



ABN 58 624 972 185

Interim Financial Report

For the half-year ended 31 December 2021

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DIRECTORS' REPORT

The Directors present their report together with the financial report of Kingwest Resources Limited ("the Company") and its wholly owned subsidiaries (together referred hereafter as "the Group" or "the Consolidated Entity") for the half-year ended 31 December 2021 and the independent auditors' review report thereon.

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

Gregory Bittar	- Non-executive Chairman (appointed 1 July 2021)
Adrian Byass	- Non-executive Director
Jonathan Price	- Non-executive Director
Jonathan Downes	- Non-executive Director
Stephen Brockhurst	- Non-executive Director (resigned 1 July 2021)

REVIEW OF OPERATIONS

During the second half of 2021 Kingwest Resources Limited ("Kingwest") completed an underground Mineral Resource Estimates (MRE's) for the Yunndaga Deposit at Menzies and completed two aircore drilling programmes at Lake Goongarrie following the discovery of gold at the Sir Laurence Prospect in the inaugural drilling programme in September 2021.

Kingwest also came to terms with FMR Investments Pty Ltd (FMR) to form a mining and processing joint venture (JV) in order to recommence underground mining at the Yunndaga Deposit within the Menzies Gold Project.

HIGHLIGHTS:

Significant Kanowna Belle style gold mineralisation intersected under Lake Goongarrie (the Sir Laurence Discovery). Other significant mineralisation was intersected on regional lines within the Lake Goongarrie Project.

- Aircore drilling has delivered significant gold on every line over 2km strike length and up to 500m across strike to date at Sir Laurence highlighting high grade source potential
- 372 holes for 14,819m completed at Sir Laurence and regional targets
- Mineralisation remains open in all directions at Sir Laurence
- Best intersections included 3m @ 6.5 g/t Au, and 3m @ 4.1 g/t Au

New Yunndaga underground JORC Mineral Resource Estimate (MRE)

- 57,000 oz @ 4.6 g/t Au (3.0 g/t Au cut off, fresh rock only) or 79,200 oz @ 3.7g/t Au (2.0 g/t Au cut off, fresh rock only)
- Total MRE's at Menzies increased to 475,100 oz @ 1.4 g/t from 446,200 oz @ 1.3 g/t (0.5 g/t cut off)

DIRECTORS' REPORT

Kingwest and FMR Investments Pty Ltd (FMR) agree to form a mining and processing joint venture (JV) which will recommence underground mining at the Yunndaga Deposit within the Menzies Gold Project. This is the first commercial step in unlocking the commercial potential of the Menzies Gold Project. The parties were not able to enter into a formal JV Agreement by the agreed date.

DISCUSSION OF RESULTS

Two aircore programs were completed comprising 372 holes for 14,819m (KGA0382 – O753) at Lake Goongarrie (Figure 1). The first programme resulted in the Sir Laurence Gold Discovery (Figure 2) which now extends over at least 2km strike length and up to 500m across strike.

Significant mineralisation was intersected on all 14 lines of drilling and it remains open in all directions. The mineralisation is within transported (paleochannel) sands and gravels as well as within the underlying bedrock. Significant intersections are included in Table 1 (Programme 1) and Table 2 (Programme 2).

The aircore drilling is not designed to penetrate hard bedrock and therefore deeper diamond core and/or RC drilling is now required to follow up the aircore drilling to better test the primary mineralisation. Additional extensional drilling is also planned to test for further mineralisation to the north, south, east and west.

Outside of Sir Laurence drillholes on regional lines returned numerous significant intersections were returned from multiple drill traverses (Figure 1).

The Goongarrie Gold Project has exceptional potential for multiple discoveries including a major discovery and the results to date support and enhance this potential.

DIRECTORS' REPORT

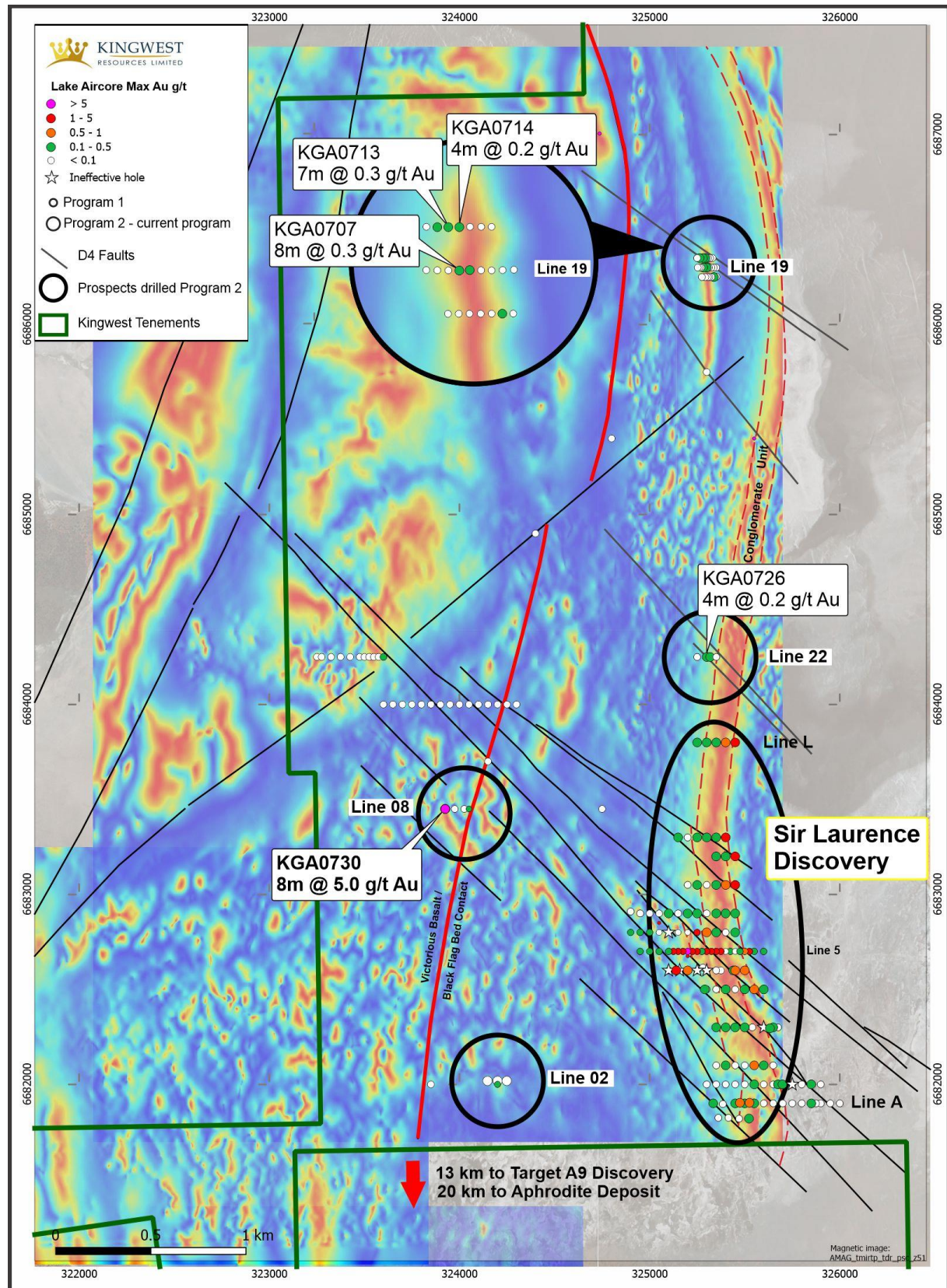


Figure 1: Location of all aircore drill collars for the first and second aircore programmes completed. Regional holes completed in this second programme are within the black circles

