

# **KINGS MINERALS NL**

ABN 72 006 381 684

## **HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2008**

### **CONTENTS**

Directors' Report

#### Financial Statements

- Consolidated Interim Income Statement
- Consolidated Interim Statement of Recognised Income and Expense
- Consolidated Interim Balance Sheet
- Consolidated Interim Statement of Cash Flows
- Condensed Notes to the Financial Statements

Directors' Declaration

Independent Auditor's Review Report to the Members of Kings Minerals NL

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## **DIRECTORS' REPORT**

Your Directors present their report, including the Financial Report for the consolidated entity for the half year ended 31 December 2008.

### **DIRECTORS**

The following persons were directors of Kings Minerals NL ("Kings") during the half year ended 31 December 2008:

Norman Alfred Seckold – Chairman  
Dudley Roy Leitch – Managing Director  
Gregory Michael Josephson – Non-Executive Director  
Richard Edward Keevers – Non-Executive Director

All directors were in office for the entire half-year and all directors remain in office at the date of this report.

### **REVIEW OF OPERATIONS**

- San Anton:
  - Study work on the Cerro del Gallo deposit continues to advance
  - Regional exploration program continued with encouraging results
  - Environmental baseline study ongoing
- San Anton Resource Corp Inc:
  - Goldcorp elected not to fund current budget, diluting their holding in the San Anton Project
- Mt Isa:
  - Updated Kalman mineral resource estimate released
  - Excellent molybdenum, copper and gold recoveries in preliminary metallurgical testwork at Kalman
  - Project studies commenced to evaluate the development of the Kalman deposit
  - Environmental baseline study commenced
- Corporate:
  - Appointment of a new Chief Operating Officer

### **SAN ANTON, MEXICO**

- LOCATION  
The San Anton Project is located in the State of Guanajuato approximately 270km north-west of Mexico City. The project covers an area of approximately 23,562 hectares.
- GEOLOGY  
The San Anton Project comprises the Cerro del Gallo gold-silver-copper deposit, the Carmen-Provedencia gold-silver epithermal vein system and additional prospective areas of extensive hydrothermal alteration, plus scattered occurrences of gold, silver and base metal mineral occurrences throughout the project area.

- **GEOLOGICAL WORK PROGRAM**

Study work on the Cerro de Gallo gold-silver-copper deposit continued to progress, primarily with the remodelling program that will allow the resource to be updated with geological and mineralogical data to provide an improved understanding of the resource.

The regional exploration continued with the assessment of the results from the geological mapping, conventional -80 mesh multi-element soil geochemistry, handheld Niton® XRF multi-element soil analysis, and high density regional stream sediment Bulk Leach Extractable Gold sampling programmes.

Regional exploration within the San Anton Project has been temporarily suspended, with the focus on advancing the technical studies on the Cerro del Gallo deposit.

- **MINERAL RESOURCE ESTIMATES**

The current Mineral Resource for the Cerro del Gallo deposit was released to the market on the 17 June 2008.

The remodelling program will allow the Company to evaluate the potential of initially developing the near surface relatively higher grade gold-silver mineralisation prior to developing the larger lower grade gold-silver-copper mineralisation.

- **METALLURGY & PROCESS ENGINEERING**

The metallurgical results to date indicate that copper can be recovered to a saleable grade concentrate from both the copper domain and gold domain material, and also that gold is readily recoverable using a standard cyanide leach process, with good kinetics, for the gold domain material.

More detailed metallurgical test work will be undertaken once the remodelling program has been completed and the outcomes assessed.

- **ENVIRONMENTAL**

Baseline environmental monitoring is ongoing.

- **SAN ANTON RESOURCE CORPORATION**

San Anton Resource Corporation will solely fund the November 2008 to October 2009 budget for the San Anton Property. Goldcorp elected not to participate in the budget and as a result will dilute its interests to between 30 to 33% from its current holding of 34%.

## **MT ISA INLIER, QUEENSLAND**

- **LOCATION**

The Kalman deposit is located 62km southeast of Mt Isa in the Mt Isa Mineral Province of northwest Queensland. The Company currently holds 100% interest in EPM's covering 1,091km<sup>2</sup> and is earning a 70% interest in the Pelican tenement covering an additional area of 100km<sup>2</sup>.

- **GEOLOGY**

The Kalman deposit lies within the Mary Kathleen zone of the Eastern Succession of the Mount Isa Inlier. The intrusion-related hydrothermal molybdenum-rhenium-copper-gold mineralisation is hosted by calc-silicate rocks of the Corella Formation. Copper-gold grades are consistently elevated, although variable, over broad widths, and molybdenite-rhenium grades are often highly elevated over lesser widths.

- **GEOLOGICAL WORK PROGRAM**

Project studies have commenced to evaluate the opportunities for development of the Kalman deposit.

Mapping and sampling results for regional prospects are being compiled in conjunction with regional drilling results for areas along strike to the north and south of the Kalman deposit.

The Company has temporarily suspended regional exploration within the Mt Isa Project and will focus on advancing the technical studies on the Kalman deposit.

- **MINERAL RESOURCE ESTIMATES**

An updated Inferred Mineral Resource estimate for the Kalman molybdenum-rhenium-copper-gold deposit was released to the market on 10 September 2008. The mineral resource was based on 74 drill holes for a total of 33,318 metres drilled on a nominal 100 by 100 metre spacing.

