



Annual Report
For the year ended 30 June 2021

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ACN: 100 714 181

ASX Code: KRR

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

DIRECTORS

Anthony Barton (Chairman)

Leonid Charuckyj (Director)

Greg MacMillan (Director)

COMPANY SECRETARIES

Greg MacMillan
Kathrin Gerstmayr

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AUDITORS

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CORPORATE GOVERNANCE STATEMENT

www.kingriverresources.com.au/investors/corporate-governance/

The directors submit their report for King River Resources Limited ("King River" or "the Company") and its controlled entities for the year ended 30 June 2021.

DIRECTORS

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

Anthony Barton

Chairman

Appointed 21 May 2007

Mr Barton has been involved in founding and growing a number of successful listed public companies. He has extensive experience in capital markets, corporate finance, funds management and venture capital and has had advisory roles in the incorporation and listing of many Australian based resource companies.

Mr Barton is the founding Executive Chairman of the boutique investment bank Australian Heritage Group. He is a graduate of the Royal Melbourne Institute of Technology with a Bachelor of Business (Accountancy) degree and has in excess of 40 years of commercial experience having also acted in senior executive and director capacities for two leading Australian stockbroking firms.

Leonid Charuckyj

Director

Appointed 13 December 2011

Mr. Charuckyj (B.E. and M.Eng-Sc. Melbourne University) has had extensive experience over a broad range of technical, engineering, management and corporate roles including senior positions in government, public and private industry both in Australia and overseas. His focus has been on the environmental, pollution control and waste management industries and on the energy and mining industries amongst others.

This has included such diverse roles as representing Australia as an expert engineering advisor in the Middle East, developing and commercialising new technologies (both in the public company arena and for major international groups), and managing all aspects of an industrial minerals development from mine and processing to product development and marketing.

Gregory MacMillan

Director - Appointed 2 July 2014

Joint Company Secretary - Appointed 9 August 2012

Mr. MacMillan has wide ranging corporate, financial, capital markets and commercial experience over the last 35 years. Greg has held the positions of director, company secretary, chief financial officer, and corporate finance executive in numerous companies across the finance, mining and commercial sectors. Greg holds a Bachelor of Business degree, is a Certified Practising Accountant and a Chartered Company Secretary.

COMPANY SECRETARY

Kathrin Gerstmayr

Joint Company Secretary

Appointed 4 April 2019

Ms. Gerstmayr commenced her career working for a chartered accounting and business advisory firm as tax manager, before moving into senior finance roles in a variety of industries. She holds a Bachelor of Commerce degree (Professional Accounting and Marketing Management), is a Certified Practising Accountant and a Chartered Company Secretary.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

King River has established a portfolio of 100% owned tenements covering approximately 3,274 square kilometres in the East Kimberley region in Western Australia. The principal activities of the entities within the Group during the year were focusing on exploration and development of the tenements in the East Kimberley region of Western Australia. King River has also established a portfolio of 100% owned tenements covering approximately 7,705 square kilometres, in the Tennant Creek region of the Northern Territory.

OPERATIONS REPORT

The primary focus of King River Resources during the 2021 financial year is the advancement of metallurgical studies on the Company's Specialty Metals project located on the Speewah Dome, in the Eastern Kimberley, and the completion of the Kwinana High Purity Alumina Pre-feasibility study on 16 June 2021. The Company's main objective is to design the optimal process route to produce high purity alumina, vanadium, titanium, magnesium and iron. The Company has also enjoyed further success with high grade gold and base metals exploration at Mt Remarkable, located some 120 kilometres South of Speewah, and Treasure Creek, located in the Tennant Creek region of the Northern Territory.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

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

		Ordinary Shares	Options Over Ordinary Shares
Anthony Barton	Chairman	104,660,157 ¹	2,272,730 ¹
Leonid Charuckyj	Director	18,162,121 ²	900,000 ²
Greg MacMillan	Director	35,468,109 ³	909,092 ³
Total		158,290,387	4,081,822

¹ 40,778,058 of the shares and 909,092 options are held by Mr AP Barton and Mrs CH Barton as trustee for the Barton Family Superannuation Fund of which Mr Barton is a director and a beneficiary, 25,022,244 of the shares and 454,546 options are held by Barton & Barton Pty Ltd of which Mr Barton is a director and shareholder, 31,992,238 of the shares and 454,546 options are held by Universal Oil (Australia) Pty Ltd of which Mr Barton is a director and a shareholder, and 6,867,617 of the shares and 454,546 options are held by Harvey Springs Estate Pty Ltd of which Mr Barton is a director and a shareholder.

² 1,050,699 shares and 450,000 options are held in Mr L Charuckyj's personal name, 4,939,754 of the shares are held by Mr L Charuckyj & Mrs CM Charuckyj as trustee for the ZETA Super Fund of which Mr Charuckyj is a trustee and beneficiary, 12,171,668 of the shares and 450,000 options are held by Temtor Pty Ltd of which Mr Charuckyj is a director and shareholder.

³ 35,468,109 shares and 909,092 of the options are held by GDM Services Pty Ltd as trustee for the GDM Services Trust and GDM Services Superannuation Fund of which Mr MacMillan is a director and beneficiary.

CORPORATE STRUCTURE

King River is a company limited by shares that is incorporated and domiciled in Australia. King River has fully owned subsidiaries:

- Speewah Mining Pty Ltd
- Treasure Creek Pty Ltd
- Kimberley Gold Pty Ltd
- Whitewater Minerals Pty Ltd
- ARC Specialty Metals Pty Ltd

The Group has prepared a consolidated financial report incorporating the entities (being 100% owned subsidiaries) that it controlled during the financial year.

REVIEW OF CONSOLIDATED FINANCIAL CONDITION

The consolidated entity recorded an operating loss after income tax of \$968,842 (2020: \$1,115,536 loss). There was no dividend declared or paid during the year.

CAPITAL STRUCTURE

As at the date of this report the Company had 1,553,524,947 (2020: 1,553,524,947) fully paid ordinary shares. There were also 152,443,342 (2020: 152,443,342) listed options over ordinary shares on issue and 7,000,000 unlisted options over ordinary shares on issue (2020: 7,000,000). Details of the terms of the unlisted options are outlined in Note 18 of the consolidated financial statements.

CASH FROM OPERATIONS

The net cash outflow used for operating activities was \$742,479 (2020: \$632,732). The cash balance at year end was \$6,124,217 (2020: \$578,179).

LOSS PER SHARE	2021	2020	2019	2018	2017
Basic and diluted loss per share (cents)	(0.06)	(0.09)	(0.06)	(0.09)	(0.07)
Share price	0.026	0.033	0.028	0.097	0.007

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year the following significant change was made to the Company's equity:

On 19 August 2020 the Company completed a Security Purchase Plan ("SPP") and raised \$7,861,240 from the issue of 238,219,725 shares and 119,110,007 attaching options. The issue price for each share under this SPP was \$0.033 plus 1 free attaching option for every 2 shares issued. Each option has an exercise price of \$0.06 and expiry date of 31 July 2022.

On 27 July 2020 the Company completed a Placement from professional and sophisticated investors and raised \$2,000,000 from the issue of 66,666,669 shares and 33,333,335 attaching options. The issue price for each share under the Placement was \$0.03 plus 1 free attaching option for every 2 shares issued. The options have an exercise price of \$0.06 and an expiry of 31 July 2022.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while event has had no significant impact on the consolidated entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There were no significant events following the balance date that affected the Company's equity or state of affairs.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The consolidated entity's primary focus was the completion of the Company's Kwinana High Purity Alumina ('HPA') Pre-feasibility study ('PFS') and exploration of the Company's gold project at Treasure Creek and Mt Remarkable. The Kwinana High Purity Alumina PFS was completed on 16 June 2021 and demonstrated the potential for King River to be a producer of high value, high purity, alumina sourced from an industrial chemical feedstock and utilising the new KRR ARC HPA process.

Full details of the PFS should be reviewed on the Company's website and/or the ASX website with report dated 16 June 2021.

Work has commenced on the development of a Mini-Pilot Plant to demonstrate the ARC HPA process works at a larger scale for the Definitive Feasibility Studies and to produce market samples.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity's environmental obligations are regulated under both State and Federal law. All environmental performance obligations are monitored by the Board and subjected from time to time to Government agency audits and site inspections. The consolidated entity has a policy of at least complying with, but in most cases exceeding, its statutory environmental performance obligations. No environmental breaches have occurred or have been notified by any Government agencies during the year ended 30 June 2021.

SHARES UNDER OPTION

As at the date of this report, there were 159,443,342 unissued ordinary shares under granted options.

Date Options Granted	Expiry Date	Issue Price of Shares	Number Under Option
14-August- 2019	14-Aug-2022	\$0.06	7,000,000
19-August-2020	31-July-2022	\$0.06	152,443,342
			159,443,342

SHARES ISSUED ON EXERCISE OF OPTIONS

During or since the end of the financial year, there were no shares issued on options exercised. Refer to Note 16 of the consolidated financial statements for further details of the options. Option holders do not have any right, by virtue of the option, to participate in any issue of the Company or any related body corporate.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

Also pursuant to the D&O Deed, the Company must insure the Officers against liability and provide access to all board papers relevant to defending any claim brought against the Officers in their capacity as officers of the Company. The Company has paid insurance premiums of \$31,205 (2020: \$26,488) in respect of liability for any current and future directors, Company secretary, executives and employees of the Company. This amount is payable in total and no specific amount is included in the directors’ remuneration. Please also note Directors’ Liability insurance premiums was paid in the 2022 financial year.

