(6.89)
Diluted loss per share (cents)	(2.12)	(6.89)
EBIT	(964,082)	(588,532)
EBITDA	(959,064)	(588,532)

### Details of remuneration

Details of the nature and amount of each element of the emoluments of each of the Directors and Key Management Personnel of the Group for the year ended 30 June 2019 and 30 June 2018 are:

2019 Key Management Person	Short-term Benefits		Post- employment Benefits	Other Long- term Benefits	Equity-settled share based Payments		Total	Options as a percentage of Remuneration
	Cash, salary & bonus \$	Other	Super- annuation \$	Other \$	Equity \$	Options \$	\$	%
<b>Directors</b>								
Peter Bennetto	59,833	-	5,684	-	-	-	65,517	0%
Stephen Woodham	179,913 <sup>(i)</sup>	31,200	14,622	-	-	-	225,735	0%
Stephen Brockhurst	40,000	-	-	-	-	-	40,000	0%
<b>TOTAL</b>	<b>279,746</b>	<b>31,200</b>	<b>20,306</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>331,252</b>	<b>0%</b>

- (i) Includes consulting fees paid to Locksley Holdings Pty Ltd of \$26,000, a company in which Mr Woodham is a director and beneficiary. The fees are based on a daily rate for Mr Woodham's role as CEO and Director prior to the Company commencing listing on the ASX.

# Kingwest Resources Limited

ABN 58 624 972 185

## DIRECTOR'S REPORT

For the year ended 30 June 2019

### 2018

Key Management Person	Short-term Benefits	Post-employment Benefits	Other Long-term Benefits	Equity-settled share based Payments		Total	Options as a percentage of Remuneration
	Cash, salary & bonus	Super-annuation	Other	Equity	Options		
	\$	\$	\$	\$	\$	\$	%
<b>Directors</b>							
Peter Bennetto	12,958	-	-	-	75,630	88,588	85%
Stephen Woodham	28,000 <sup>(i)</sup>	-	-	-	50,420	78,420	64%
Stephen Brockhurst	11,935	-	-	-	50,420	62,355	81%
Shannon Davis <sup>(ii) (iii)</sup>	6,667	-	-	-	12,623	19,290	65%
<b>TOTAL</b>	<b>59,560</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>189,093</b>	<b>248,653</b>	<b>76%</b>

(i) Fees were paid or due to be paid to Locksley Holdings Pty Ltd, a company in which Mr Woodham is a director and beneficiary. The fees are based on a daily rate for Mr Woodham's role as CEO and Director.

(ii) Mr Davis resigned as a Director on 9 May 2018.

(iii) Mr Davis also received 1,500,000 promoter options with a total fair value of \$75,630 during the period he was a Director but these were not in consideration for his role as a Director.

### Options and Rights Over Equity Instruments Granted as Compensation

There were no options granted to Key Management Personnel during the financial year ended 30 June 2019.

Details of options over ordinary shares in the Company that were granted as compensation during the financial period ended 30 June 2018 to each key management person during the period and details of options are as follows:

Director/Key Management Personnel	Number Options Granted	Grant Date	Fair Value per Option	Exercise Price per Option	Expiry Date	Number Options Vested
Peter Bennetto	1,500,000	26-04-2018	\$0.05042	\$0.20	30-06-2021	1,500,000
Stephen Woodham	1,000,000	26-04-2018	\$0.05042	\$0.20	30-06-2021	1,000,000
Stephen Brockhurst	1,000,000	26-04-2018	\$0.05042	\$0.20	30-06-2021	1,000,000

**Kingwest Resources Limited****ABN 58 624 972 185****DIRECTOR'S REPORT****For the year ended 30 June 2019****Transactions with related parties**

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

	\$ 2019	\$ 2018
<i>Mining Corporate Pty Ltd – related party to Stephen Brockhurst</i>		
IPO facilitation services, company secretarial, accounting and bookkeeping services during the period	136,269	39,469
<i>Strategic Corp Investments Pty Ltd – related party to Shannon Davis</i>		
Fair value of promoter options received during the period	-	75,630
Total during the period	136,269	115,099

**Outstanding balances arising from transactions**

	\$ 2019	\$ 2018
<i>Mining Corporate Pty Ltd – related party to Stephen Brockhurst</i>		
Company secretarial, accounting and bookkeeping services during the period	15,103	16,309
Total payable at the end of the reporting period	15,103	16,309

**Loan to Directors and their related parties**

No loans have been made to any Director or any of their related parties during the period. There were no further transactions with Directors including their related parties other than those disclosed above.

**KMP Shareholdings**

The number of ordinary shares in Kingwest Resources Limited held by each KMP of the Company during the financial period is as follows:

	Balance at beginning of period	Granted as remuneration during the period	Issued on exercise of options during the period	Other changes during the period	Balance at end of period
<b>30 June 2019</b>					
Peter Bennetto	-	-	-	-	-
Stephen Woodham	500,000	-	-	-	500,000
Stephen Brockhurst	-	-	-	-	-
	500,000	-	-	-	500,000

# Kingwest Resources Limited

ABN 58 624 972 185

## DIRECTOR'S REPORT

For the year ended 30 June 2019

	Balance at beginning of period	Granted as remuneration during the period	Issued on exercise of options during the period	Other changes during the period	Balance at end of period
<b>30 June 2018</b>					
Peter Bennetto	-	-	-	-	-
Stephen Woodham	-	-	-	500,000	500,000
Stephen Brockhurst	-	-	-	-	-
	-	-	-	500,000	500,000

### KMP Options Holdings

The number of options over ordinary shares held during the financial period by each KMP of the Company is as follows:

	Balance at beginning of period	Granted during the period	Exercised during the period	Other changes during the period	Balance at end of period	Vested and exercisable	Vested and unexercisable
<b>30 June 2019</b>							
Peter Bennetto	1,500,000	-	-	-	1,500,000	-	1,500,000
Stephen Woodham	1,000,000	-	-	-	1,000,000	-	1,000,000
Stephen Brockhurst	1,000,000	-	-	-	1,000,000	-	1,000,000
	3,500,000	-	-	-	3,500,000	-	3,500,000

	Balance at beginning of period	Granted during the period	Exercised during the period	Other changes during the period	Balance at end of period	Vested and exercisable	Vested and unexercisable
<b>30 June 2018</b>							
Peter Bennetto	-	1,500,000	-	-	1,500,000	-	1,500,000
Stephen Woodham	-	1,000,000	-	-	1,000,000	-	1,000,000
Stephen Brockhurst	-	1,000,000	-	-	1,000,000	-	1,000,000
Shannon Davis (i)	-	250,000	-	(250,000)	-	-	-
	-	3,750,000	-	(250,000)	3,500,000	-	3,500,000

(i) Mr Davis resigned as a Director on 9 May 2018.