DIRECTORS' REPORT

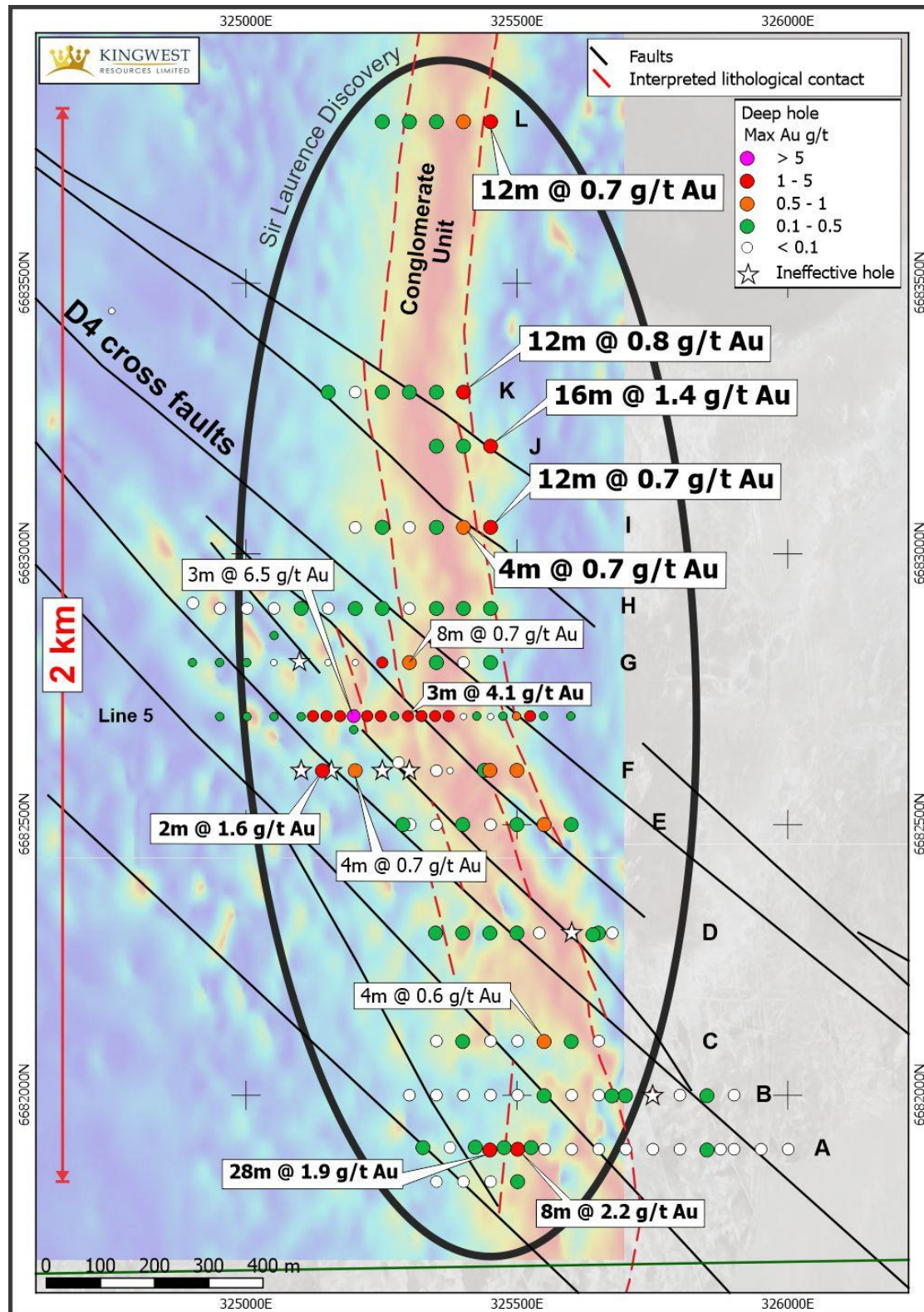


Figure 2: Significant aircore drill results within the Sir Laurence Discovery on magnetics background

DIRECTORS' REPORT

Table 1: Significant aircore intersections (>0.2 g/t Au) in Programme 1

Hole ID	Depth (m)	Interval (m)	g/t Au	Comment
395	66-70	4	0.24	Alluvial
395	77-82	4	0.37	Alluvial
395	82-84	2	0.25	Alluvial
396	92-93	1	0.93	Alluvial
396	93-94	1	0.55	Alluvial
396	94-95	1	2.29	Alluvial
396	95-96	1	0.27	Alluvial
396	96-97	1	0.30	Alluvial
397	82-83	1	0.32	Alluvial
397	83-84	1	0.71	Alluvial
398	81-82	1	0.20	Alluvial
398	82-83	1	0.77	Alluvial
398	83-84	1	0.21	Alluvial
402	79-80	1	1.03	Alluvial
402	80-81	1	1.30	Alluvial
403	79-80	1	1.37	Alluvial
403	80-81	1	0.53	Alluvial
403	81-82	1	0.31	Alluvial
404	78-79	1	2.15	Alluvial
404	79-80	1	0.39	Alluvial
404	81-82	1	0.23	Alluvial
404	83-84	1	0.20	Bedrock
405	82-85	3	4.12	Bedrock
405	85-89	4	0.27	Bedrock
405	89-93	4	0.75	Bedrock
407	83-87	4	2.33	Alluvial
407	87-90	3	0.21	Bedrock
408	51-55	4	0.40	Alluvial
408	86-89	3	0.89	Alluvial
408	89-90	1	0.49	Bedrock

DIRECTORS' REPORT

Hole ID	Depth (m)	Interval (m)	g/t Au	Comment
408	90-91	1	0.62	Bedrock
409	86-89	3	6.47	Alluvial
410	83-87	4	2.27	Alluvial
410	87-91	4	1.02	Bedrock
411	85-86	1	1.42	Alluvial/bedrock
412	82-83	1	1.46	Alluvial/bedrock
413	79-83	4	0.46	Alluvial
414	78-81	3	0.41	Alluvial/bedrock
415	78-82	4	0.23	Alluvial
416	75-79	4	0.20	Alluvial
605	89-93	4	0.23	Bedrock
606	81-85	4	0.37	Alluvial
606	85-89	4	1.67	Bedrock
612	76-80	4	0.26	Bedrock