ROUNDING

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

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each director of King River Resources Limited, and for the executives in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, key management personnel (KMP) of the Company and the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Company.

For the purposes of this report, the term “executive” encompasses the chief executive and senior executives of the Company.

Details of key management personnel

(i) Directors

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

(ii) Executives

K Rogers	Chief Geologist
A Chapman	Project Geologist

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

1. Remuneration Committee

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

2. Use of Independent Remuneration Consultants

During the year ended 30 June 2021 no external remuneration consultants were engaged to assist the Group in any capacity.

3. Remuneration Policy

The Company's remuneration policies are reflected in the Charter of the Remuneration Committee. It is the Company's objective to provide maximum stakeholder benefit from the retention of high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions.

The Company's remuneration policy is to establish competitive remuneration (including performance incentives) consistent with long term development and success, to ensure remuneration is fair and reasonable (taking into account all relevant factors, and within appropriate controls or limits), that all remuneration packages are reviewed annually or on an ongoing basis in accordance with management's remuneration packages, and that retirement benefits or termination payments (other than notice periods) will not be provided or agreed other than in exceptional circumstances.

It is the Company's objective that the remuneration policy aligns with achievement of strategic objectives and creation of long term value for shareholders. The Company assesses each employee annually based upon the individual performance in carrying out the agreed responsibilities of the employee which have been developed in consideration of the Company's long term goals. The performance incentive component is reflected as part of the increase in salary and the issue of equity based compensation for each employee on an annual basis.

The Company has a formal policy to prohibit executives from entering into arrangements to protect the value of unvested long term incentive awards. The Company performance related payments and long term incentive awards are under ongoing review and will be included when deemed appropriate given the Company position and performance at the time.

The table below sets out summary information about the Group's results and movements in shareholders wealth for the five years to 30 June 2021:

Description	30-Jun-21	30-Jun-20*	30-Jun-19*	30-Jun-18*	30-Jun-17*
Revenue	\$6,094	\$1,764	\$4,466	\$931	\$453
Net loss before tax	(\$968,842)	(\$1,115,536)	(\$806,862)	(\$871,803)	(\$422,996)
Net loss after tax	(\$968,842)	(\$1,115,536)	(\$806,862)	(\$871,803)	(\$422,996)
Share price at end of year	\$0.026	\$0.032	\$0.028	\$0.097	\$0.07
Market capitalisation	\$40.39m	\$39.96m	\$34.68m	\$113.8m	\$6.07m
Basic loss cents per share	0.06	0.09	0.06	0.09	0.07
Diluted loss cents per share	0.06	0.09	0.06	0.09	0.07

*Comparatives have not been adjusted for the changes due to the adoption of AASB 15 and AASB 9 in 2019 and AASB 16 in 2020.

4. Non Executive Director Remuneration

4.1 Fixed Remuneration

The aggregate remuneration of non executive directors will not exceed the maximum approved amount of \$150,000 approved at Annual General Meeting on 24 April 2007. The board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable by shareholders. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The board considers fees paid to non executive directors of comparable companies when undertaking the annual review as well as additional time commitment of directors who serve on one or more sub committees and assistance to the Company with new investment opportunities. Each of the non executive directors during the financial year received a salary of \$43,800 per annum inclusive of superannuation where superannuation is paid. Non executive directors are encouraged to hold shares in the Company; these are to be purchased by the director on market. It is considered good corporate governance for directors to have a stake in the company on whose board he or she sits. Remuneration of non executive directors for the year ended 30 June 2021 is disclosed in Table 1 under the remuneration section of this report.

4.2 Variable Remuneration – Short Term Incentives

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

4.3 Variable Remuneration – Long Term Incentives

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

5. Executive Director Remuneration

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

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

Executive remuneration comprises of:

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

5.1 Fixed Remuneration

Base pay and benefits

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

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

5.2 Variable Remuneration – Short Term Incentives

During the financial year the Company had no contractual obligations to provide short term incentives to the Key Management Personnel and Executives of the Company.

5.3 Variable Remuneration – Long Term Incentives

During the financial year the Company had no contractual obligations to provide long term incentives to the Key Management Personnel and Executives of the Company.

5.4 Employment Contract – Executive - Ken Rogers (Chief Geologist)

The Company has entered into an employment agreement with Mr Rogers for the provision of technical geological services based on daily rates for the provision of services. Their services can be terminated by giving a 4 week notice by either party.

5.5 Consulting Contract – Executives - Andrew Chapman (Project Geologist)

The Company has entered into a contractor agreement with Mr Chapman for the provision of technical geological services based on daily rates for the provision of services. Their services can be terminated by giving a 4 week notice by either party.

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

Details of the remuneration of each director of King River, each of the executives of the Company and the consolidated entity for the year ended 30 June 2021 are set out in the following tables.

Table 1: Remuneration for the year ended 30 June 2021

	Short Term		Post-Employment	Share Based Payments		Total	Performance Based
	Salary & Fees	Cash Bonus	Superannuation	Options	Loan Plan Shares		Remuneration as % of Total
30 June 2021	\$	\$	\$	\$	\$	\$	%
Directors							
A Barton	43,800	-	-	-	-	43,800	-
L Charuckyj	43,800	-	-	-	-	43,800	-
G MacMillan	43,800	-	-	-	-	43,800	-
Sub Total¹	131,400	-	-	-	-	131,400	-
Executives							
K Rogers	61,776	33,844 ³	9,084	-	13,995 ²	118,699	40%
A Chapman	161,859	-	-	-	-	161,859	-
Sub Total	223,635	33,844	9,084	-	13,995	280,558	17%
Total	355,035	-	9,084	-	13,995	411,958	12%

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

²On 14 August 2019 the Company issued 10,000,000 shares to Mr Rogers at the market price of 3.2 cents per share. 5,000,000 of the shares were escrowed until the completion of the prefeasibility study which was completed on 16 June 2021 and the 5,000,000 shares were released from escrow on 1 July 2021. 5,000,000 of the shares are subject to trading restrictions and escrowed until the completion of a bankable feasibility study. The shares have been funded by a limited recourse loan from the Company with a 4-year term and zero interest rate. The fair value per share at grant date is \$0.0254 and the expense for the period relating to the loan plan shares is \$13,995 the remaining future expense is \$65,473. Please refer to section 6.2 Equity Based Compensation (Loan Plan Shares) and Note 18 Share-Based Payment.

³Mr Rogers received a cash bonus in light of his services in finalising the PFS and his contribution to the Company.

Table 2: Remuneration for the year ended 30 June 2020

30 June 2020	Short Term		Post Employment Superannuation	Share Based Payments		Total	Performance Based Remuneration as % of Total
	Salary & Fees	Cash Bonus		Options	Loan Plan Shares		
Directors							
A Barton	43,800	-	-	-	-	43,800	-
L Charuckyj	43,800	-	-	-	-	43,800	-
G MacMillan	40,000	-	3,800	-	-	43,800	-
Sub Total¹	127,600	-	3,800	-	-	131,400	-
Executives							
K Rogers	61,776	-	5,869	-	174,532 ²	242,177	72%
A Chapman	136,672	-	-	-	-	136,672	-
Sub Total	198,448	-	5,869	-	174,532	378,849	46%
Total	326,048	-	9,669	-	174,532	510,249	34%

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

²On 14 August 2019 the Company issued 10,000,000 shares to Mr Rogers at the market price of 3.2 cents per share. The shares will be subject to trading restrictions and 5,000,000 of the shares will be escrowed until the completion of the PFS and 5,000,000 of the shares will be escrowed until the completion of a bankable feasibility study. The shares have been funded by a limited recourse loan from the Company with a 4-year term and zero interest rate. The fair value per share at grant date is \$0.0254 and the remaining future expense is \$79,468. Please refer to Note 18 Share-Based Payment.

By way of cash preservation measure, the Director fees for February 2020 through to June 2020 were accrued and payments deferred until August 2020.

6.1 Equity Based Compensation – Options 2021

During the year, no unlisted options were issued to executives as an alternate remuneration to cash.

Table 1: Compensation Option Holdings of Key Management Personnel during the year ended 30 June 2021

30 June 2021	Balance at Beginning of Period 1 July 2020	Granted as Remuner- ation	Options Exercised	Options Expired	Balance at End of Period 30 June 2021	Vested at 30 June 2021		
						Total	Not Exercisable	Exercisable
Executives								
A Chapman	5,000,000	-	-	-	5,000,000	5,000,000	5,000,000	-
Total	5,000,000	-	-	-	5,000,000	5,000,000	5,000,000	-

On 14 August 2019 the Company issued 5,000,000 options to Andrew Chapman with an exercise price of 6 cents per share and an expiry date of 14 August 2022. The options will be subject to exercise restrictions and will vest upon defining a minimum Inferred resource (at either the Tennant Creek Project or the Mt Remarkable Region) of no less than 250,000 ounces of Au at an average grade of no less than 6 grams per tonne. The fair value per option at grant date is \$0.0068 and if vesting conditions are met the future expense to be recognised is \$33,872.