### End of Remuneration Report



# Kingwest Resources Limited

ABN 58 624 972 185

## DIRECTOR'S REPORT

For the year ended 30 June 2019

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### Meeting of Directors

During the period, one director's meeting was held. Attendance by each director during the year were as follows:

	Director's Meetings	
	Number eligible to attend	Director's meetings attended
Peter Bennetto	6	6
Stephen Woodham	6	6
Stephen Brockhurst	6	6

### Future Developments, Prospects and Business Strategies

Further information, other than as disclosed in this report, about likely developments in the operations of the Group and the expected results of those operations in future periods has not been included in this report as disclosure of this information would be likely to result in unreasonable prejudice to the Group.

### Proceedings on Behalf of the Company

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

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

### Environmental Issues

The operations and proposed activities of the Group are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Group's activities are expected to have an impact on the environment, particularly if advanced exploration or field development proceeds. It is the Group's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. In this regard, the Department of Minerals and Petroleum of Western Australia from time to time, review the environmental bonds that are placed on permits. The Directors are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Company.

### Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except when there is a lack of good faith.

During the financial period, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

### Indemnity and insurance of auditors

The Company has not, during the financial period, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial period, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

### Officers of the Company who are former partners of RSM Australia Partners

There are no officers of the Company who are former partners of RSM Australia Partners.

# Kingwest Resources Limited

ABN 58 624 972 185

## DIRECTOR'S REPORT

For the year ended 30 June 2019

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### Non-audit services

The following amounts were paid to the auditors of the Group, RSM Australia Partners, for non-audit services provided during the year:

	2019	2018
	\$	\$
<b>Non-audit services:</b>		
Taxation and other services	4,000	-

### Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, RSM Australia Partners, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is included within and forms part of this Directors' Report for the period ended 30 June 2019.

### Auditor

RSM Australia continues in office in accordance with S327 of the Corporation Act 2001.

This report is signed in accordance with a resolution of the Board of Directors.



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Stephen Brockhurst  
Director

Dated this 11<sup>th</sup> day of September 2019



**RSM Australia Partners**

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GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100  
F +61 (0) 8 9261 9111

[www.rsm.com.au](http://www.rsm.com.au)

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Kingwest Resources Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

RSM AUSTRALIA PARTNERS

TUTU PHONG  
Partner

Perth, WA  
Dated: 11 September 2019

**THE POWER OF BEING UNDERSTOOD**  
**AUDIT | TAX | CONSULTING**

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

**Kingwest Resources Limited**

**ABN 58 624 972 185**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2019**

	<b>Note</b>	<b>2019 \$</b>	<b>13 March 2018 to 30 June 2018 \$</b>
<b>Revenue</b>			
Interest		42,632	-
Other Income		1,781	-
<b>Expenses</b>			
Accounting and audit fees		(167,997)	(47,469)
Compliance cost		(32,096)	-
Corporate advisory and consulting fees		(236,907)	(202,000)
Executive and non-executive directors fees		(254,522)	(31,559)
Legal expenses		(12,645)	(31,907)
Pre-acquisition exploration & evaluation expenditure		(24,826)	(54,059)
Share based payments	16	-	(189,093)
Interest expense		(2,040)	(1,909)
Travel expenses		(73,730)	(15,677)
Wages & salaries		(59,450)	-
Depreciation		(5,018)	-
Impairment of exploration expenditure		(1,095)	-
Other expenses		(140,209)	(16,768)
<b>Loss before income tax expense</b>		(966,122)	(590,441)
Income tax expense	2	-	-
<b>Loss after income tax for the period</b>		(966,122)	(590,441)
<b>Other comprehensive income net of income tax</b>		-	-
<b>Total comprehensive loss for the period</b>		(966,122)	(590,441)
<b>Loss Per Share</b>			
Basic and diluted loss per share (cents per share)	3	(2.12)	(6.89)

The accompanying notes form part of these financial statements.

**Kingwest Resources Limited**

**ABN 63 616 317 778**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019**

	<b>Note</b>	<b>2019</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	1,859,163	865,683
Trade and other receivables	5	142,723	873,264
<b>TOTAL CURRENT ASSETS</b>		<b>2,001,886</b>	<b>1,738,947</b>
<b>NON-CURRENT ASSETS</b>			
Exploration, evaluation and development expenditure	6	4,991,506	-
Plant and equipment	7	38,990	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>5,030,496</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>7,032,382</b>	<b>1,738,947</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	354,193	933,698
Borrowings	9	-	100,000
Provisions	10	6,764	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>360,957</b>	<b>1,033,698</b>
<b>TOTAL LIABILITIES</b>		<b>360,957</b>	<b>1,033,698</b>
<b>NET ASSETS</b>		<b>6,671,425</b>	<b>705,249</b>
<b>EQUITY</b>			
Issued capital	11	7,433,798	501,500
Share based payment reserve	12	794,190	794,190
Accumulated losses		(1,556,563)	(590,441)
<b>TOTAL EQUITY</b>		<b>6,671,425</b>	<b>705,249</b>

The accompanying notes form part of these financial statements.