Table 2: Significant aircore intersections (>0.1 g/t Au) in Programme 2

Line	Hole ID	Depth From (m)	Depth To (m)	Interval (m)	Au (g/t)	Comment
A	KGA0619	28	32	4	0.31	Bedrock
A	KGA0626	12	20	8	2.20	Alluvial
A	KGA0627	20	32	12	2.10	Alluvial
A	KGA0627	32	48	16	1.60	Bedrock
C	KGA0639	80	84	4	0.60	Bedrock
C	KGA0642	64	68	4	0.19	Alluvial
D	KGA0644	72	76	4	0.36	Alluvial
D	KGA0650	68	72	4	0.35	Alluvial
D	KGA0651	56	60	4	0.22	Alluvial
E	KGA0654	72	84	12	0.41	Alluvial
E	KGA0654	80	84	4	0.20	Bedrock
E	KGA0655	80	84	4	0.33	Alluvial
E	KGA0657A	72	76	4	0.37	Alluvial

DIRECTORS' REPORT

E	KGA0660	60	68	8	0.24	Alluvial
F	KGA0661	76	84	8	0.37	Alluvial
F	KGA0667	84	88	4	0.70	Alluvial
F	KGA0670	76	78	2	1.61	Bedrock
G	KGA0672	68	72	4	0.33	Alluvial
G	KGA0674	76	84	8	0.20	Alluvial
G	KGA0675	72	80	8	0.69	Alluvial
G	KGA0675	80	86	6	0.33	Bedrock
H	KGA0677	68	72	4	0.35	Alluvial
H	KGA0678	72	76	4	0.34	Alluvial
H	KGA0681	44	48	4	0.34	Alluvial
I	KGA0692	68	72	4	0.65	Alluvial
I	KGA0693	64	76	12	0.66	Alluvial
J	KGA0694	64	80	16	1.45	Alluvial
J	KGA0695	72	76	4	0.27	Alluvial
J	KGA0696	36	40	4	0.44	Alluvial
L	KGA0700	32	40	8	0.20	Alluvial
L	KGA0700	60	64	4	0.51	Alluvial
L	KGA0701	60	72	12	0.72	Alluvial
19	KGA0707	16	24	8	0.28	Bedrock
19	KGA0713	20	27	7	0.26	Bedrock
19	KGA0714	20	24	4	0.21	Bedrock
22	KGA0726	68	72	4	0.22	Alluvial
8	KGA0730	12	20	8	4.96	Alluvial
K	KGA0733	64	72	8	0.22	Bedrock
K	KGA0734	8	12	4	0.40	Alluvial
K	KGA0736	64	76	12	0.79	Alluvial
A	KGA0744	64	68	4	0.35	Bedrock

Yunndaga underground JORC Mineral Resource Estimate (MRE)**Introduction and Background**

Cube Consulting (Cube) was engaged by Kingwest Resources Limited (KWR) to update the Mineral Resource Estimate (MRE) for the Yunndaga deposit. This was based on additional drilling completed at the project by KWR since the previous MRE in March 2021. The updated MRE was also aimed at producing a MRE suitable for underground mining studies given the earlier March 2021 was estimated by Localised Uniform Conditioning and more applicable to open pit mining.

Data

For the Aug2021 MRE, Cube was provided with an updated database which included recent drilling completed at Yunndaga. The database included 13 additional RC drillholes: KWR223 to KWR231 and KWR294 to KWR297.

The final grade estimate was based on:

- 317 RC holes
- 12 RC pre-collar holes with diamond tail
- 26 diamond holes
- 10 RC grade control holes within the pit area

No other new additional data was included and all information relating to the March 2021 MRE was included in the August 2021 update.

Yunndaga Geology and Interpretation

Mineralisation at Yunndaga has a different setting to Kingwest's other main Menzies prospects as the deposit lies towards the western part of the Menzies Shear Zone. The western area of the shear zone is a sequence of metamorphosed sediments which lie above the mafic and ultramafic volcanic sequence. The gold mineralisation is within large quartz veins close to the metasediment/volcanic contact. The sulphide content is minimal within the high-grade zone, although arsenopyrite can be visible.

Compared with the March 2021 MRE, the mineralisation interpretation used for the August 2021 MRE was updated to:

- Include recent drilling, mostly at the northern area of the deposit
- Include a higher-grade sub-domain identified in drilling and with a focus to potential underground mining studies

The final domain interpretation included two lower grade halo domains (701 and 702) based on a lower cut-off grade of approximately 0.3 g/t Au, plus two higher grade sub-domains (1000 and 2000) based on a lower cut-off grade of approximately 1.5 to 2 g/t Au (Figure 3).

DIRECTORS' REPORT

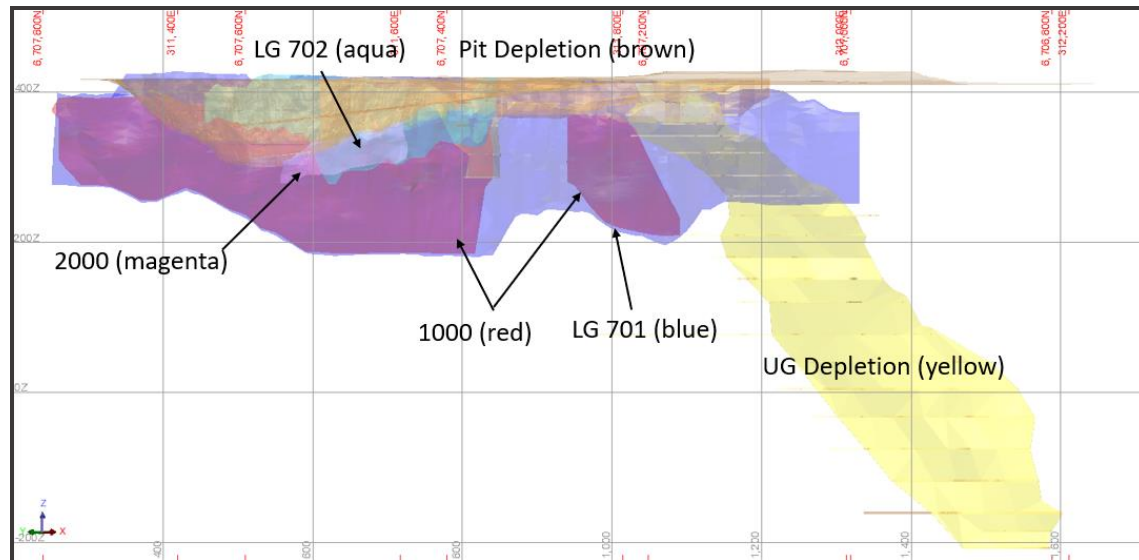


Figure 3: Yunnadga Mineralisation Domains and Historic Depletion – Long Section Looking NE

Yunnadga Estimation Methodology

Ordinary Kriging (OK) estimation methodology was used to estimate gold into a rotated 3D block model.

For each estimation domain, samples were composited to 1 m with a threshold inclusion of samples at a sample length of 50% of the targeted composite length.

The influence of extreme grade values was reduced by top-cutting where required. The top cut levels were determined using a combination of methods including spatial location, histograms, log probability plots and CVs. Top cuts were reviewed and applied on an individual domain basis. The final top cuts applied to the 1 m composites for each domain include:

- 701 – 20 g/t top cut (31 from a total of 6,948 composites cut)
- 702 – 7 g/t top cut (4 from a total of 486 composites cut)
- 1000 – 45 g/t top cut (6 from a total of 744 composites cut)
- 2000 – no top cut required

Variogram modelling was undertaken for the 1 m composited data for the largest low and high grade domains, 701 and 1000 respectively. The variogram models were undertaken by transforming the composite data to Gaussian space, modelling a Gaussian variogram, and then back-transforming the Gaussian models to real space for use in interpolation. For the smaller and poorly informed domains (702 and 2000), variogram models were adopted from the modelled variograms and the orientation modified accordingly.