6.2. Equity Based Compensation – Shares 2021

Table 1: Shareholdings of Key Management Personnel during the year ended 30 June 2021

	Balance 1 July 2020	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2021
30 June 2021	Ord	Ord	Ord	Ord	Ord
Directors					
A Barton ¹	100,114,702	-	-	4,545,455	104,660,157
L Charuckyj ²	16,362,121	-	-	1,800,000	18,162,121
G MacMillan ³	33,649,928	-	-	1,818,181	35,468,109
Executives					
K Rogers ⁴	3,800,120	-	-	606,062	4,406,182
A Chapman	-	-	-	-	-
Total	153,926,871	-	-	8,769,698	162,696,569

¹ 40,778,058 of the shares are held by Mr AP Barton and Mrs CH Barton as trustee for the Barton Family Superannuation Fund of which Mr Barton is a director and a beneficiary. 25,022,244 of the shares are held by Barton & Barton Pty Ltd of which Mr Barton is a director and shareholder. 31,992,238 of the shares are held by Universal Oil (Australia) Pty Ltd of which Mr Barton is a director and a shareholder. 6,867,617 of the shares are held by Harvey Springs Estate Pty Ltd of which Mr Barton is a director and a shareholder.

² 1,050,699 shares are held in Mr L Charuckyj's personal name. 4,939,754 of the shares are held by Mr L Charuckyj & Mrs CM Charuckyj as trustee for the ZETA Super Fund of which Mr Charuckyj is a trustee and beneficiary. 12,171,668 of the shares are held by Temtor Pty Ltd of which Mr Charuckyj is a director and shareholder.

³ 35,468,109 of the shares are held by GDM Services Pty Ltd as trustee for the GDM Services Trust and GDM Services Superannuation Fund of which Mr MacMillan is a director and beneficiary.

⁴ 4,406,182 shares are held in Mr Roger's personal name.

Loan Plan Shares

During the year, no Loan Plan Shares were issued to executives as an alternate remuneration to cash.

Table 2: Loan Plan Shares of Key Management Personnel during the year ended 30 June 2021

	Balance 1 July 2020	Issue Date	Fair value per share at issue date	Balance 30 June 2021	Expiry Date ¹
30 June 2021	Ord			Ord	
Executives					
K Rogers	10,000,000	14 August 2019	\$0.0254	10,000,000 ²	14 August 2023
Total	10,000,000			10,000,000	

¹ The limited recourse loan in respect of the Loan Plan Shares has to be fully repaid 4 years after grant date of the Loan Plan Shares.

² At the date of this report, there is 5,000,000 escrowed loan plan shares and 10,000,000 escrowed loan plan shares as at 30 June 2021.

On 14 August 2019 the Company issued 10,000,000 Loan Plan Shares to the Mr Rogers at the market price of 3.2 cents per share. The PFS was completed on 16 June 2021, of which 5,000,000 shares were released from escrow on 1 July 2021. 5,000,000 of the shares are subject to trading restrictions will be escrowed until the completion of a bankable feasibility study on either the Speewah Project or the High Purity Alumina Project. The shares have been funded by a limited recourse loan from the Company with a 4-year term and zero interest rate, the loan is repayable at the end of the term or from the proceeds of any shares sold after escrow release. In the event that any shares sold are less than 3.2 cents the Company will only recoup the value of the shares sold at the respective price in repayment of the loan, or part thereof. Please refer to Note 18 Share-Based Payment.

The Loan Plan Shares were provided at no cost to the recipients.

The Loan Plan Shares have been accounted for as an in-substance option award. The fair value of the equity instrument granted was estimated as at the date of grant using the Black and Scholes model taking into account the terms and conditions upon which the shares were granted. Please refer to Note 18 Share Based Payments.

During the financial year ended 30 June 2021, the Company's prefeasibility focus had shifted from a mine operation based at the Speewah Project towards a more direct industrial aluminium feedstock project ("HPA Project"). The development of the HPA Project arose as a result of work upon the Speewah Project in assessing HPA products and resulting in the Company developing a new technology with a unique HPA process. Due to the Company's shift of prefeasibility focus towards HPA Project, on 29 January 2021 the Company varied the terms of the Loan Plan Share Restriction Period to also enable the restriction to be satisfied

and end on the relevant development of the HPA Project. As the award has non-market based vesting conditions, the modification of the award did not give rise to an incremental fair value at the date of modification. The share price at the date of modification is \$0.029.

6.3 Related Party Transactions

Australian Heritage Group Pty Ltd (“AHG”), a company of which Mr Anthony Barton, a Director and Mr Greg MacMillan, a Director and the Company Secretary, have entered into an occupancy and administration agreement with King River in respect of providing occupancy and administration commencing March 2009. The total value of the occupancy and administration services provided by AHG during the year was \$4,909 (2020: \$4,909). All services provided by companies associated with directors were provided on commercial terms.

Harvey Springs Estate Pty Ltd , a company controlled by Mr Anthony Barton, had entered into a loan facility agreement in the amount of \$500,000 with King River to fund ongoing development and working capital. The loan facility was non-interest bearing and unsecured with the maturity date being 30 June 2021. The loan facility was drawn down in full before 30 June 2020 to fund prefeasibility expenditure and working capital. The loan was repaid in full on 18 August 2020.

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

Mr Anthony Barton and his associate entities acquired 4,545,455 ordinary shares and 2,272,730 attaching options at \$0.033 per share and nil per option pursuant to the Share Purchase Plan acceptance.

Mr Leonid Charuckyj and his associate entities acquired 1,800,000 ordinary shares and 900,000 attaching options at \$0.033 per share and nil per option pursuant to the Share Purchase Plan acceptance.

Mr Greg MacMillan and his associate entities acquired 1,818,181 ordinary shares and 909,092 attaching options at \$0.033 per share and nil per option pursuant to the Share Purchase Plan acceptance.

Mr Kenneth Rogers acquired 606,062 ordinary shares and 303,032 attaching options at \$0.033 per share and nil per option pursuant to the Share Purchase Plan acceptance.

6.4 Voting and comments made at the company's 2020 Annual General Meeting ('AGM')

At the 2020 AGM, 97.26% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

End of Remuneration Report

DIRECTORS’ MEETINGS

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

	Directors Meetings
Number of Meetings Held	5
Number of Meetings Attended	
Anthony Barton	5
Leonid Charuckyj	5
Greg MacMillan	5

1. During the year the Directors approved 14 circular resolutions which were signed by all Directors of the Company
2. All committees of directors are made up of the full Board. Reference to meeting refers to meeting conducted specifically to deal with the particular business of that Committee.

COMMITTEE MEMBERSHIP

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

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of King River support and have adhered to the principles of corporate governance. The Company's corporate governance statement is located on the Company website www.kingriverresources.com.au/investors/corporate-governance/.

INDEMNIFICATION OF AUDITORS

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

AUDITOR INDEPENDENCE

Section 370C of the Corporation Act 2001 requires our auditors, Ernst & Young, to provide the directors of the Company with an Independence Declaration in relation to the audit of the consolidated financial report. This Independence Declaration is disclosed on page 13 of this report and forms part of this directors' report for the year ended 30 June 2021.

NON AUDIT SERVICES

The Company's auditors, Ernst & Young, provided no non audit services during the year ended 30 June 2021.

Signed in accordance with a resolution of the directors.



Mr Greg MacMillan
Director

24 September 2021



**Building a better
working world**

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Auditor's independence declaration to the directors of King River Resources Limited

As lead auditor for the audit of the financial report of King River Resources Limited for the financial year ended 30 June 2021, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'Timothy Dachs'.

Timothy Dachs
Partner
24 September 2021

Directors' Declaration

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

In the opinion of the directors:

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

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

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

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

(d) there are reasonable grounds to believe that the Company and the subsidiaries identified in Note 5 will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the Deed of Cross Guarantee between the Company and that subsidiary; and

(e) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2021.

On behalf of the Board



Mr Greg MacMillan
Director

24 September 2021

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2021



	Notes	Consolidated	
		2021	2020
		\$	\$
Revenue	6(a)	6,094	1,764
Other income	2(f), 6(b)	-	385,064
Directors' and employee benefits expenses	6(c)	(131,400)	(131,400)
Compliance costs		(217,527)	(198,766)
Depreciation expense	6(c)	(59,668)	(70,314)
Finance costs		(1,521)	(1,277)
Insurance expense		(43,051)	(46,457)
Other administration expenses	6(d)	(327,172)	(330,362)
Share-based payments	18	(13,995)	(188,058)
Write-off of capitalised exploration expense	6(e)	(180,602)	(535,730)
Loss before income tax expense		(968,842)	(1,115,536)
Income tax benefit	7	-	-
Net loss for the year after tax		(968,842)	(1,115,536)
Other Comprehensive Income		-	-
Total Comprehensive Loss for the Year		(968,842)	(1,115,536)
Total Comprehensive Loss for the Year is attributable to:			
Owners of King River Resources Limited		(968,842)	(1,115,536)
		(968,842)	(1,115,536)
Loss per share			
Basic loss per share (cents per share)	9	(0.06)	(0.09)
Diluted loss per share (cents per share)	9	(0.06)	(0.09)

The above statement of other comprehensive income should be read in conjunction with the accompanying notes