**Kingwest Resources Limited**

**ABN 58 624 972 185**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019**

	<b>Issued Capital</b>	<b>Share based payment reserve</b>	<b>Accumulated losses</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2018</b>	501,500	794,190	(590,441)	705,249
Loss for the period	-	-	(966,122)	(966,122)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(966,122)	(966,122)
<i>Transactions with owner directly recorded in equity</i>				
Shares issued during the period	8,060,000	-	-	8,060,000
Options issued during the period	-	-	-	-
Share issue cost	(1,127,702)	-	-	(1,127,702)
<b>Balance at 30 June 2019</b>	<b>7,433,798</b>	<b>794,190</b>	<b>(1,556,563)</b>	<b>6,671,425</b>

	<b>Issued Capital</b>	<b>Share based payment reserve</b>	<b>Accumulated losses</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 13 March 2018</b>	-	-	-	-
Loss for the period	-	-	(590,441)	(590,441)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(590,441)	(590,441)
<i>Transactions with owner directly recorded in equity</i>				
Shares issued during the period	501,500	-	-	501,500
Options issued during the period	-	794,190	-	794,190
<b>Balance at 30 June 2018</b>	<b>501,500</b>	<b>794,190</b>	<b>(590,441)</b>	<b>705,249</b>

The accompanying notes form part of these financial statements.

**Kingwest Resources Limited**

**ABN 63 616 317 778**

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 June 2019**

		<b>2019</b>	<b>13 March 2018 to 30 June 2018</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(985,659)	(520,002)
Exploration and evaluation expenditure (pre-acquisition costs)		-	(41,795)
Interest received		39,270	-
Interest paid		(2,040)	(128)
<b>Net cash used in operating activities</b>	<b>14</b>	<b>(948,429)</b>	<b>(561,925)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for exploration expenditure		(1,369,448)	-
Payment for exploration assets		(490,000)	-
Cash on acquisition of subsidiary		2,546	-
Payment for property, plant and equipment		(44,008)	-
<b>Net cash used in investing activities</b>		<b>(1,900,911)</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares (net of costs)		3,842,820	501,500
Proceeds from convertible notes		-	100,000
Proceeds from premium funding (net)		-	25,158
Proceeds from shares pending allotment		-	813,600
Funds advanced to related entities		-	(12,650)
<b>Net cash provided by financing activities</b>		<b>3,842,820</b>	<b>1,427,608</b>
Net increase in cash and cash equivalents		993,480	865,683
<b>Cash and cash equivalents at beginning of financial period</b>		<b>865,683</b>	<b>-</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>4</b>	<b>1,859,163</b>	<b>865,683</b>

The accompanying notes form part of these financial statements.

# Kingwest Resources Limited

ABN 58 624 972 185

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements and notes represent those of Kingwest Resources Limited (the "Company") and its wholly owned subsidiaries (together referred to hereafter as "the Group"). Kingwest Resources Limited is a public company, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 11 September 2019 by the directors of the Company. The directors have the power to amend and reissue the financial statements.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

#### **New or amended Accounting Standards and Interpretations adopted**

In the period ended 30 June 2019, the Group has reviewed all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period.

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

The following Accounting Standards and Interpretations are most relevant to the Group:

#### **AASB 9 Financial Instruments**

The Group has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

#### **AASB 15 Revenue from Contracts with Customers**

The Group has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to the Group's accounting policies.



# Kingwest Resources Limited

ABN 58 624 972 185

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the

Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The Company is a for-profit entity for financial reporting purposes under the Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB). Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

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

#### Comparatives

Kingwest Resources Limited was incorporated on 13 March 2018, therefore the comparative period is for the period from incorporation to 30 June 2018.

#### Accounting Policies

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report.

##### a) Operating Segments

Operating segments are presented using the 'management approach' where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers. The Chief Operating Decision Maker is responsible for the allocation of resources to operating segments and assessing their performance.

##### b) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, Kingwest Resources Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 21.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

# Kingwest Resources Limited

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## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### c) Business Combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

#### d) Income Tax

The income tax expense (revenue) for the period comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

# Kingwest Resources Limited

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## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

#### e) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

#### f) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one period of abandoning the site.

# Kingwest Resources Limited

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## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### g) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

#### *Financial assets at fair value through profit or loss*

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

#### *Financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

#### *Impairment of financial assets*

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit

impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.



**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**h) Impairment of Assets**

At the end of each reporting date, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**i) Employee Benefits**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within a 12-month period have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits.

**i) Equity-settled compensation**

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

**j) Fair Value Measurement**

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

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

**Kingwest Resources Limited**

**ABN 58 624 972 185**

**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**k) Issued Capital**

Ordinary shares are classified as equity.

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

**l) Earnings per share**

*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Kingwest Resources Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares, outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the financial period.

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**m) Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**n) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, restricted cash, deposits held at call with banks and other short-term highly liquid investments with original maturities of 3 months or less.

**o) Trade and other receivables**

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

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

**p) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**q) Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**Kingwest Resources Limited**

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**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**r) Revenue**

The Company recognises revenue as follows:

**Interest**

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

**Other revenue**

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

**s) Borrowing Costs**

All borrowing costs are recognised as expense in the period in which they are incurred.

**t) 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 Tax 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 statement of financial position are shown inclusive of GST.

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

**u) Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

***Share based payment transactions***

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of the options issued are determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in the notes to the financial statements. The assumptions detailed in the note is also judgemental.

For equity transactions with consultants and other employees, the fair value reflects the value attributable to services where applicable. Where there is no quantifiable value of services the value of options is calculated using the Black-Scholes option pricing model.

For instruments issued with market-based conditions, alternative valuation methodologies would be adopted.

***Exploration and evaluation costs***

Exploration and evaluation costs have been capitalised and are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Key judgements are applied in considering the costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised.

**Kingwest Resources Limited**

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**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**v) New accounting standards for application in future periods**

**New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2018. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, is set out below.

**AASB 16 Leases**

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019. The impact of its adoption is not expected to be significant.