Kriging Neighbourhood Analysis (KNA) was used to assist in determining the most appropriate block size and other estimation parameters such as minimum and maximum samples, discretisation, and search distance to be used for the estimation. Grade estimation was completed within a 3D block model rotated toward 322.5° (-37.5) to honour the strike direction of mineralisation. An estimation block size of 10(Y)m x 2.5(X)m x 5(Z)m was used based on data spacing and this was sub-blocked to 2.5(Y)m x 1.25(X)m x 1.25(Z)m for volume resolution.

DIRECTORS' REPORT

Gold was estimated with hard domain boundaries using a two-pass search strategy, with the first pass search distances ranging from 40 m to 100 m and the second pass using a factor of 2 to 3 of the first pass distance. The minimum and maximum number of samples was set to 6 and 18 or 4 and 12 for the low- and high-grade domains respectively. Dynamic anisotropy based on the domain orientation was used to define the local neighbourhood.

A total of 600 bulk density measurements were measured from drill core at the Menzies project area in 2019 and 2020. These measurements were completed using the immersion method on individual core samples. Bulk density was assigned to the block models for tonnage reporting based on regolith type which included 2.7 t/m for fresh rock, 2.3 t/m³ for transitional material and 1.5 t/m for oxide material.

Final grade estimates for the larger high (1000) and low (701) grade domains are displayed below in Figure 4 and Figure 5.

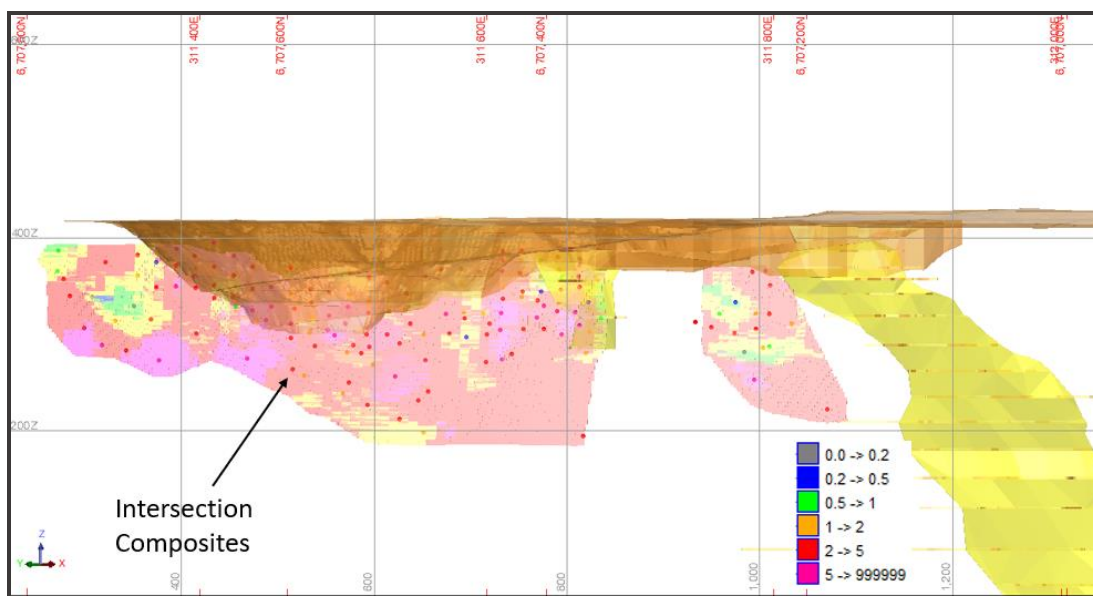


Figure 4: Yunnadaga High Grade Domain 1000 Grade Estimate – Long Section Looking NE

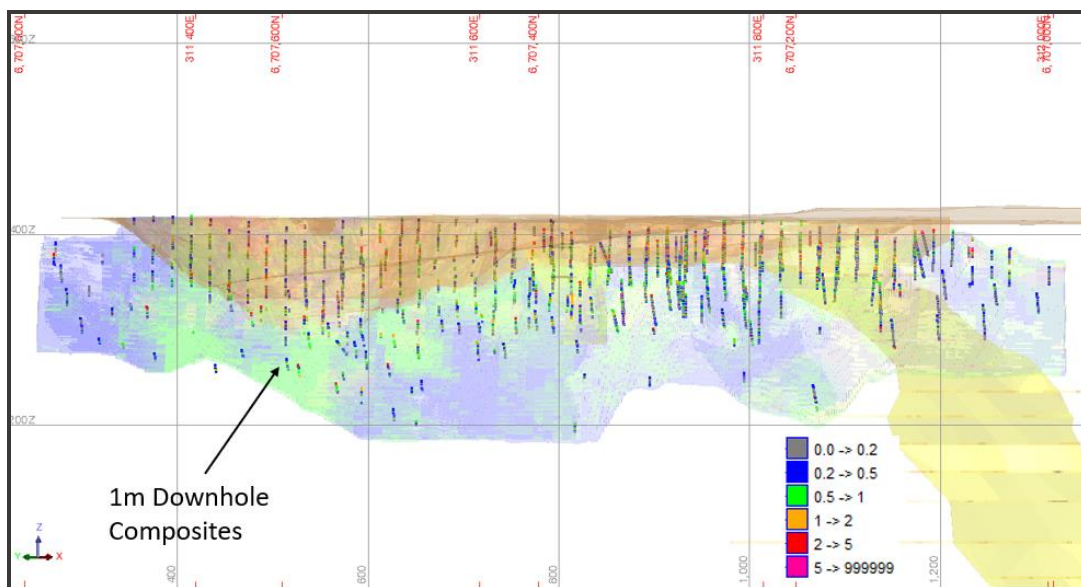


Figure 5: Low Grade Domain 701 Grade Estimate – Long Section Looking NE

Yunndaga Classification

The Mineral Resource has been classified as Indicated and Inferred Mineral Resources based on a number of factors including data quality, sample spacing, geological understanding of mineralisation controls and geological/mineralisation continuity and quality of the final grade estimate.

Indicated Mineral Resources are typically defined by 25 m spaced drilling or less and include drilling completed by KWR. Inferred Mineral Resources are defined by wider drilling intersections generally approaching 50 m x 50 m where there is confidence that the continuity of mineralisation can be extended along strike and at depth.

Classification for the larger high (1000) and low (701) grade domains are displayed below in Figure 6 and Figure 7.