Statement of Financial Position

AS AT 30 JUNE 2021



	Notes	Consolidated	
		2021	2020
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents	10(a)	6,124,217	578,179
Other receivables	10(b)	423,130	49,389
Other current assets	10(c)	34,412	8,303
Total Current Assets		6,581,759	635,871
Non Current Assets			
Deferred exploration expenditure	2(f), 11	18,173,969	16,155,543
Plant and Equipment	12	207,540	39,587
Right of use asset	13	76,552	107,445
Total Non Current Assets		18,458,061	16,302,575
Total Assets		25,039,820	16,938,446
Liabilities			
Current Liabilities			
Trade and other payables	14	213,033	296,657
Loan and borrowings	14	-	500,000
Lease liabilities	15	33,435	55,597
Total Current Liabilities		246,468	852,254
Non-Current Liabilities			
Lease liabilities	15	43,395	55,260
Total Non-Current Liabilities		43,395	55,260
Total Liabilities		289,863	907,514
Net Assets		24,749,957	16,030,932
Equity			
Issued capital	16(a)	49,408,241	39,734,369
Reserves	16(b)	1,898,115	1,884,120
Accumulated losses	2(f)	(26,556,399)	(25,587,557)
Total Equity		24,749,957	16,030,932

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2021



		Consolidated	
		2021	2020
		\$	\$
	Notes		
Cash Flows from Operating Activities			
Interest received		6,094	1,764
Payments to suppliers and employees		(703,252)	(633,219)
Interest and other finance costs paid		(1,521)	(1,277)
Payment of director fees in arrears		(43,800)	-
Net cash used in operating activities	10(a)	(742,479)	(632,732)
Cash Flows from Investing Activities			
Exploration Incentive Scheme grant received		45,552	-
Research & Development tax incentive received	2(f)	-	500,322
Payment for exploration and evaluation		(2,679,120)	(2,708,348)
Payment for property, plant & equipment		(193,106)	(1,909)
Net cash used in investing activities		(2,826,674)	(2,209,935)
Cash Flows from Financing Activities			
Proceeds from share issues		9,861,230	-
Payment of share issue costs		(187,368)	-
Proceed from loan		-	500,000
Payment of loan		(500,000)	-
Repayment of principal portion of lease liabilities		(58,671)	(46,094)
Net cash from financing activities		9,115,191	453,906
Net (decrease)/increase in cash and cash equivalents		5,546,038	(2,388,761)
Cash and cash equivalents at beginning of year		578,179	2,966,940
Cash and Cash Equivalents at end of year	10(a)	6,124,217	578,179

The above statement of cash flows should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2021



Consolidated	Notes	Issued Capital Note 16(a)	Equity Benefits Reserve Note 16(b)	Accumulated Losses	Total Equity
		\$	\$	\$	\$
At 1 July 2020		39,734,369	1,884,120	(25,587,557)	16,030,932
Loss for the year		-	-	(968,842)	(968,842)
Total comprehensive income for the year		-	-	(968,842)	(968,842)
Transaction with owners in their capacity as owners:					
Loan Plan Shares - 14 August 2019	18(a)	-	13,995	-	13,995
Issue of Shares - Placement 27 July 2020		2,000,000	-	-	2,000,000
Issue of Shares - Share Purchase Plan 19 August 2020		7,861,239	-	-	7,861,239
Share issue costs net tax		(187,367)	-	-	(187,367)
Balance at 30 June 2021		49,408,241	1,898,115	(26,556,399)	24,749,957
At 1 July 2019		39,734,369	1,696,062	(22,907,025)	18,523,406
Prior period adjustment	2(f)	-	-	(1,564,996)	(1,564,996)
Balance at 1 July 2019 - restated		39,734,369	1,696,062	(24,472,021)	16,958,410
Loss for the year		-	-	(1,115,536)	(1,115,536)
Total comprehensive income for the year		-	-	(1,115,536)	(1,115,536)
Transaction with owners in their capacity as owners:					
Loan Plan Shares - 14 August 2019	18(a)	-	174,532	-	174,532
Options Granted - 14 August 2019	18(a)	-	13,526	-	13,526
Balance at 30 June 2020		39,734,369	1,884,120	(25,587,557)	16,030,932

The above statement of changes in equity should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

King River Resources (“King River” or “the Company”) is a Company domiciled in Australia and publicly listed on the Australian Stock Exchange (ASX). The Company was incorporated on 28 May 2002. The address of the Company’s registered office is 254 Adelaide Tce, Perth WA 6000. The consolidated financial statements as at and for the year ended 30 June 2021 comprise the Company and its subsidiaries (the “Group”). The nature of the operations and principal activities of the Group are described in the Directors’ Report.

The consolidated financial report was authorised for issue by the directors on the 24 September 2021 in accordance with a resolution of the directors.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AAS’s) and other authoritative pronouncements issued by the Australian Accounting Standards Board, and the Corporations Act 2001. The consolidated financial report also complies with International Financial Reporting Standards (IFRS’s) and interpretations adopted by the International Accounting Standards Board (IASB).

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of financial statements in conformity requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(e) Going Concern Basis of Preparation

The Group incurred a net loss after income tax of \$968,842 for the year ended 30 June 2021 (2020: \$1,115,536) and a net cash inflow of \$5,546,038 (2020: outflow of \$2,388,761). As at 30 June 2021 the Group had cash and cash equivalents of \$6,124,217 (2020: \$578,179) and a net current asset surplus of \$6,335,291 (2020: \$216,383 deficit).

The directors are satisfied that at the date of signing of the financial report, there are reasonable grounds to believe that the Group will be able to continue to pay its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis.

(f) Prior period adjustment

During the year management reviewed the accounting treatment applied to Research and Development (R&D) Tax Incentives received by the Group and accounted for as government grants in line with AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*. In accordance with the Group’s stated accounting policy, government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is offset against the related asset. In prior years, R&D Tax Incentives received relating to Deferred Exploration Expenditure were recognised in income. Accordingly, a prior year adjustment has been processed to reclassify relevant amounts to Deferred Exploration Expenditure. The impact of the restatement on the accumulated loss at 30 June 2019 is \$1,564,996. The Statement of Comprehensive Income for year ended 30 June 2020 has not been restated as the impact was not considered material. The receipt of the Research and Development tax refund relating to an asset is recognised as cash inflow from investing activities. The comparative information in the Statement of Cash Flows has been restated for this reclassification adjustment.

All Deferred Exploration Expenditure relating to R&D Tax Incentives received prior to 2014 was written off in 2013 when the Group determined that the Deferred Exploration Expenditure relating to the processing of vanadium and titanium was fully impaired.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2021



2. BASIS OF PREPARATION continued

(f) Prior period adjustment continued

Below summarises the impact of the adjustment on the Statement of Financial Position as at 30 June 2020:

Statement of Financial Position	Balance as at 30 June 2020 (pre-correction)	Prior period correction	Restated balance as at 30 June 2020
	\$	\$	\$
Non-Current Assets			
Deferred exploration expenditure	17,720,539	(1,564,996)	16,155,543
Total Non-Current Assets	17,867,571	(1,564,996)	1,051,852
Total Assets	18,503,442	(1,564,996)	16,938,446
Net Assets	17,595,928	(1,564,996)	16,030,932
Equity			
Accumulated losses	(24,022,561)	(1,564,996)	(25,587,557)
Total Equity	17,595,928	(1,564,996)	16,030,932

(g) Changes in accounting policies

From 1 July 2020 the Group has adopted all new and amended Accounting Standards and Interpretations, mandatory for annual periods beginning 1 July 2020. The application of these new and amended Accounting Standards and Interpretations' did not have a material impact on the financial position or performance of the Group.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Group for the annual reporting period ended 30 June 2021. Management are of the view that these standards and amendments will not have a significant impact of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of Consolidation

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

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

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

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

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

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

(b) Income Tax and Other Taxes

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

Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that,

- at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *continued*

(b) Income Tax and Other Taxes *continued*

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

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

Tax consolidation legislation

The Company and its' subsidiary have formed a tax consolidated group.

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

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

(c) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

On initial recognition a financial asset is classified and measured at:

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

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. For financial assets measured at amortised cost, these assets are subsequently measured using the effective interest method. The amortised cost is reduced by impairment losses.

Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. The Group's financial assets consist of cash and cash equivalents and other receivables.

Impairment of financial assets

In relation to the financial assets carried at amortised cost, an expected credit loss model is applied. For short term receivables, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans and borrowings.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Trade and other payables are designated as other financial liabilities and are measured at amortised cost.

3. SIGNIFICANT ACCOUNTING POLICIES continued

(c) Financial Instruments continued

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(d) Plant and Equipment

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

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

Impairment

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

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

Recoverable amount is determined as the greater of fair value less costs of disposal and value in use. An impairment exists if the carrying value of the asset is determined to be in excess of its recoverable amount, in which case the asset or cash generating unit is written down to its recoverable amount.

Depreciation

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

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

An asset's residual value and useful life is reviewed, and adjusted if appropriate, at each balance sheet date.

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

(e) Shares in controlled entities

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

(f) Exploration and Evaluation Expenditure

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method.

Exploration and evaluation expenditure is capitalised provided the rights to tenure of the area of interest is current and either:

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

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

Impairment

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

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. One or more of the following facts and circumstances indicate that an entity should test exploration and evaluation assets for impairment: (a) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; (b) substantive expenditure on further exploration

3. SIGNIFICANT ACCOUNTING POLICIES continued

(f) Exploration and Evaluation Expenditure continued

for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; (d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale. In any such case, or similar cases, the entity shall perform an impairment test. Any impairment loss is recognised as an expense.