**Kingwest Resources Limited**

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**NOTES TO THE FINANCIAL STATEMENTS**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 2: INCOME TAX EXPENSE</b>		
<b>a. Recognised in the income statement:</b>		
Current tax	-	-
Deferred tax	-	-
Income tax as reported in the statement of comprehensive income	-	-
<b>b. Reconciliation of income tax expense to prima facie tax payable:</b>		
Loss from ordinary activities before income tax expense	(966,122)	(590,441)
Prima facie tax benefit on loss from ordinary activities before income tax at 30%	(289,834)	(177,132)
Increase in income tax due to:		
- Non-deductible expenses	5,354	1,917
- Changes in unrecognised temporary differences	(1,426,490)	9,601
- Unused tax losses not recognised	1,710,970	165,614
Income tax attributable to operating loss	-	-
The following deferred tax balances have not been recognised:		
<b>c. Deferred tax assets not recognised</b>		
Carry forward revenue losses	1,957,884	246,914

Potential deferred tax assets attributable to tax losses and other temporary differences have not been brought to account at 30 June 2019 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the expenditure to be realised; and
- no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the expenditure.

# Kingwest Resources Limited

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## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 3: LOSS PER SHARE

	2019	2018
	Cents per share	Cents per share
Basic and diluted loss per share	(2.12)	(6.89)

The loss and weighted average number of ordinary shares used in this calculation of basic and diluted loss per share are as follows:

	\$	\$
Loss	(966,122)	(590,441)

	Number	Number
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	45,556,301	8,569,633

The options outstanding are not included in the calculation of diluted loss per share because they have no dilutive effect for the period ended 30 June 2018 and 30 June 2019.

	2019	2018
	\$	\$
<b>NOTE 4: CASH AND CASH EQUIVALENTS</b>		
Cash at bank	1,109,163	52,083
Term deposits	750,000	-
Restricted cash <sup>1</sup>	-	813,600
	<b>1,859,163</b>	<b>865,683</b>

<sup>1</sup> Fund received pursuant to the IPO restricted for use until the Company was admitted to the official list of the ASX.

### NOTE 5: TRADE AND OTHER RECEIVABLES

	2019	2018
	\$	\$
<b>Current</b>		
GST receivable	55,490	31,564
Prepayments	83,870	30,313
Share issue costs incurred <sup>1</sup>	-	193,640
Share based payment related to the IPO <sup>1</sup>	-	605,097
Receivable from Roman Kings	-	12,650
Other receivables	3,362	-
	<b>142,723</b>	<b>873,264</b>

<sup>1</sup> Costs incurred in relation to the IPO were offset against share proceeds received from the IPO in equity upon ASX listing.

There is no allowance for expected credit losses recognised for the year ended 30 June 2019.

# Kingwest Resources Limited

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## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 6: EXPLORATION AND EVALUATION EXPENDITURE

	2019	2018
	\$	\$
<b>Exploration and evaluation assets</b>		
Balance at the beginning of period	-	-
Acquisition of Roman Kings Limited tenements <sup>1</sup>	2,393,993	-
Acquisition of tenements <sup>2</sup>	1,050,000	-
Costs capitalised	1,548,608	-
Impairment of costs	(1,095)	-
Balance at the end of reporting period	<b>4,991,506</b>	-

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

<sup>1</sup> The exploration and evaluation assets include an amount of \$2,393,993 being the identifiable exploration assets acquired upon the acquisition of Roman Kings Limited's Western Australian tenements, refer below:

<b>Purchase consideration:</b>	<b>\$</b>
12,000,000 Ordinary shares	2,400,000
<b>Identifiable assets/(liabilities) acquired:</b>	
Cash	2,524
Receivables	26,263
Exploration tenements	2,393,993
Trade and other payables	(22,780)
	<b>2,400,000</b>

<sup>2</sup> During the year the Group acquired an additional 24% interest in tenements M37/1202 and E37/893, through the wholly owned subsidiary Roman Kings Pty Ltd from Messina Resources Limited for \$490,000 cash. The Group also acquired three exploration tenements forming part of the Emperor project from Central Iron Ore Limited through the issue of 2,700,000 ordinary shares with a fair value of \$540,000 and one exploration tenement also forming part of the Emperor Project from Kambala Gold Pty Ltd for 100,000 ordinary shares with a fair value of \$20,000.

**Kingwest Resources Limited**

**ABN 58 624 972 185**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7: PLANT & EQUIPMENT**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Balance at the beginning of period	-	-
Addition	44,008	-
Accumulated depreciation	(5,018)	-
Balance at the end of reporting period	<b>38,990</b>	-

**NOTE 8: TRADE AND OTHER PAYABLES**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Trade creditors	122,515	62,938
Accruals	205,571	32,002
Other payables	26,107	25,158
Share application monies pending allotment	-	813,600
	<b>354,193</b>	<b>933,698</b>

Trade creditors are expected to be paid on 30-day terms.

**NOTE 9: BORROWINGS**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Convertible Note - Unsecured	-	100,000

The convertible notes converted into ordinary shares at \$0.10 per share upon the Company being omitted to the official list of the ASX.

**NOTE 10: PROVISIONS**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Employee Benefits	6,764	-



**Kingwest Resources Limited**

**ABN 58 624 972 185**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 11: ISSUED CAPITAL**

	<b>2019</b>	<b>2019</b>
	<b>No.</b>	
Ordinary shares - fully paid	50,810,000	7,433,798
<b>Movement in ordinary shares:</b>		
<b>Balance at beginning of period</b>	10,010,000	501,500
Roman Kings acquisition issued on 17 August 2018	12,000,000	2,400,000
CIO / Kambala tenements issued on 17 August 2018	2,800,000	560,000
Convertible Note - issued on 17 August 2018	1,000,000	100,000
Shares issued on IPO - issued on 17 August 2018	25,000,000	5,000,000
Share issue cost	-	(1,127,702)
<b>Balance at 30 June 2019</b>	<b>50,810,000</b>	<b>7,433,798</b>

	<b>2018</b>	<b>2018</b>
	<b>No.</b>	<b>\$</b>
Ordinary shares - fully paid	10,010,000	501,500
<b>Movement in ordinary shares:</b>		
<b>Balance at beginning of period</b>	-	-
Incorporation shares issued on 13 March 2018	10,000	1,000
Promoter shares issued on 13 March 2018	5,000,000	500
Seed shares issued on 15 March 2018	1,500,000	150,000
Seed shares issued on 26 April 2018	3,500,000	350,000
<b>Balance at 30 June 2018</b>	<b>10,010,000</b>	<b>501,500</b>

**Terms and conditions of issued capital**

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. The fully paid ordinary shares have no par value.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**Capital risk management**

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

The Company's capital includes ordinary share capital and financial liabilities, supported by financial assets.