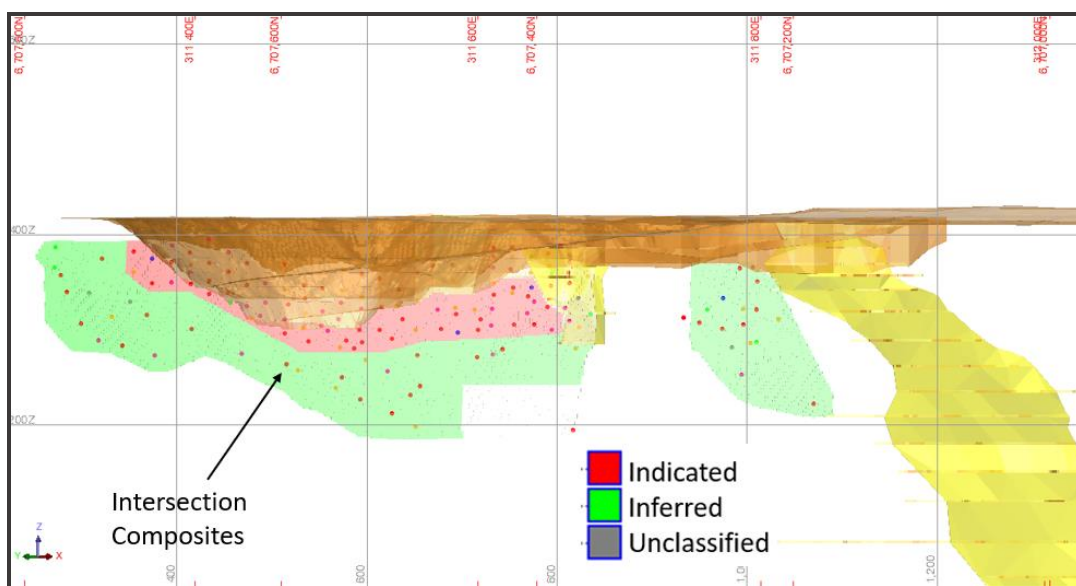


Figure 6: Yunndaga High Grade Domain 1000 Classification – Long Section Looking NE

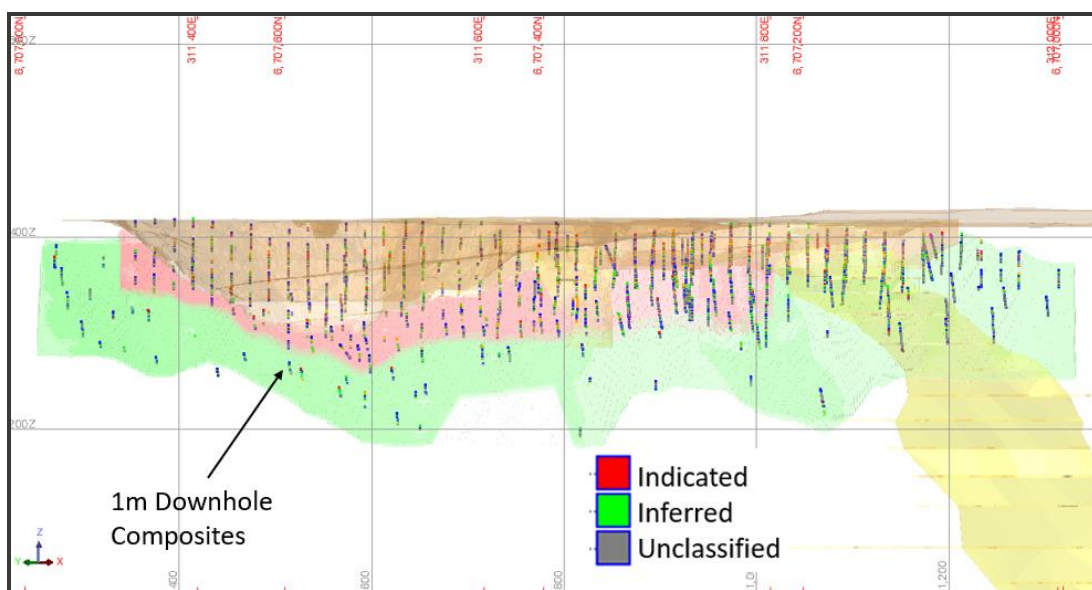


Figure 7: Low Grade Domain 701 Classification – Long Section Looking NE

DIRECTORS' REPORT

Yunndaga Reporting

The March 2021 MRE was reported above 0.5 and 1.0 g/t Au cut-offs. These reports were also constrained above the 250mRL which represents approximately 175m below surface to satisfy “reasonable prospects of eventual economic extraction” by open pit mining. Table 3 below compares the March 2021 and August 2021 MRE’s reported above the 250 mRL. The differences are the result of a number of factors including:

- Additional drilling with often higher-grade intersections that expected from the March 2021 MRE
- Updated interpretation with the inclusion of high-grade sub-domains
- Estimation by Ordinary Kriging only rather than a non-linear estimate (LUC).

Table 3: Yunndaga March 2021 and August 2021 MRE Reported Above 250mRL

Abv 0.5g/t	Mar-21			Aug-21			Actual Diff Aug vs Mar			Relative Diff Aug vs Mar		
Rescat	Tonnes	Au Ok	Oz	Tonnes	Au Ok	Oz	Tonnes	Au Ok	Oz	Tonnes	Au Ok	Oz
Ind	1,437,837	1.32	60,790	1,268,768	1.31	53,437	- 169,069	- 0.01	- 7,353	-12%	0%	-12%
Inf	2,449,122	0.96	75,615	2,046,050	1.37	90,121	- 403,072	0.41	14,506	-16%	43%	19%
Total	3,886,959	1.09	136,405	3,314,818	1.35	143,559	- 572,141	0.26	7,153	-15%	24%	5%

Abv 1g/t	Mar-21			Aug-21			Actual Diff Aug vs Mar			Relative Diff Aug vs Mar		
Rescat	Tonnes	Au Ok	Oz	Tonnes	Au Ok	Oz	Tonnes	Au Ok	Oz	Tonnes	Au Ok	Oz
Ind	757,118	1.85	45,033	438,642	2.51	35,398	- 318,476	0.66	- 9,635	-42%	36%	-21%
Inf	797,590	1.52	38,978	761,479	2.55	62,429	- 36,111	1.03	23,452	-5%	68%	60%
Total	1,554,708	1.68	83,975	1,200,121	2.54	97,827	- 354,587	0.86	13,852	-23%	51%	16%

Table 4 below shows the August 2021 Yunndaga MRE reported without any depth constraint and at cut-off grades including 2.0, 2.5 and 3.0 g/t Au. These grades are considered appropriate for reporting of MRE likely to be mined underground. Note the material described as oxide and transitional is unlikely to be mined from underground.