(g) Leases - Group as Lessee

The Company entered into agreements to occupy two warehouse storage facilities in March 2019.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over the estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(h) Provisions

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *continued*

(j) Share Based Payment Transactions

Equity settled transactions

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

The cost of these equity settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of shares is determined by the price on grant date and of options using the Black & Scholes model, further details of which are given in Note 18. In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of King River (market conditions) if applicable.

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

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) the extent to which the vesting period has expired; and
- (ii) the Group's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

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

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

(k) Employee Benefits

Wages, salaries and annual leave

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

Long service leave

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

(l) Contributed Equity

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

(m) Earnings Per Share

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *continued*

(m) Earnings Per Share *continued*

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

(n) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is offset against the related asset.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

(a) Significant accounting judgements

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

(i) Capitalisation of exploration and evaluation expenditure

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

(ii) Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

(iii) Research and development tax incentives

Research and development rebates are recognised when there is reasonable assurance that the rebate will be received. Management judgement is required to assess that the rebate meets the recognition criteria and in determining the measurement of the rebate including the assessment of the eligibility and appropriateness of the apportionment of eligible expenses based on research and development activities undertaken by the consolidated entity and taking into consideration relevant legislative requirements.

Further, the Research and Development Tax Incentive program in Australia is a self-assessment regime and there is a four year period from the date of lodgement where the claim may be subject to a review the Australian Taxation Office or Ausindustry, with any amounts overclaimed being potentially subject to full repayment with interest and penalties.

(b) Significant accounting estimates and assumptions

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

(i) Determination of mineral resources and ore reserves

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

(b) Significant accounting estimates and assumptions continued

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

(ii) Share based payment transactions

The Group measures the cost of equity settled transactions with employees and suppliers by reference to the fair value of the equity instrument at the date at which they are granted. The expense recognised is based on an assessment of the probability of the vesting. The fair value is determined by using a Black and Scholes model, using the assumptions detailed in Note 18. The accounting estimates and assumptions relating to equity settled share based payments would have no impact on the carrying amounts of the assets and liabilities within the next annual reporting period but may impact income and expenses.

(iii) Impairment of capitalised exploration and evaluation expenditure

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

5. PARENT ENTITY INFORMATION

	Parent	
	2021	2020
	\$	\$
Current Assets ¹	6,262,978	465,316
Non-current Assets	79,863	112,107
Total Assets	6,342,841	577,423
Current Liabilities	101,666	672,802
Non-current Liabilities	43,395	53,631
Total Liabilities	145,061	726,433
Contributed Equity	49,408,241	39,734,369
Accumulated Losses	(45,108,576)	(41,767,499)
Option Reserve	1,898,115	1,884,120
Total Equity	6,197,780	(149,010)
Loss for the year	(3,341,077)	(3,196,773)
Total Comprehensive loss for the year	(3,341,077)	(3,196,773)

¹Loan receivables from the subsidiaries of King River have been written down to fair value in the parent entity information and recorded in profit and loss.

Guarantees

As a condition of the Corporations Instrument 2016/785, King River Resources Limited, Speewah Mining Pty Ltd, Treasure Creek Pty Ltd, Kimberley Gold Pty Ltd, Whitewater Minerals Pty Ltd and ARC Specialty Metals Pty Ltd (The "Closed Group") have entered into a deed of cross guarantee. The effect of the deed is that King River Resources Limited has guaranteed to pay any deficiency in the event of winding up of the controlled entity or if it does not meet its obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entity has also given a similar guarantee in the event that King River Resources Limited is wound up or if it does not meet its obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2021



	Consolidated	
	2021	2020
	\$	\$
6. REVENUES AND EXPENSES		
(a) Interest Revenue		
Interest revenue calculated using the effective interest rate method	6,094	1,764
(b) Other Income		
Research & Development Tax Incentive ¹	-	385,064
	-	385,064
¹ Please refer to Note 2(f) Prior Period Adjustment		
(c) Expenses		
Depreciation expenses:		
depreciation – right of use asset	(33,425)	(52,054)
depreciation – plant and equipment	(26,243)	(18,260)
	(59,668)	(70,314)
Directors' and employee benefits expenses (excluding sharebased payments):		
wages and fees	(131,400)	(127,600)
superannuation contribution expense	-	(3,800)
	(131,400)	(131,400)
(d) Other administration expenses		
Administration and bookkeeping fees	(84,066)	(74,909)
Travel and accommodation	(7,645)	(33,566)
Media and investor relations	(97,550)	(107,262)
Office expenses	(61,227)	(45,678)
Short term lease expenses	(47,347)	(54,396)
Other expenses	(29,337)	(14,551)
	(327,172)	(330,362)
(e) Tenement Expenses		
During the financial year, the following tenement licences were allowed to expire or were surrendered and the total capitalised tenement costs in the amount of \$180,602 incurred were written off.		
Speewah E80/4961	(88,394)	
Speewah E80/4962	(56,895)	
Speewah E80/4973	(35,313)	
	(180,602)	

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2021



	Consolidated	
	2021	2020
	\$	\$
7. INCOME TAX		
(a) The components of tax expense comprise:		
<i>Current income tax</i>		
Current income tax expense / (benefit)	-	-
<i>Deferred income tax</i>		
Relating to the origination and reversal of temporary differences	-	-
Adjustments in respect of deferred income tax of previous years	-	-
Total income tax expense as reported in the profit or loss	-	-
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Profit / (Loss) Before Income Tax	(968,842)	(1,115,536)
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2020: 27.5%)	(290,653)	(306,771)
Add:		
Tax Effect of:		
Movement in deferred tax assets not brought to account	281,945	360,487
Permanent differences	8,708	(53,716)
	-	-

Deferred Tax Assets and Liabilities

	30 June 2020	Movement	30 June 2021
Deferred Tax Assets (DTA)			
Capital raising costs	55,278	35,133	90,411
Tax losses	7,856,585	1,535,891	9,392,476
Less: tax losses foregone in lieu of JMEI claim in the 2021 financial year	-	(659,709)	(659,709)
Other	30,486	(7,437)	23,049
Accrued expenses	9,556	2,519	12,075
DTA to offset DTL	(4,907,273)	(624,452)	(5,531,725)
Unrecognised DTA	3,044,632	281,945	3,326,577
Deferred Tax Liabilities (DTL)			
Exploration	(4,873,148)	(579,043)	(5,452,191)
Fixed assets	(4,577)	(51,991)	(56,568)
Other	(29,547)	6,581	(22,966)
Deferred tax assets to offset DTL	4,907,273	624,452	5,531,725
	-	-	-

The Company and its subsidiary form a tax consolidated group. The consolidated financial statements have been prepared on this basis of the formation of a consolidated group. The above DTA amounts are not recognised in the accounts on the basis the Company does not meet the DTA recognition test, as profits are not forecast for the period ended 30 June 2021.

8. SEGMENT REPORTING

The Consolidated Entity operates in one geographical area being Australia (Western Australia and Northern Territory) and one industry, being exploration for the year to 30 June 2021. The Chief Operating Decision Makers are the Board of Directors and management of the Group. There is only one operating segment identified being exploration activities in Australia based on internal reports reviewed by the Chief Operating Decision Makers in assessing performance and allocation of resources.

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of the financial statements.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2021



	Consolidated	
	2021	2020
	\$	\$
9. LOSS PER SHARE		
Loss used in calculation of basic and diluted earnings per share	(968,842)	(1,115,536)
	Number	Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,515,960,601	1,247,826,282
Effect of dilution - share options	-	-
Weighted average number of ordinary shares adjusted for effect of dilution	1,515,960,601	1,247,826,282

As at 30 June 2021 the Company has 10,000,000 Loan Plan Shares accounted for as in-substance options (2020: 10,000,000), 7,000,000 unlisted options (2020: 7,000,000), and 152,443,342 (2020: 412,867,511) listed options on issue. These options are not considered to be dilutive as the issue of the shares are contingent on certain vesting conditions or conversion of the options to ordinary shares will decrease the loss per share. There have been no other transactions involving ordinary shares or potential ordinary shares subsequent to the balance date that would significantly change the number of ordinary shares or potential ordinary shares outstanding for the reporting period.

	Consolidated	
	2021	2020
	\$	\$
10. CURRENT ASSETS		
(a) Cash and cash equivalents balance		
Cash at bank and on hand	6,112,062	566,024
Cash at bank - bank security deposits ¹	12,155	12,155
	6,124,217	578,179

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

¹The bank security deposits of \$12,155 is made up of two bank accounts in the name of King River for security of the bank guarantees in the amount of \$5,555 and \$6,600 on the warehouse leases.

Reconciliation of net loss after tax to net cash flows from operations

Profit/(Loss) for the year	(968,842)	(1,115,529)
Share-based payments	13,995	188,058
Depreciation	59,668	70,314
Capitalise Exploration Cost written off	180,602	535,730
Other income ¹	-	(500,322)
(Increase)/decrease in assets:		
- current receivables	-	115,258
- other current assets	(4,833)	3,060
Increase/(decrease) in liabilities:		
- Trade and other current payables	(23,069)	70,699
Net Cash flow used in Operating Activities	(742,479)	(632,732)

¹Please refer to Note 2(f) Prior Period Adjustment.