# Kingwest Resources Limited

ABN 58 624 972 185

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 11: ISSUED CAPITAL (CONTINUED)

Due to the nature of the Group's activities, being mineral exploration, it does not have ready access to credit facilities, with the primary source of funding being equity raisings. Accordingly, the objective of the Group's capital risk management is to balance the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

### NOTE 12: SHARE BASED PAYMENT RESERVE

	Number	2019 \$	Number	2018 \$
Opening balance	15,750,000	794,190	-	-
Share based payment to directors	-	-	3,750,000	189,093
Share based payment to promoters	-	-	12,000,000	605,097
Closing balance	<b>15,750,000</b>	<b>794,190</b>	<b>15,750,000</b>	<b>794,190</b>

The share-based payments reserves record items recognised as expenses on valuation of employees, directors and promoters options.

A summary of the movements of all options issued is as follows:

	Number	Weighted Average Exercise Price (\$)
<b>Options outstanding as at 1 July 2018</b>	15,750,000	0.20
Issued		
Forfeited	-	-
Exercised	-	-
Expired	-	-
<b>Options outstanding as at 30 June 2019</b>	<b>15,750,000</b>	<b>0.20</b>
<b>Options exercisable as at 30 June 2019</b>	-	-
	Number	Weighted Average Exercise Price (\$)
<b>Options outstanding as at incorporation</b>	-	-
Issued	15,750,000	0.20
Forfeited	-	-
Exercised	-	-
Expired	-	-
<b>Options outstanding as at 30 June 2018</b>	<b>15,750,000</b>	<b>0.20</b>
<b>Options exercisable as at 30 June 2018</b>	-	-

The 15,750,000 unlisted options are subject to an escrow period of 24 months from date of ASX listing.

The weighted average remaining contractual life of options outstanding at the end of financial period was 3 years. See note 16 for valuation technique, assumptions and inputs.

**Kingwest Resources Limited**

**ABN 58 624 972 185**

**NOTES TO THE FINANCIAL STATEMENTS**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 13: AUDITORS' REMUNERATION</b>		
Remuneration of the auditor of the Group for:		
Audit or review of the financial report	26,000	8,000
Non-audit services:		
Other services	4,000	-

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 14: CASHFLOW INFORMATION</b>		

**a. Reconciliation of Cash Flow from Operations with Loss after Income Tax**

Loss after income tax	(966,122)	(590,441)
<u>Non-cash adjustment</u>		
Share Based Payments	-	189,093
Depreciation	5,018	-
Changes in assets and liabilities;		
Trade and other receivables	12,532	(255,517)
Trade payables and accruals	(6,621)	94,940
Provisions	6,764	-
Cashflow used in operating activities	(948,429)	(561,925)

**b. Non-cash Financing and Investing Activities**

During the year the Group had the following non-cash financing and investing activities:

- Acquisition of the Roman Kings tenements. The purchase consideration was settled by issuance of 12,000,000 shares at \$ 0.20 for total consideration of \$2,400,000 – refer to Note 6;
- Acquisition of exploration tenements through the issue of 2,800,000 shares at \$0.20 for total consideration of \$560,000 – refer to Note 6;
- Conversion of the convertible notes on issue of \$100,000 through the issue of 1,000,000 shares at a conversion price of \$ 0.10 per share.

**Kingwest Resources Limited****ABN 58 624 972 185****NOTES TO THE FINANCIAL STATEMENTS****NOTE 15: TRANSACTIONS WITH RELATED PARTIES****Key Management Personnel (KMP)**

The total of remuneration paid or due to be paid to the KMP of the Company during the period are as follows:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Short-term employment benefits	310,946	59,560
Post-employment benefits	20,306	-
Share based payments	-	189,093
Total remuneration paid or due to be paid	<u>331,252</u>	<u>248,653</u>

**Transactions with related parties**

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

	<b>\$</b>	<b>\$</b>
	<b>2019</b>	<b>2018</b>
<i>Mining Corporate Pty Ltd – related party to Stephen Brockhurst</i>		
IPO facilitation services, company secretarial, accounting and bookkeeping services during the period	136,269	31,309
<i>Strategic Corp Investments Pty Ltd – related party to Shannon Davis</i>		
Promoter options received during the period	-	75,630
Total during the period	<u>136,269</u>	<u>106,939</u>

**Outstanding balances arising from transactions**

	<b>\$</b>	<b>\$</b>
	<b>30 June 2019</b>	<b>30 June 2018</b>
<i>Mining Corporate Pty Ltd – related party to Stephen Brockhurst</i>		
Company secretarial, accounting and bookkeeping services during the period	15,103	8,160

**Loan to Directors and their related parties**

No loans have been made to any Director or any of their related parties during the period. There were no further transactions with Directors including their related parties other than those disclosed above.

# Kingwest Resources Limited

ABN 58 624 972 185

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 16: SHARE BASED PAYMENTS

During the year ended 30 June, Kingwest Resources Limited entered into an agreement to issue 606,060 fully paid ordinary shares at a deemed issue price of \$0.165 to a drilling supplier in lieu of services provided. The shares will be subject to a voluntary escrow period of 3 months from date of issue. As at 30 June 2019, these shares were outstanding and were subsequently issued on 9 July 2019.