Table 4: Yunndaga March 2021 Reported Unconstrained

Rescat	Weath	Above 2g/t Au			Above 2.5g/t Au			Above 3g/t Au		
		Tonnes	Au Ok	Oz	Tonnes	Au Ok	Oz	Tonnes	Au Ok	Oz
Ind	OXIDE	1,764	2.31	131	404	2.84	37	53	3.59	6
	TRANS	19,361	2.79	1,737	9,955	3.33	1,066	4,896	3.89	612
	FRESH	207,868	3.68	24,594	158,488	4.13	21,044	116,996	4.62	17,378
Sub Total		228,993	3.59	26,462	168,847	4.08	22,147	121,946	4.59	17,997
Inf	OXIDE	8,637	2.54	705	3,984	2.88	369	891	3.34	96
	TRANS	29,244	2.99	2,811	16,055	3.61	1,863	9,002	4.32	1,250
	FRESH	459,380	3.7	54,647	354,502	4.13	47,072	270,559	4.56	39,666
Sub Total		497,261	3.64	58,163	374,541	4.09	49,304	280,452	4.55	41,012
Grand Total		726,254	3.62	84,625	543,388	4.09	71,451	402,398	4.56	59,009

DIRECTORS' REPORT**Yunndaga Mining Zone (YMZ) Profit Share Joint Venture**

Kingwest and FMR Investments Pty Ltd (FMR) entered into a term sheet to agree to form a mining and processing joint venture (JV) which will recommence underground mining at the Yunndaga Deposit within the Menzies Gold Project. This is the first commercial step in unlocking the commercial potential of the Menzies Gold Project.

Key Terms are as follows:

1. JV to cover 180,000 (mined contained) gold ounces produced from the YMZ (Figure 8) or 5 years from the commencement of mining at the YMZ, whichever occurs first. Upon termination of the JV, full control of the YMZ and its operations will revert 100% to KWR.
2. FMR completes drilling from surface at FMR's cost for due diligence purposes. FMR will commit to completing this within 6 months of a signed JV Agreement.
3. FMR will pay KWR a non-refundable payment of \$500,000 within 1 month of the signing of the JV Agreement and a further non-refundable payment of \$500,000, due within one month after first cut in the decline is fired.
4. The YMZ is to be mined and processed according to a Mining and Production Schedule to be agreed between FMR and KWR and included in the JV Agreement.
5. FMR will fund all exploration, development, mining, treatment and rehabilitation activities at the YMZ during the term of the JV.
6. FMR will be responsible for the Project Management Plan for the YMZ. KWR will be responsible for the Mining Proposal (including Mine Closure Plan) and other tenement items such as environmental, bonds, water licensing, waste dump approvals etc.
7. Milling of any ore extracted from the YMZ will occur at FMR's Greenfield's Mill and is to be charged to the JV at a fixed rate per dry metric tonne.
8. The terms sheet remains subject to completion of due diligence by both parties and KWR and FMR entering into a binding JV Agreement.

The term sheet was subject to a number of conditions including due diligence and Kingwest and FMR entering into a formal joint venture agreement ("JV Agreement") by 30 November 2021.

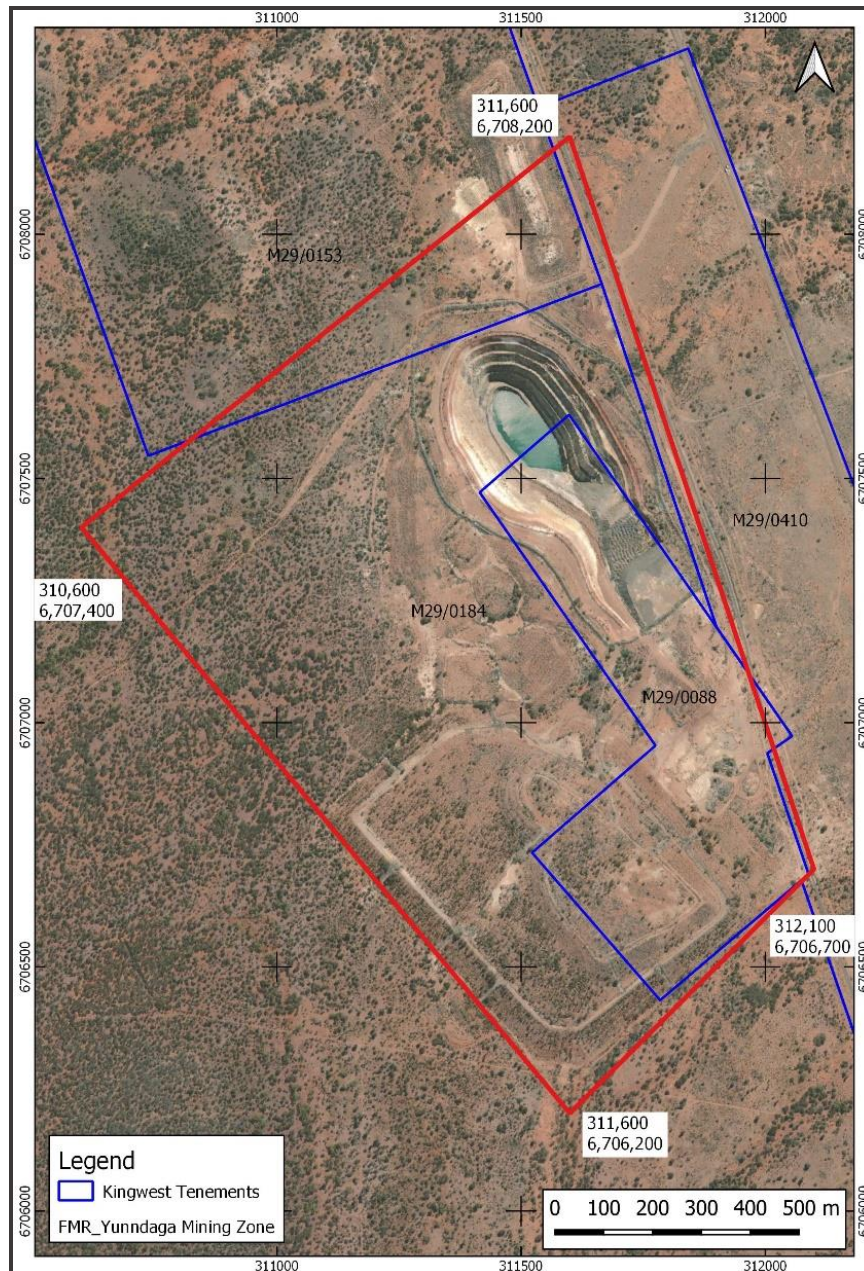


Figure 8: The YMZ

Forward-Looking Statements

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

DIRECTORS' REPORT

Competent Person Statement

The information in this report that relates to Exploration results is based on information compiled by Mr Ed Turner who is a Member of the Australasian Institute of Geoscientists. Mr Turner is a full-time employee of Kingwest Resources Limited. Mr Turner has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and consents to the inclusion in this report of the matters based on their information in the form and context in which they appear.

The information in this report that relates to Mineral Resource is based on information compiled by Mr Mark Zammit who is a Member of the Australian Institute of Geoscientists. Mr Zammit is a Principal Consultant Geologist at Cube Consulting. Mr Zammit has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and consents to the inclusion in this report of the matters based on their information in the form and context in which they appear.

RESULTS

The loss for the half-year ended 31 December 2021 attributable to the Group was \$760,666 (2020: loss of \$1,120,639).

CORPORATE

As at 31 December 2021 the Group had \$4,479,691 in cash and cash equivalents and the Company had the following securities on issue:

- 242,860,525 fully paid ordinary shares;
- 2,700,000 unlisted options exercisable at \$0.39 on or before 30 June 2022;
- 5,150,000 unlisted options exercisable at \$0.54 on or before 30 June 2022;
- 400,000 unlisted options exercisable at \$0.215 on or before 22 September 2022;
- 22,625,000 unlisted options exercisable at \$0.15 on or before 30 December 2023;
- 6,250,000 unlisted options exercisable at \$0.17 on or before 15 September 2024;
- 8,000,000 unlisted options exercisable at \$0.20 on or before 21 October 2024;
- 2,970,000 share appreciation rights with a strike price of \$0.28 expiring 7 October 2024; and
- 1,125,000 share appreciation rights with a strike price of \$0.18 expiring 15 September 2023.