(b) Other Receivables		
GST recoverable	40,666	49,389
Research & Development tax rebate receivable	382,464	-
	423,130	49,389
(c) Other current assets		
Prepayments	13,136	8,303
Security deposit	21,276	-
	34,412	8,303

Allowance for impairment loss

Other receivables which are primarily from the ATO are non-interest bearing and are generally paid on 30 day settlement terms. Other receivables are neither past due nor materially impaired at 30 June 2021 and 30 June 2020.

Fair value

Due to the short-term nature of the other receivables, their carrying value approximates their fair value.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2021



	Consolidated	
	2021	2020
	\$	\$
11. DEFERRED EXPLORATION EXPENDITURE		
At Cost		
Balance at beginning of the year	16,155,543	15,429,679
Prior period adjustment ²	-	(1,564,996)
Balance at beginning of the year - restated ²	16,155,543	13,864,683
Expenditure incurred	2,622,903	2,826,590
Capitalise Tenement cost written off ¹	(180,602)	(535,730)
Research & Development Incentive Received	(382,464)	-
Exploration Incentive Scheme	(41,411)	-
Total Exploration Expenditure	18,173,969	16,155,543

¹ Please refer to Note 6. Revenue and Expenses (e).

² Please refer to Note 2(f) Prior Period Restatement.

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas. As at 30 June 2021 there are no indicators of impairment under AASB 6 related to Deferred Exploration Expenditure.

	Consolidated	
	2021	2020
	\$	\$
12. PLANT AND EQUIPMENT		
Gross carrying amount - at cost	314,117	121,011
Accumulated depreciation	(106,577)	(81,424)
Net carrying amount	207,540	39,587
At beginning of year, net accumulated depreciation	39,587	55,938
Acquired	193,106	1,909
Disposals	-	-
Depreciation charge for the year	(25,153)	(18,260)
At end of year, net accumulated depreciation	207,540	39,587

The useful life of the assets was estimated between 2 and 20 years for 2021 and 2020.

13. RIGHT OF USE ASSET

Leased warehouse storage	76,552	107,445
	76,552	107,445

14. TRADE AND OTHER PAYABLES

Trade payables	171,799	260,832
Accruals	40,250	34,750
Loan funding ¹	-	500,000
Other payables	984	1,075
	213,033	796,657

¹ Harvey Springs Estate Pty Ltd, a company controlled by Mr Anthony Barton, had entered into a loan facility agreement in the amount of \$500,000 with King River to fund ongoing development and working capital. The loan facility was non-interest bearing and unsecured with the maturity date being 30 June 2021. The loan facility was drawn down in full before 30 June 2020 to fund prefeasibility expenditure and working capital and repaid in full in August 2020.

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2021



14. TRADE AND OTHER PAYABLES continued

Changes in liabilities arising from financing liabilities

	1 July 2020 \$	Cash flows \$	Other \$	30 June 2021 \$
Loans	500,000	(500,000)	-	-
Current lease liabilities (Note 15)	55,597	(58,671)	36,509	33,435
Non-current lease liabilities (Note 15)	55,260	-	(11,865)	43,395
Total liabilities from financing activities	610,857	(558,671)	24,644	76,830

	Consolidated	
	2021 \$	2020 \$
15. LEASE LIABILITIES		
Leased warehouse storage - current	33,435	55,597
Leased warehouse storage - non-current	43,395	55,260
	76,830	110,857

16. CONTRIBUTED EQUITY AND RESERVES

(a) Contributed Equity - Consolidated

	2021	
	Number	\$
Issued capital at beginning of year as at 1 July 2020	1,248,638,553¹	39,734,369
Fully paid ordinary shares carry one vote per share and carry the right to dividends		
Movements in ordinary shares on issue		
Issue of Shares - Placement 27 July 2020	66,666,669	2,000,000
Issue of Shares - Share Purchase Plan 19 August 2020	238,219,725	7,861,239
Capital Raising Fees net of tax	-	(187,367)
Issued capital at end of year as at 30 June 2021	1,553,524,947¹	49,408,241

¹ Number of shares is inclusive of the 10,000,000 Loan Plan Shares accounted for as in-substance options. Refer to Note 18(b) Loan Plan Shares.

Movement in options on issue	Number	Exercise Price
Listed Options on Issue as at 1 July 2020	412,867,511	12 cents
Granted - Attaching options Placement and Share Purchase Plan	152,443,342	6 cents
Exercised	-	-
Expired 31 July 2020	(412,867,511)	12 cents
Listed Options on Issue as at 30 June 2021	152,443,342	6 cents

On 19 August 2020 the Company completed a Security Purchase Plan ("SPP") and raised \$7,861,240 from the issue of 238,219,725 shares and 119,110,007 attaching options. The issue price for each share under this SPP was \$0.033 plus 1 free attaching option for every 2 shares issued. Each option has an exercise price of \$0.06 and expiry date of 31 July 2022.

On 27 July 2020 the Company completed a Placement from professional and sophisticated investors and raised \$2,000,000 from the issue of 66,666,669 shares and 33,333,335 attaching options. The issue price for each share under the Placement was \$0.03 plus 1 free attaching option for every 2 shares issued. The options have an exercise price of \$0.06 and an expiry of 31 July 2022. There were no other significant movements in equity after the 2021 reporting period until the lodgement of this report.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2021



16. CONTRIBUTED EQUITY AND RESERVES continued

(a) Contributed Equity – Consolidated continued

	Number	Exercise Price
Unlisted Options on Issue as at 1 July 2020	7,000,000	6 cents
Granted	-	-
Expired	-	-
Options on Issue as at 30 June 2021	7,000,000	6 cents

Refer note 18 (b) Summaries of Options Granted.

	2020	
	Number	\$
Issued capital at beginning of year as at 1 July 2019	1,238,638,553	39,734,369
Fully paid ordinary shares carry one vote per share and carry the right to dividends		
Movements in ordinary shares on issue		
Loan Plan Shares –22 August 2019 ¹	10,000,000 ¹	-
Capital Raising Fees net of tax	-	-
Issued capital at end of year as at 30 June 2020	1,248,638,553	39,734,369

¹ On 14 August 2019 the Company issued 10,000,000 shares to the Chief Geologist at the market price of 3.2 cents per share. The shares will be subject to trading restrictions and 5,000,000 of the shares will be escrowed until the completion of the prefeasibility study and 5,000,000 of the shares will be escrowed until the completion of a bankable feasibility study. The shares have been funded by a limited recourse loan from the Company with a 4-year term and zero interest rate. Refer to Note 6.2 Equity Based Compensation (Loan Plan Shares) and Note 18 Recognised Share-Based Payment Expenses, which includes the pro rata expense of the value for the relevant period. The Share Based Payment amount is recognised in the Reserves and not Issued Capital.

Movement in options on issue	Number	Exercise Price
Listed Options on Issue as at 1 July 2019	412,867,511	12 cents
Granted	-	-
Exercised	-	-
Expired	-	-
Listed Options on Issue as at 30 June 2020	412,867,511	12 cents

	Number	Exercise Price
Unlisted Options on Issue as at 1 July 2019	4,500,000	10 cents
Granted – 14 August 2019	7,000,000 ¹	6 cents
Expired – 30 June 2020	(4,500,000)	10 cents
Options on Issue as at 30 June 2020	7,000,000	6 cents

¹ On 14 August 2019 the Company issued 5,000,000 options to Project Geologist with an exercise price of 6 cents per share and an expiry date of 14 August 2022. The options are subject to exercise restrictions and will vest upon defining a minimum Inferred resource (at either the Tennant Creek Project or the Mt Remarkable Region) of no less than 250,000 ounces of Au at an average grade of no less than 6 grams per tonne.

On 14 August 2019 the Company issued 2,000,000 options to a contractor with an exercise price of 6 cents per share and an expiry date of 14 August 2022.

Excludes 10,000,000 Loan Plan Shares accounted for as in-substance options. Refer to Note 18(b) Loan Plan Shares.

Terms and conditions of contributed equity

Ordinary shares

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

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2021



16. CONTRIBUTED EQUITY AND RESERVES continued

(a) Contributed Equity – Consolidated continued

16(b) Reserves

	Equity Benefits Reserve \$
Reserves	
At 30 June 2019	1,696,062
Share – based payments	188,058
At 30 June 2020	1,884,120
Share – based payments	13,995
At 30 June 2021	1,898,115

Nature and Purpose of Equity Benefits Reserve

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

During the 2020 year, the following options expired and were issued:

- 2,000,000 unlisted options exercisable at \$0.06 on or before 14 August 2022 were issued to contractors of the Company. These options all vested immediately.
- 5,000,000 unlisted options exercisable at \$0.06 on or before 14 August 2022 were issued to Project Geologist of the Company. These options have vesting conditions.
- 4,500,000 unlisted options exercisable at \$0.10 expired 30 June 2020.

	Consolidated	
	2021	2020
	\$	\$
17. COMMITMENTS		
<i>Exploration Expenditure Commitment</i>		
In order to maintain the Company's interest in mining tenements, the Company is committed to meet the minimum expenditure conditions under which the tenements were granted. These amounts change annually and are also based on whether term of extensions are granted for each tenement.		
Within 1 year	1,775,350	1,938,800

18. SHARE BASED PAYMENTS

(a) Recognised share-based payment expenses

On 14 August 2019 the Company issued 10,000,000 Loan Plan Shares to the Chief Geologist at the market price of 3.2 cents per share. The PFS was completed on 16 June 2021, of which 5,000,000 shares were released from escrow on 1 July 2021. 5,000,000 of the shares are subject to trading restrictions will be escrowed until the of a bankable feasibility study. The shares have been funded by a limited recourse loan from the Company with a 4-year term and zero interest rate, the loan is repayable at the end of the term or from the proceeds of any shares sold after escrow release. In the event that any shares sold are less than 3.2 cents the Company will only recoup the value of the shares sold at the respective price in repayment of the loan, or part thereof.