Share based payment during the financial period ended 30 June 2018 were as follows:

Grant Date/entitlement	Number of Instruments	Grant Date	Fair value per instrument \$	Value \$
Unlisted options issued to directors exercisable at \$0.20 on or before 30 June 2021 <sup>(i)</sup>	3,750,000	26/04/2018	0.05042	189,093
Unlisted options issued to promoters of the IPO exercisable at \$0.20 on or before 30 June 2021 <sup>(ii)</sup>	12,000,000	26/04/2018	0.05042	605,097
<b>TOTAL</b>				<b>794,190</b>

- (i) Share based payment recognised in the statement of profit or loss and other comprehensive income.
- (ii) Costs incurred in relation to the IPO offset against share proceeds received from the IPO in equity upon ASX listing.

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

	Options Granted
Expected volatility (%)	100
Risk free interest rate (%)	1.9
Weighted average expected life of options (years)	3.2
Expected dividends	Nil
Option exercise price (\$)	0.20
Share price at grant date (\$)	0.10
Fair value of option (\$)	0.05042
Number of options	15,750,000
Expiry date	30 June 2021

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

## Kingwest Resources Limited

ABN 58 624 972 185

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 17: CONTINGENT ASSETS AND LIABILITIES

In accordance with a binding term sheet entered into between Roman Kings Pty Ltd and Messina Resources Limited (Messina) on 17 November 2016, the Group must pay Messina \$5 per contained ounce of gold in an acceptable Mineral Resource greater than 1g/t (Royalty) on the tenements acquired from Messina Resources Limited being M37/1202 and E37/893. The Group paid the Royalty owing to Messina on the existing mineral resource as part of the acquisition of the tenements during the year.

In the opinion of the directors there were no other contingent assets or liabilities as at 30 June 2019.

#### NOTE 18: CAPITAL AND OTHER COMMITMENTS

In order to maintain the current rights to Western Australian exploration tenements, the Group is required to perform minimum exploration requirements specified by the Department of Mines and Petroleum:

	30 June 2019	30 June 2018
Less than 12 months	689,004	228,091
Between 12 months and 5 years	1,189,820	-
5 years or more	533,110	-
<b>Total</b>	<b>2,411,934</b>	<b>228,091</b>

The Group has no other capital or expenditure commitments as at reporting date.

#### NOTE 19: OPERATING SEGMENTS

The Group has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. The Group operates in one business segment being exploration for mineral resources. The Group operates in Australia. All segment assets, segment liabilities and segment results relate to one business segment and therefore no segment analysis has been prepared.

#### NOTE 20: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and accounts payable.

The Board of Directors has overall responsibility for the oversight and management of the Group's exposure to a variety of financial risks (including market risk, credit risk and liquidity risk).

##### **Credit risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is spread amongst approved counterparties.

The Group does not have any collateral. Credit risk related to balances with banks and other financial institutions is managed by the board. The board's policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-. All of the Group's surplus funds are invested with AA Rated financial institutions.



# Kingwest Resources Limited

ABN 58 624 972 185

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 20: FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group does not have any material credit risk exposure to any single receivable or receivables under financial instruments entered into by the Group.

#### **Liquidity risk**

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

The responsibility with liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained. The Group's policy is to ensure that it has sufficient cash reserves to carry out its planned exploration activities over the next 12 months.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities and receivables.

#### **Financial liability and financial asset maturity analysis**

2019	Weighted Average Interest Rate	1 year or less \$	Between 1 & 2 years \$	Between 2 & 5 years \$	Total \$
<b>Non-Derivatives</b>					
<i>Financial Assets</i>					
Cash and Cash Equivalents	1%	1,859,163	-	-	1,859,163
Trade and Other Receivables <sup>1</sup>	-	58,852	-	-	58,852
<i>Financial Liabilities</i>					
Trade Payables	-	(354,193)	-	-	(354,193)
Borrowings					
Net Financial Assets		<b>1,563,822</b>	-	-	<b>1,563,822</b>
<hr/>					
2018	Weighted Average Interest Rate	1 year or less \$	Between 1 & 2 years \$	Between 2 & 5 years \$	Total \$
<b>Non-Derivatives</b>					
<i>Financial Assets</i>					
Cash and Cash Equivalents	-	865,683	-	-	865,683
Trade and Other Receivables <sup>1</sup>	-	44,214	-	-	44,214
<i>Financial Liabilities</i>					
Trade Payables	-	(933,698)	-	-	(933,698)
Borrowings	8%	(100,000)			(100,000)
Net Financial Liabilities		<b>(123,801)</b>	-	-	<b>(123,801)</b>

<sup>1</sup> Excludes share issue costs incurred, share based payment related to IPO and prepayments.

#### **Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

#### **Interest rate risk**

The Group manages interest rate risk by monitoring immediate and forecast cash requirements and ensuring adequate cash reserves are maintained.

**Kingwest Resources Limited****ABN 58 624 972 185****NOTES TO THE FINANCIAL STATEMENTS****NOTE 20: FINANCIAL RISK MANAGEMENT (CONTINUED)****Fair value of financial instruments**

Unless otherwise stated, the carrying amount of financial instruments reflects their fair value.

**NOTE 21: INTEREST IN CONTROLLED ENTITIES**

The consolidated financial statements incorporate the assets, liabilities and the results of the following subsidiaries in accordance with the accounting policy described in note 1:

Controlled entities	Country of incorporation	Percentage owned	Percentage owned
		30 June 2019	30 June 2018
Roman Kings Pty Ltd	Australia	100%	-
Pax Romana Resources Pty Ltd	Australia	100%	-
Golden Gladiator Pty Ltd	Australia	100%	-

**NOTE 22: PARENT ENTITY DISCLOSURES**

Financial position	2019	2018
	\$	\$
Assets		
Current assets	2,001,873	1,738,947
Non-current assets	5,043,183	-
Total assets	7,045,056	1,738,947
Liabilities		
Current liabilities	360,957	1,033,968
Total liabilities	360,957	1,033,968
Equity		
Issued capital	7,433,798	501,500
Accumulated losses	(1,543,889)	(590,441)
Reserves	794,190	794,190
Total equity	6,684,099	705,249
Financial performance		
(Loss) for the year	(953,448)	(590,441)
Total comprehensive (loss) for the year	(953,448)	(590,441)

**Guarantees:**

Kingwest Resources Limited has not entered into any guarantees in the current or previous financial year, in relation to the debts of its subsidiaries.