EVENTS SUBSEQUENT TO REPORTING DATE

On 18 January 2022 the Group issued 112,500 ordinary shares on conversion of unquoted options exercisable at \$0.15 expiring 30 December 2023.

On 21 February 2022 the Group issued 1,700,000 unquoted options exercisable at \$0.285 expiring 15 February 2025 to employees and consultants pursuant to the Group's Incentive Option Plan.

Other than the above, there are no events subsequent to the end of the period that would have had a material effect on the Group's financial statements at 31 December 2021.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 forms part of the directors' report for the half-year ended 31 December 2021.

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

A handwritten signature in dark ink, appearing to read 'Greg Bittar', is positioned above the printed name.

Gregory Bittar

Chairman

28 February 2022

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Kingwest Resources Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



RSM AUSTRALIA PARTNERS



AIK KONG TING
Partner

Perth, WA
Dated: 28 February 2022

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Note	31 December 2021	31 December 2020
		\$	\$
Interest income		5,269	6,395
Gain on disposal of tenements		-	1,007,893
Other income		15,944	9,699
Compliance and regulatory expense		(137,844)	(136,026)
Corporate advisory and consulting fees		(77,882)	(46,758)
Depreciation expense		(25,928)	(25,642)
Employee benefits expense		(138,250)	(116,759)
Finance costs		(431)	(1,525)
Impairment of exploration expenditure		-	(1,511,824)
Pre-acquisition exploration & evaluation expenditure		(19,112)	-
Share based payment expense	5	(256,477)	(177,535)
Travel and accommodation		(738)	(8,031)
Other expenses		(125,217)	(120,526)
LOSS BEFORE INCOME TAX		(760,666)	(1,120,639)
Income tax expense		-	-
LOSS FOR THE PERIOD		(760,666)	(1,120,639)
Other Comprehensive Income / (Loss)		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(760,666)	(1,120,639)
Basic and diluted loss per share (cents)		(0.35)	(0.80)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	31 December 2021	30 June 2021
		\$	\$
Current Assets			
Cash and cash equivalents		4,479,691	3,012,020
Trade and other receivables		245,638	178,297
Total Current Assets		4,725,329	3,190,317
Non-Current Assets			
Exploration and evaluation expenditure	2	19,344,096	17,362,712
Plant & equipment		229,919	45,219
Right-of-use asset		3,089	21,621
Total Non-Current Assets		19,577,104	17,429,552
Total Assets		24,302,433	20,619,869
Current Liabilities			
Trade and other payables	3	517,574	739,436
Lease liabilities		3,314	19,549
Provisions		23,768	24,457
Total Current Liabilities		544,656	783,442
Non-Current Liabilities			
Lease liabilities		-	3,314
Total Non-Current Liabilities		-	3,314
Total Liabilities		544,656	786,756
Net Assets		23,757,777	19,833,113
Equity			
Issued capital	4	30,736,410	26,307,557
Reserves	4	2,529,786	2,273,309
Accumulated losses		(9,508,419)	(8,747,753)
Total Equity		23,757,777	19,833,113

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Issued Capital	Accumulated Losses	Share based payment Reserve	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2020	17,925,197	(6,819,580)	1,991,951	13,097,568
Comprehensive income				
Loss for the period	-	(1,120,639)	-	(1,120,639)
Total comprehensive income for the period	-	(1,120,639)	-	(1,120,639)
Transactions with owners, in their capacity as owners				
Shares issued	4,291,445	-	-	4,291,445
Share based payments	-	-	177,535	177,535
Share issue costs	(342,830)	-	-	(342,830)
Total transactions with owners, in their capacity as owners	3,948,615	-	177,535	4,126,150
Balance at 31 December 2020	21,873,812	(7,940,219)	2,169,486	16,103,079

	Issued Capital	Accumulated Losses	Share based payment Reserve	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2021	26,307,557	(8,747,753)	2,273,309	19,833,113
Comprehensive income				
Loss for the period	-	(760,666)	-	(760,666)
Total comprehensive income for the period	-	(760,666)	-	(760,666)
Transactions with owners, in their capacity as owners				
Shares issued	4,687,500	-	-	4,687,500
Share based payments	-	-	256,477	256,477
Share issue costs	(258,647)	-	-	(258,647)
Total transactions with owners, in their capacity as owners	4,428,853	-	256,477	4,685,330
Balance at 31 December 2021	30,736,410	(9,508,419)	2,529,786	23,757,777

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	31 December 2021 \$	31 December 2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(553,948)	(441,422)
Interest paid	(431)	(1,525)
Interest received	5,269	6,540
NET CASH USED IN OPERATING ACTIVITIES	<u>(549,110)</u>	<u>(436,407)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration expenditure	(2,359,490)	(3,292,223)
Proceeds from disposal of exploration assets	-	2,080,000
Payments for plant and equipment	(31,782)	(1,734)
NET CASH USED IN INVESTING ACTIVITIES	<u>(2,391,272)</u>	<u>(1,213,957)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares (net of costs)	4,427,603	3,948,615
Lease repayments	(19,550)	(17,873)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>4,408,053</u>	<u>3,930,742</u>
Net increase / (decrease) in cash held	1,467,671	2,280,378
Cash at the beginning of the financial period	<u>3,012,020</u>	<u>2,781,402</u>
CASH AT THE END OF THE FINANCIAL PERIOD	<u>4,479,691</u>	<u>5,061,780</u>

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

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

The consolidated half-year financial report does not include all of the information required for a full annual financial report. The half-year financial report is to be read in conjunction with the most recent annual financial report for the year ended 30 June 2021. This report must also be read in conjunction with any public announcements made by Kingwest Resources Limited and its controlled entities during the half-year.

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

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

These interim financial statements were authorised for issue on 28 February 2022.

(B) USE OF ESTIMATES AND JUDGEMENTS

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

(C) ACCOUNTING POLICIES

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

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

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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

2. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2021 \$	30 June 2021 \$
Exploration and evaluation assets		
Balance at the beginning of period	17,362,712	14,697,643
Exploration costs capitalised	1,981,384	5,360,820
Tenement disposal ¹	-	(1,072,960)
Impairment of exploration costs	-	(1,622,791)
Balance at the end of reporting period	<u>19,344,096</u>	<u>17,362,712</u>

¹ During the period ended 30 June 2021 the Group disposed of Goongarrie Lady tenements (M29/420 and L29/109) for upfront cash consideration of \$1,900,000 (ex GST) and the Crawfords and Gambier Lass tenements (M37/1202, E37/893 and P37/8901) for upfront cash consideration of \$180,000 (ex GST). The Group recognised a gain on disposal of the tenements of \$1,007,893.