The Loan Plan Shares have been accounted for as an in-substance option award. The fair value of the equity instrument granted was estimated as at the date of grant using the Black and Scholes model taking into account the terms and conditions upon which the shares were granted. Please refer to Note 18(g). The value brought to account as a share-based payment expense in the year ended 30 June 2021 was \$13,995.

During the financial year ended 30 June 2021, the Company's prefeasibility focus had shifted from a mine operation based at the Speewah Project towards are more direct industrial aluminium feedstock project ("HPA Project"). The development of the HPA Project arose as a result of work upon the Speewah Project in assessing HPA products and resulting in the Company developing a new technology with a unique HPA process. Due to the Company's shift of prefeasibility focus towards HPA Project, on 29 January 2021 the Company varied the terms of the Loan Plan Share Restriction Period to also enable the restriction to be satisfied and end on the relevant development of the HPA Project. As the award has non-market based vesting conditions, the modification of the award did not give rise to an incremental fair value at the date of modification.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2021



18. SHARE BASED PAYMENTS continued

(b) Summaries of options granted

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

	2021		2020	
	Number	WAEP	Number	WAEP
Options outstanding at the beginning of the year	7,000,000	0.06	4,500,000	0.10
Granted during the year	-	-	7,000,000	0.06
Converted during the year	-	-	-	-
Expired during the year	-	-	(4,500,000)	0.10
Outstanding at the end of the year	7,000,000	0.06	7,000,000	0.06
Exercisable at the end of the year	2,000,000	0.06	2,000,000	0.06

There were 7,000,000 options on issue as at 30 June 2021 (2020: 7,000,000). Only 2,000,000 are vested immediately and exercisable. 5,000,000 have vesting conditions.

Loan Plan Shares

	2021		2020	
	Number	WAEP	Number	WAEP
Loan Plan Shares outstanding at the beginning of the year	10,000,000	0.0254	-	-
Issued during the year	-	-	10,000,000	0.0254
Released during the year	-	-	-	-
Expired during the year	-	-	-	-
Loan Plan Share outstanding at the end of the year	10,000,000	0.0254	10,000,000	0.0254
Escrowed at the end of the year	10,000,000	0.0254	10,000,000	0.0254

There were 10,000,000 Loan Plan Shares which have been accounted for as an in-substance options award (2020: 10,000,000) at 30 June 2021, the 10,000,000 Loan Plan Shares have vesting conditions. Refer to section 6.2 Equity Based Compensation for details of Loan Plan Shares accounted for as in substance options.

(c) Weighted average remaining contractual life

The weighted average remaining contractual life for the options outstanding as at 30 June 2021 is 1.12 year (2020: 2.12 years).

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

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

Options	2021	2020
Class O (7,000,000)	0.06	0.06

There were no options exercised during the 2021 financial year. Class O 7,000,000 options expire on 14 August 2022.

(e) Weighted average fair value

There were no options granted during the year ended 30 June 2021 (2020: 7,000,000). There were no options expired during the year ended 30 June 2021 (2020: 4,500,000).

18. SHARE BASED PAYMENTS continued**(f) Option pricing model**

The fair value of the equity-settled share options granted under the option plan is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the year ended 30 June 2021.

Grant Date	14 August 2019
Options Issued	7,000,000
Volatility (%)	50
Risk free interest rate (%)	0.69
Discount rate (%)	0.94
Historic share price previous to grant date (\$)	0.036
Expected life of options (months)	36
Options exercise price (\$)	0.06
Fair value at grant date (\$)	0.0068

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

(g) Share pricing model

The fair value of the equity-settled share granted under the Loan Plan Shares issued to Chief Geologist is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the shares were granted.

The following table lists the expense inputs to the model used for the year ended 30 June 2021.

Grant Date	14 August 2019
Options Issued	10,000,000
Volatility (%)	100
Risk free interest rate (%)	0.71
Discount rate (%)	0.94
Historic share price previous to grant date (\$)	0.032
Expected life of options (months)	48
Fair value at grant date (\$)	0.0254

The expected life of the shares is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

19. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise of cash and short term deposits. The Group has various other financial assets and liabilities such as loan and borrowings, lease liabilities, receivables and trade payables, which arise directly from its operations.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in notes 10 and 14 to the consolidated financial statements.

The Group manages its exposure to a variety of financial risks: market risk (including interest rate risk), credit risk, liquidity risk and cash flow interest rate risk in accordance with the approved Group policies.

Primary responsibility for the identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified.

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessment of market forecast for interest rate and foreign exchange. The Group manages credit risk by only dealing with recognised, creditworthy, third parties and liquidity risk is monitored through the development of future rolling cash flow forecasts.

Commodity price risk

Presently the Group is not exposed to commodity price risk.

19. FINANCIAL RISK MANAGEMENT continued*Interest rate risk*

The Group's current exposure to the risk of changes in market interest rates relate primarily to cash assets rates and is managed by the Board in accordance with the approved investment policy. This policy defines maximum exposures and credit ratings limits.

The Group does not account for fixed rate financial assets and liabilities at fair value through profit or loss.

During the financial year the Group has managed its cash assets by entering into a fixed interest term deposits to maximise its cash balance.

The group does not have any material exposure to interest rate risk as at 30 June 2021.

Foreign currency risk

The Group has no material transactional foreign currency exposure.

Credit risk

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

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

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

Credit Quality of Financial Assets

	S&P Credit rating				
	AAA	A1+	A1	A2	Unrated
	\$	\$	\$	\$	\$
Consolidated as at 30 June 2021					
Cash and cash equivalents	-	6,124,217	-	-	-
Other Financial Assets	-	-	-	-	-
Trade and Other Receivables	40,666	-	-	-	-

	S&P Credit rating				
	AAA	A1+	A1	A2	Unrated
	\$	\$	\$	\$	\$
Consolidated as at 30 June 2020					
Cash and cash equivalents	-	578,179	-	-	-
Other Financial Assets	-	-	-	-	-
Trade and Other Receivables	49,389	-	-	-	-

Liquidity risk

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

The Group manages liquidity risk by maintaining sufficient cash to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The Group's liquidity needs can be met through a variety of sources, including: cash generated from interest accrued on cash balances, short and long term borrowings and issue of equity instruments. Alternatives for sourcing our future capital needs include our current cash position, future operating cash flow, project debt financings and equity raisings. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs.

The maturity analysis for contractual undiscounted cash flows of liabilities:

Less than one year	\$246,666
One to five years	\$50,695
Total undiscounted cash flow	<u>\$297,361</u>

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2021



19. FINANCIAL RISK MANAGEMENT continued

Capital risk management

The Group's capital comprises share capital, reserves less accumulated losses amounting to \$24,749,957 at 30 June 2021 (2020: \$16,030,932). The Group's capital management objectives are:

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

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

20. GROUPS INFORMATION

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

	Country of Incorporation	% Equity Interest	
		2021	2020
Speewah Mining Pty Ltd	Australia	100	100
Treasure Creek Pty Ltd	Australia	100	100
Kimberley Gold Pty Ltd	Australia	100	100
Whitewater Minerals Pty Ltd	Australia	100	100
ARC Specialty Metals Pty Ltd	Australia	100 ¹	-

¹This is a wholly-owned subsidiary incorporated on 21 May 2021.

21. EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events following the balance date that affected the Company's equity or state of affairs.

22. AUDITORS' REMUNERATION

The auditors of King River are Ernst & Young.

Auditor's Remuneration	Consolidated	
	2021	2020
	\$	\$
Fees to Ernst & Young (Australia)		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	42,674	37,804
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm		
- Audit of Form 5 expenditure report	-	3,120
Total fees to Ernst & Young (Australia)	42,674	40,924
Total auditor's remuneration	42,674	40,924

23. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES

There were no changes to Directors and Key Management Personnel between the reporting date and the date the financial report was authorised for issue.

(a) Compensation of Directors and Key Management Personnel	Consolidated	
	2021	2020
	\$	\$
<i>Director and Key Management Personnel</i>		
Short-term	388,879	326,048
Post-employment superannuation	9,084	9,669
Share based payments	13,995	174,532
	411,958	510,249

24. RELATED PARTY TRANSACTIONS

Australian Heritage Group Pty Ltd (“AHG”), a company of which Mr Anthony Barton, a Director and Mr Greg MacMillan, a Director and the Company Secretary, have entered into an occupancy and administration agreement with King River Resources in respect of providing occupancy, administration and bookkeeping services commencing March 2009. The total value of the occupancy and administration services provided by AHG during the year was \$4,909 (2020: \$4,909). As at 30th June 2021, there is \$520 amount (2020: \$450) outstanding to pay AHG. All services provided by companies associated with directors were provided on commercial terms.

Harvey Springs Estate Pty Ltd, a company controlled by Mr Anthony Barton, had entered into a loan facility agreement in the amount of \$500,000 with King River to fund ongoing development and working capital. The loan facility is non-interest bearing and unsecured with the maturity date being 30 June 2021. The loan facility was drawn down in full before 30 June 2020 to fund prefeasibility expenditure and working capital. The loan was repaid in full on 18 August 2020.