# Kingwest Resources Limited

ABN 58 624 972 185

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 22: PARENT ENTITY DISCLOSURES (CONTINUED)

#### Contingent Liabilities:

Kingwest Resources Limited had no contingent liabilities as at 30 June 2019 and 30 June 2018.

#### Other Commitments and Contingencies:

The company has entered into various corporate and administrative agreements including commitments to perform minimum exploration requirements specified by the Department of Mines and Petroleum.

	30 June 2019	30 June 2018
Less than 12 months	689,004	228,091
Between 12 months and 5 years	1,189,820	-
5 years or more	533,110	-
<b>Total</b>	<b>2,411,934</b>	<b>228,091</b>

### NOTE 23: EVENTS AFTER REPORTING PERIOD

On 9 July 2019 the Group announced that it had entered into an Agreement to acquire the Menzies Gold Project with Horizon Minerals Limited (formerly Intermin Resources Limited) for consideration of \$8,000,000 in cash and shares over 18 months ("Menzies Acquisition"). The Menzies Gold Project is located in Menzies, Western Australia and is one of Australia's highest grade, large scale gold regions. The Menzies Acquisition is subject to several conditions precedent including shareholder approval, satisfaction of due diligence and raising a minimum of \$4,000,000 through an equity placement.

On 5 August 2019 the Group completed a placement of 10,000,000 shares at \$0.15 per share to professional and sophisticated investors to raise \$1,500,000 (before costs). The placement forms part of the conditions precedent to the Menzies Acquisition with firm commitments also being received for the balance of \$2,500,000.

On 6 August 2019 the Company lodged a Notice of Meeting for shareholders to approve various resolutions related to the Menzies Acquisition and on 10 September 2019 the resolutions were approved by shareholders. The Group is now working towards progressing settlement of the transaction.

No other matter or circumstance has arisen since the end of audited period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

**Kingwest Resources Limited**

**ABN 58 624 972 185**

**DIRECTORS' DECLARATION**

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In accordance with a resolution of the directors of Kingwest Resources Limited, the directors of the Company declare that:

1. the financial statements, notes and the remuneration report in the Directors' Report are in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the financial position of the Group as at 30 June 2019 and of its performance, for the year ended 30 June 2019; and
- (ii) complying with Australian Accounting Standards (including International Financial Reporting Standards) and the Corporations Regulations 2001;

2. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

This declaration has been made after receiving the declarations required to be made by the directors in accordance with sections of 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.



Stephen Brockhurst  
Director

Perth, 11 September 2019

**RSM Australia Partners**

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

**Opinion**

We have audited the financial report of Kingwest Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the 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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

**THE POWER OF BEING UNDERSTOOD**  
**AUDIT | TAX | CONSULTING**

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## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
<b><i>Exploration, evaluation and development expenditure – refer to Note 6</i></b>	
<p>As at the reporting date, the Group has capitalised exploration, evaluation and development expenditure of \$4,991,506. This is considered a key audit matter as this balance requires significant management judgement including:</p> <ul style="list-style-type: none"> <li>• Determination of whether the expenditure can be associated with finding specific mineral resources, and the basis on which that expenditure is allocated to an area of interest;</li> <li>• Assessing whether any indicators of impairment are present and if so, judgement applied to determine and quantify any impairment loss; and</li> <li>• Determination of whether exploration activities have reached a stage at which the existence of an economically recoverable reserves may be determined.</li> </ul>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• Ensuring that the right to tenure of each area of interest is current;</li> <li>• Assessing and evaluating management's assessment of impairment indicators;</li> <li>• Agreeing a sample of additions to supporting documentation and ensuring the amounts are capital in nature and relate to the area of interest; and</li> <li>• Through discussions with the management and review of the Board Minutes, ASX announcements and other relevant documentation, assessing management's determination that exploration and evaluation activities have not yet reached a stage where the existence or otherwise of economically recoverable reserves may be reasonably determined and that active and significant operations in, or relation to, the area of interest are continuing.</li> </ul>

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019 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.

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.



## **Responsibilities of the Directors 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 ability of the Group 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 to 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf). This description forms part of our auditor's report.

## **Report on the Remuneration Report**

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019.

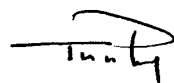
In our opinion, the Remuneration Report of Kingwest Resources Limited, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

### *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.

A stylized, handwritten signature of the firm RSM.

RSM AUSTRALIA PARTNERS

A handwritten signature, likely belonging to Tutu Phong.

TUTU PHONG  
Partner

Perth, WA  
Dated: 11 September 2019

**Kingwest Resources Limited**

**ABN 58 624 972 185**

**SCHEDULE OF EXPLORATION TENEMENTS**

The information is current as at 31 August 2019:

PROJECT	TENEMENT	AREA (km <sup>2</sup> )	TENURE TYPE	STATUS	GRANT DATE	EXPIRY DATE	KWR INTEREST
CRAWFORD (Western Australia)	M37/1202	8.90	MINING	GRANTED	4/02/2008	3/02/2029	75%
	P37/8901	1.98	PROSPECTING	GRANTED	26/07/2017	25/07/2021	100%
GAMBIER LASS NORTH (Western Australia)	E37/0893	26.27	EXPLORATION	GRANTED	22/08/2008	21/08/2020	75%
KING OF THE WEST (Western Australia)	E37/1253	17.91	EXPLORATION	GRANTED	6/09/2016	5/09/2021	100%
EMPEROR (Western Australia)	E37/0882	67.68	EXPLORATION	GRANTED	26/03/2006	25/03/2020	100%
	E37/1054	21.19	EXPLORATION	GRANTED	1/04/2011	1/04/2021	100%
	E37/1086	3.03	EXPLORATION	GRANTED	12/08/2011	12/08/2021	100%
	E37/1319	25.84	EXPLORATION	GRANTED	18/04/2018	17/04/2023	100%
	E37/1321	36.33	EXPLORATION	GRANTED	2/08/2018	1/08/2023	100%
	E37/1322	42.39	EXPLORATION	GRANTED	2/08/2018	1/08/2023	100%
ROMAN WELL (Western Australia)	E37/1252	21.17	EXPLORATION	GRANTED	6/09/2016	5/09/2021	100%
GREYMARE WELL (Western Australia)	E37/1284	187.70	EXPLORATION	GRANTED	6/04/2017	5/04/2022	100%
BIG WELL (Western Australia)	E37/1285	208.57	EXPLORATION	GRANTED	26/04/2017	25/04/2022	100%
	E37/1314	87.66	EXPLORATION	GRANTED	2/08/2018	1/08/2023	100%

**Kingwest Resources Limited****ABN 58 624 972 185****SHAREHOLDER INFORMATION**

The following additional information is required by the Australian Securities Exchange Ltd in respect of listed public companies only. The information is current as at 31 August 2019.

**1. Shareholding****a. Distribution of Shareholders****(i) Ordinary share capital**

- 61,416,060 fully paid shares held by 450 shareholders. All issued ordinary share carry one vote per share and carry the rights to dividends.

<b>Category (size of holding)</b>	<b>Class of Equity Security</b>	
	<b>Number of Holders</b>	<b>Fully Paid Ordinary Shares</b>
1 - 1,000	5	844
1,001 – 5,000	34	119,320
5,001 – 10,000	73	674,080
10,001 – 100,000	219	9,057,117
100,001 – and over	119	51,564,699
	450	61,416,060

b. The number of shareholdings held in less than marketable parcels is 9.

c. The Company had the following substantial shareholders listed in the holding company's register at the date of this report.

**Fully Paid Ordinary Shares**

<b>Holder</b>	<b>Number</b>	<b>%</b>
HSBC Custody Nom Aust Ltd	4,846,948	7.95
Auralia Holding Pty Ltd	3,136,800	5.14

**Unlisted Options exercisable at \$0.20 on 30 June 2021**

<b>Holder</b>	<b>Number</b>	<b>%</b>
Judge Thatcher Pty Ltd	4,000,000	25.4
Peloton Capital	3,700,000	23.5
Peter Bennetto	1,500,000	9.5
Valesco Holding Pty Ltd	1,000,000	6.3
Billandbry Consulting Pty Ltd	1,000,000	6.3
Tuffaco Pty Ltd	1,000,000	6.3
Stephen Woodham	1,000,000	6.3

**d. Voting Rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

# Kingwest Resources Limited

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## SHAREHOLDER INFORMATION

### e. 20 Largest holders of quoted equity securities (fully paid ordinary shares)

	Name	Number Held	Percentage %
1.	HSBC CUSTODY NOM AUST LTD	4,846,948	7.95%
2.	AURALIA HLDGS PL	3,136,800	5.14%
3.	CENTRAL IRON ORE LTD	2,700,000	4.43%
4.	OLIVER W A + B N N BANDN S/F A/C	1,228,500	2.01%
5.	TUFFAGOLD PL	1,197,000	1.96%
6.	JEFF TOWLER BUILDING PL	1,150,000	1.89%
7.	CS THIRD NOM PL HSBC CUST NOM AU L	1,143,229	1.87%
8.	MESSINA RES LTD	1,000,000	1.64%
9.	BERNE NO 132 NOM PL 152417 A/C	1,000,000	1.64%
10.	BJS ROBB PL	905,000	1.48%
11.	VALESCO HLDGS PL VALESCO HLDGS A/C	850,000	1.39%
12.	DELBRIS PL SAXON S/F A/C	847,500	1.39%
13.	NATIONAL NOM LTD DB A/C	812,565	1.33%
14.	SIMON & BROOKE PL SIMON PIZZINATO FA	795,000	1.30%
15.	KOCH71 PL NK PROP A/C	763,332	1.25%
16.	TUFFACO PL	752,000	1.23%
17.	ZIMBALI NOM PL ZIMBALI FAM A/C	740,000	1.21%
18.	PYLARA PL	737,500	1.21%
19.	MORRISON DENNIS	686,100	1.13%
20.	CENTRAL ADVISORY CAP PL CAG CAP EQUITY INV	650,000	1.07%
		25,941,474	42.52%

2. The Name of the Company Secretary is Mr David McEntaggart.
3. The address of the registered office and principal place of business in Australia is Level 11, 216 St Georges Terrace, Perth WA 6000. Telephone (08) 9481 0389.
4. Registers of securities are held at the following address:  
Security Transfer Australia Pty Ltd  
770 Canning Highway  
Applecross WA 6153
5. **Stock Exchange Listing**  
Quotation has been granted for all the ordinary shares of the company on the Australian Securities Exchange Limited.

## Kingwest Resources Limited

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### SHAREHOLDER INFORMATION

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6. **Restricted Securities**

The Company has the following restricted securities on issue as at the date of this report

- 606,060 fully paid ordinary shares – escrowed to 9 October 2019
- 11,769,800 fully paid ordinary shares – escrowed to 24 August 2020
- 15,750,000 options exercisable at \$0.20 expiring 30 June 2021 – escrowed to 24 August 2020

7. **Unquoted Securities**

The Company has the following unquoted securities on issue as at the date of this report:

- 15,750,000 options exercisable at \$0.20 on or before 30 June 2021

### Use of Funds

Between the date of listing on ASX and the date of this report the Company has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives and as set out in the Prospectus dated 24 May 2018 and its supplementary prospectus dated 27 July 2018.