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

3. TRADE AND OTHER PAYABLES

	31 December 2021 \$	30 June 2021 \$
Current		
Trade creditors	235,332	589,432
Accruals	<u>282,242</u>	<u>150,004</u>
Balance at the end of reporting period	<u>517,574</u>	<u>739,436</u>

4. ISSUED CAPITAL & RESERVES

	31 December 2021	30 June 2021
	\$	\$
Issued capital	(a) 30,736,410	26,307,557
Share based payment reserve	(b) 2,529,786	2,273,309

(a) Reconciliation of movement during the period:

	Shares	\$
Opening balance	202,027,191	26,307,557
Placement – 2 August 2021	6,250,000	500,000
Placement – 22 October 2021	33,333,334	4,000,000
Options exercised – 9 December 2021	1,250,000	187,500
Costs of share issue	-	(258,647)
	242,860,525	30,736,410

(b) Movement in share-based payment reserve

	31 December 2021
	\$
Opening balance	2,273,309
Options expense	196,308
Performance rights expense	60,169
Closing Balance	2,529,786

4. ISSUED CAPITAL & RESERVES (CONTINUED)

(c) Outstanding Unlisted Securities

As at 31 December 2021 the company had the following unlisted securities outstanding:

Expiry Date and Price	Type	Number
Options Expiring 30/06/2022 @ \$0.39	Unlisted Option	2,700,000
Options Expiring 30/06/2022 @ \$0.54	Unlisted Option	5,150,000
Options Expiring 22/09/2022 @ \$0.215	Unlisted Option	400,000
Options Expiring 30/12/2023 @ \$0.15	Unlisted Option	22,625,000
Options Expiring 15/09/2024 @ \$0.17	Unlisted Option	6,250,000
Options Expiring 21/10/2024 @ \$0.20	Unlisted Option	8,000,000
Share Appreciation Rights Expiring 7/10/2024 @ \$0.28 Strike Price	Performance Rights	2,970,000
Share Appreciation Rights Expiring 15/09/2023 @ \$0.18 Strike Price	Performance Rights	1,125,000

5. SHARE BASED PAYMENTS

There were the following share based payments during the period:

	31 December 2021 \$	31 December 2020 \$
Unlisted Securities		
8,000,000 options issued to joint lead managers of the Placement – issued October 2021 (a)	62,636	-
6,250,000 options issued to employees and consultants – issued September 2021 (b)	80,472	-
2,000,000 options issued to a Director – issued August 2021 (c)	53,200	-
400,000 options issued to consultants – issued November 2020	-	31,852
1,125,000 share appreciation rights issued pursuant to the Performance Rights Plan – issued September 2020	28,228	26,006
2,970,000 share appreciation rights issued pursuant to the Performance Rights Plan – issued October & November 2019	31,941	119,677
	<u>256,477</u>	<u>177,535</u>

a) *Joint Lead Manager Options*

The Joint Lead Manager (JLM) Options were issued on 22 October 2021 as part of the Placement for ongoing corporate advisory services.

Grant Date/entitlement	Number of Instruments	Grant Date	Expiry Date	Exercise Price	Fair value per instrument \$	Value \$
JLM Options	4,000,000	22/10/2021	21/10/2024	\$0.20	0.0533	213,200
JLM Options	4,000,000	22/10/2021	21/10/2024	\$0.20	0.0567	226,800

The options issued during the period were calculated using the Hoadley's ESO2 pricing model with the following inputs:

	Options granted Range
Expected volatility (%)	90%
Risk free interest rate (%)	0.65%
Weighted average expected life of options (years)	3.0
Expected dividends	Nil
Early exercise multiple	2.5x
Option exercise price (\$)	\$0.20
Share price at grant date (\$)	\$0.125

50% of the options vest after 12 months and 50% vest after 24 months, from the date of issue.

5. SHARE BASED PAYMENTS (CONTINUED)

b) *Employee and Consultant Options*

The Employee and Consultant Options were issued on 16 September 2021.

Grant Date/entitlement	Number of Instruments	Grant Date	Expiry Date	Exercise Price	Fair value per instrument \$	Value \$
Employee & Consultant Options	6,250,000	16/09/2021	15/09/2024	\$0.17	0.0662	413,750

The options issued during the period were calculated using the Hoadley's ESO2 option pricing model with the following inputs:

	Options granted Range
Expected volatility (%)	90%
Risk free interest rate (%)	0.16%
Weighted average expected life of options (years)	3.0
Expected dividends	Nil
Early exercise multiple	2.5x
Option exercise price (\$)	\$0.17
Share price at grant date (\$)	\$0.135

The options vest 18 months from the date of issue.

c) *Director Options*

The Director Options were issued to Gregory Bittar on 2 August 2021 following shareholder approval and in accordance with the terms of his appointment as Non-Executive Chairman.

Grant Date/entitlement	Number of Instruments	Grant Date	Expiry Date	Exercise Price	Fair value per instrument \$	Value \$
Director Options	2,000,000	29/07/2021	30/12/2023	\$0.15	0.0266	53,200

The options issued during the period were calculated using the Hoadley's ESO2 option pricing model with the following inputs:

	Options granted Range
Expected volatility (%)	90%
Risk free interest rate (%)	0.12%
Weighted average expected life of options (years)	2.5
Expected dividends	Nil
Early exercise multiple	2.5x
Option exercise price (\$)	\$0.15
Share price at grant date (\$)	\$0.079

The options were deemed to vest immediately.

6. SEGMENT INFORMATION

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

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

7. CONTINGENT ASSETS AND LIABILITIES

In the opinion of the directors, there were no other significant changes in contingent assets or liabilities during the period ended 31 December 2021.

8. COMMITMENTS

In the opinion of the directors, there were no significant changes in commitments during the period ended 31 December 2021.

9. EVENTS SUBSEQUENT TO REPORTING DATE

On 18 January 2022 the Group issued 112,500 ordinary shares on conversion of unquoted options exercisable at \$0.15 expiring 30 December 2023.

On 21 February 2022 the Group issue 1,700,000 unquoted options exercisable at \$0.285 expiring 15 February 2025 to employees and consultants pursuant to the Group's Incentive Option Plan.

There are no other events subsequent to the end of the period that would have a material effect on the Group's financial statements at 31 December 2021.

10. DIVIDENDS

No dividend has been declared or paid during the half-year ended 31 December 2021. The Directors do not recommend the payment of a dividend in respect of the half-year ended 31 December 2021.

In the opinion of the Directors of Kingwest Resources Limited:

- (a) The attached financial statements and notes:
 - (i) comply with Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Act 2001, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and of the Consolidated Entity's performance, for the half-year ended on that date.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Gregory Bittar
Chairman
28 February 2022

RSM Australia Partners

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Kingwest Resources Limited which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Kingwest Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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Independence

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



RSM AUSTRALIA PARTNERS



AIK KONG TING
Partner

Perth, WA
Dated: 28 February 2022

DIRECTORS

Gregory Bittar (Non-Executive Chairman)
Adrian Byass (Non-Executive Director)
Jonathan Downes (Non-Executive Director)
Jonathan Price (Non-Executive Director)

CHIEF EXECUTIVE OFFICER

Edward Turner

COMPANY SECRETARY

Stephen Brockhurst

REGISTERED OFFICE

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BANKERS

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