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

Mr Anthony Barton and his associate entities acquired 4,545,455 ordinary shares and 2,272,730 attaching options at \$0.033 per share and nil per option pursuant to the Share Purchase Plan acceptance.

Mr Leonid Charuckyj and his associate entities acquired 1,800,000 ordinary shares and 900,000 attaching options at \$0.033 per share and nil per option pursuant to the Share Purchase Plan acceptance.

Mr Greg MacMillan and his associate entities acquired 1,818,181 ordinary shares and 909,092 attaching options at \$0.033 per share and nil per option pursuant to the Share Purchase Plan acceptance.

Mr Kenneth Rogers acquired 606,062 ordinary shares and 303,032 attaching options at \$0.033 per share and nil per option pursuant to the Share Purchase Plan acceptance.



**Building a better
working world**

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Independent auditor's report to the members of King River Resources Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of King River Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2021 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Key audit matters

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

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

Carrying value of capitalised exploration and evaluation assets

Why significant

At 30 June 2021, the Group held exploration and evaluation assets of \$18,173,969 as disclosed in Note 11 to the financial report.

The carrying amount of exploration and evaluation assets is assessed for impairment by the Group when facts and circumstances indicate that the carrying amount of exploration and evaluation assets may exceed its recoverable amount.

The determination as to whether there are any indicators to require the exploration and evaluation assets to be assessed for impairment involves a number of judgments, including whether the Group has tenure, whether it will be able to perform ongoing expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable.

For the year ended 30 June 2021 the Group identified a number of tenements which were allowed to expire or were surrendered and resulted in a write off of their full carrying values of \$180,602 as set out in note 6 (e). The Group did not identify any further indicators of impairment.

Given the size of the balance and the judgmental nature of impairment indicator assessments associated with exploration and evaluation assets, we consider this a key audit matter.

How our audit addressed the key audit matter

We evaluated the Group's assessment of the carrying value of exploration and evaluation assets. In obtaining sufficient audit evidence, we:

- ▶ Considered the Group's right to explore in the relevant exploration area which included obtaining and assessing supporting documentation such as license agreements
- ▶ Considered the Group's intention to carry out significant exploration and evaluation activity in the relevant exploration area which included assessment of the Group's cash-flow forecast models and enquiries with senior management and the Directors as to the intentions and strategy of the Group
- ▶ Assessed whether exploration and evaluation data exist to indicate that the carrying value of capitalised exploration and evaluation is unlikely to be recovered through development or sale
- ▶ Assessed the appropriateness of exploration and evaluation asset balances written off where impairment triggers were identified
- ▶ Assessed the adequacy of the disclosures in the financial report



Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2021 Annual Report but does not include the financial report and our auditor's report thereon.

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

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

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

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 Group's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

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

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report.

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

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

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



Report on the audit of 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 2021.

In our opinion, the Remuneration Report of King River Resources Limited for the year ended 30 June 2021, 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 handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'Timothy Dachs'.

Timothy Dachs
Partner
Perth
24 September 2021

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 23 September 2021.

(a) Distribution of Equity Securities

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

			Listed Ordinary Shares		Listed Options	
			Number of Holders	Number of Shares	Number of Holders	Number of Options
1	–	1,000	157	42,452	9	996
1,001	–	5,000	293	1,035,529	-	-
5,001	–	10,000	485	3,997,800	1	7,442
10,001	–	100,000	2,300	97,219,753	245	9,702,483
100,001	–	and over	1,512	1,451,229,413	267	142,732,421
			4,747	1,553,524,947	523	152,443,342

(b) Twenty Largest Shareholders

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

		Listed Ordinary Shares	
		Number of Shares	Percentage of Shares %
1.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	43,224,274	2.78%
2.	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	41,050,083	2.64%
3.	GDM SERVICES PTY LTD	35,401,684	2.28%
4.	BNP PARIBAS NOMINEES PTY LTD	30,541,718	1.97%
5.	CITICORP NOMINEES PTY LIMITED	28,725,371	1.85%
6.	UNIVERSAL OIL (AUSTRALIA) PTY LTD	28,064,033	1.81%
7.	A P BARTON PERSON S/F A/C	20,965,700	1.35%
8.	BARTON SUPER FUND A/C	19,812,358	1.28%
9.	L & E FISHER NOMINEES PTY LTD	18,000,000	1.16%
10.	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD	16,604,216	1.07%
11.	S F MARAVENTANO PTY LTD	15,713,098	1.01%
12.	SESNA PTY LTD	15,000,000	0.97%
	MR KENNETH JON CARTER & MRS MANDY EMMA CARTER	15,000,000	0.97%
13.	LASTING LEGACY PTY LTD	14,909,091	0.96%
14.	HOOKS ENTERPRISES PTY LTD	14,200,000	0.91%
15.	BARTON & BARTON PTY LTD	13,917,018	0.90%
16.	MRS CORINNE HEATHER BARTON	11,132,422	0.72%
17.	MARK LA STARZA SUPERANNUATION FUND PTY LTD	11,070,137	0.71%
18.	J & R SUPERANNUATION PTY LTD	11,000,000	0.71%
19.	TEMTOR PTY LTD	10,391,667	0.67%
20.	MR KENNETH ARNOLD ROGERS	10,303,031	0.66%

(c) Voting Rights

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

ASX Additional Information

(d) Substantial Shareholders

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

	Number of Shares	Percentage of Ordinary Shares %
Mr Anthony Barton and Associates	104,660,157	6.737%

(e) Twenty Largest Quoted Option Holders

These options all have an exercise price of 6 cents and expire on the 31 July 2022.

		Listed Options	
		Number of Options	Percentage of Options %
1	THE KING'S RANSOM (VIC) PTY LTD	7,000,000	4.59%
2	M & K KORKIDAS PTY LTD	6,299,837	4.13%
3	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	5,530,306	3.63%
4	J & R SUPERANNUATION PTY LTD	4,200,000	2.76%
5	MR MATTHEW WAYNE SOLMAN	3,105,164	2.04%
6	OCEAN REEF HOLDINGS PTY LTD	2,500,000	1.64%
7	CALM NOMINEES PTY LTD	2,121,213	1.39%
8	L & E FISHER NOMINEES PTY LTD	2,037,880	1.34%
9	<FISHERS SUPER FUND A/C>	2,037,880	1.34%
9	IQ GLOBAL ASSET PARTNERS PTY LTD	2,000,010	1.31%
10	DENILQUIN PHARMACY (NSW) PTY LTD	2,000,000	1.31%
10	MARRIOTT PRINTERY PTY LIMITED	2,000,000	1.31%
10	INVICTUS CAPITAL PTY LTD	2,000,000	1.31%
11	KHE SANH PTY LTD	1,750,000	1.15%
12	MULLOWAY PTY LTD	1,666,667	1.09%
13	MR ERIC JOHN ANDERSON	1,582,148	1.04%
14	MR CRAIG LESLIE DIXON	1,500,000	0.98%
15	SIRROM SUPER PTY LTD	1,460,096	0.96%
16	MR PAUL JONATHAN WRIGHT	1,446,965	0.95%
17	MR EDWARD JAMES HARWOOD & MRS BEVERLEY MARIE HARWOOD	1,250,000	0.82%
18	CITICORP NOMINEES PTY LIMITED	1,121,214	0.74%
19	LHG SUPERANNUATION PTY LTD	1,100,000	0.72%
20	BNP PARIBAS NOMINEES PTY LTD	1,077,270	0.71%

(f) Distribution of unquoted option holder numbers

Category (Size of Holding)	No of Option Holders	No of Options
100,001 and over	2	7,000,000
	2	7,000,000

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

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

(h) On-Market Buyback

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

(i) Schedule of Mining Tenements

Area of Interest	Tenements	Comments	
Australia - Western Australia			
East Kimberley	M80/267	All of the Tenements are registered in the name of Speewah Mining Pty Ltd, Treasure Creek Pty Ltd and Whitewater Minerals Pty Ltd the wholly owned subsidiaries of King River Resources Limited.	
East Kimberley	M80/268		
East Kimberley	M80/269		
East Kimberley	E80/2863		
East Kimberley	E80/3657		
East Kimberley	E80/4468		
East Kimberley	E80/5007		
East Kimberley	E80/5133		
East Kimberley	E80/5176		
East Kimberley	E80/5177		
East Kimberley	E80/5178		
East Kimberley	E80/5192		
East Kimberley	E80/5193		
East Kimberley	E80/5194		
East Kimberley	E80/5195		
East Kimberley	E80/5196		
East Kimberley	L80/43		
East Kimberley	L80/47		
Tennant Creek	EL31617		Note: M = Mining Lease E/EL = Exploration Licence L = Miscellaneous Licence
Tennant Creek	EL31618		
Tennant Creek	EL31619		
Tennant Creek	EL31623		
Tennant Creek	EL31624		
Tennant Creek	EL31625		
Tennant Creek	EL31626		
Tennant Creek	EL31627		
Tennant Creek	EL31628		
Tennant Creek	EL31629		
Tennant Creek	EL31633		
Tennant Creek	EL31634		
Tennant Creek	EL32199		
Tennant Creek	EL32200		
Tennant Creek	EL32344		
Tennant Creek	EL32345		