The Kalman deposit is estimated to contain 60.8 Mt at grades of 0.05% Mo, 1.19g/t Re, 0.32% Cu and 0.15g/t Au containing 30,400 tonnes of molybdenum, 2,326,300 ounces of rhenium, 194,700 tonnes of copper, and 294,900 ounces of gold.

The higher grade molybdenum domain is estimated to contain 26.2 Mt at grades of 0.11% Mo, 2.75g/t Re, 0.26% Cu and 0.13g/t Au containing 28,800 tonnes of molybdenum, 2,326,300 ounces of rhenium, 67,900 tonnes of copper, and 108,500 ounces of gold.

- **METALLURGY**

Excellent recoveries of all valuable metals have been achieved in the preliminary flotation test work on samples from the two mineralised domains in the Kalman deposit. The results indicate that high value products from the deposit containing molybdenum, rhenium, copper and gold can be produced utilising a conventional flow sheet and process conditions. Ongoing test work is investigating the cleaning of the rougher concentrate at various regrind size distributions and also establishing comminution characteristics of the material.

- **ENVIRONMENTAL**

Baseline environmental monitoring commenced in June 2008 and is continuing.

## **PARKER RANGE, WESTERN AUSTRALIA**

Kings holds a 30% free carried interest (to production) and Gondwana Resources as Operator holds a 70% interest.

## **CORPORATE**

Mr John Skeet was appointed to the position of Chief Operating Officer, reporting directly to Mr Dudley Leitch and the Board of Directors.

The Company earned the initial 51% in the Pelican tenement (EPM 13870) within the Mt Isa Project and continues to earn up to 70%.

## **EVENTS SUBSEQUENT TO HALF YEAR**

In the opinion of the directors of the Company no item, transaction or event of a material or unusual nature has arisen in the interval between the end of the half year and the date of this report that affects significantly the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity, in future years.

**LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

The lead auditor's independence declaration is set out on page 6 and forms part of the directors' report for the half-year ended 31 December 2008.

Dated at Brisbane this 27<sup>th</sup> day of February 2009.

Signed in accordance with a resolution of the Board of Directors:



.....  
Dudley Roy Leitch  
Managing Director

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**Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

To: the directors of Kings Minerals NL

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2008 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

*KPMG*

KPMG

Simon Crane  
*Partner*

Brisbane

27 February 2009

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**KINGS MINERALS NL**  
**ACN 006 381 684**

**CONSOLIDATED INTERIM INCOME STATEMENT**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	Note	Consolidated	
		2008	2007
		\$	\$
Other income		-	125,429
General and administrative expenses		(824,953)	(1,596,705)
Exploration and evaluation expenses		(194,722)	(2,956,117)
		<u>(1,019,675)</u>	<u>(4,552,822)</u>
Financing income		64,967	267,393
Financing expense		(2,443,471)	(226,347)
<b>Net financing income/(expense)</b>		<u>(2,378,504)</u>	<u>41,046</u>
<b>Loss before income tax expense</b>		(3,398,179)	(4,386,347)
Income tax expense		-	-
<b>Net loss for the period</b>		<u><u>(3,398,179)</u></u>	<u><u>(4,386,347)</u></u>
<b>Attributable to:</b>			
Shareholders of the Company		(2,452,548)	(4,159,218)
Minority interest		(945,631)	(227,129)
<b>Net loss for the period</b>		<u><u>(3,398,179)</u></u>	<u><u>(4,386,347)</u></u>
Basic loss per share (cents per share)	7	(0.62)	(1.11)
Diluted loss per share (cents per share)	7	(0.62)	(1.11)

The income statement is to be read in conjunction with the condensed notes to the consolidated interim financial report set out on pages 11 to 14.

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**CONSOLIDATED INTERIM STATEMENT OF RECOGNISED INCOME AND EXPENSE**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	Note	Consolidated	
		2008 \$	2007 \$
Foreign exchange translation differences	8	3,056,027	(374,329)
<b>(Loss)/income recognised directly in equity</b>		3,056,027	(374,329)
Net loss for the period		(3,398,179)	(4,386,347)
<b>Total recognised income and expense for the period</b>		<u>(342,152)</u>	<u>(4,760,676)</u>
<b>Attributable to:</b>			
Shareholders of the Company	8	603,479	(4,533,547)
Minority interest	8	(945,631)	(227,129)
<b>Total recognised income and expense for the period</b>	8	<u>(342,152)</u>	<u>(4,760,676)</u>

Other movements in equity arising from transactions with owners as owners are set out in Note 7.

The statement of recognised income and expense is to be read in conjunction with the condensed notes to the consolidated interim financial report set out on pages 11 to 14.



**KINGS MINERALS NL**  
**ACN 006 381 684**

**CONSOLIDATED INTERIM BALANCE SHEET**

**AT 31 DECEMBER 2008**

	Note	31 December 2008 \$	30 June 2008 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,483,808	7,736,977
Trade and other receivables		119,447	1,257,356
<b>TOTAL CURRENT ASSETS</b>		1,603,255	8,994,333
<b>NON-CURRENT ASSETS</b>			
Receivables		1,328,548	1,110,127
Property, plant and equipment		680,771	732,948
Exploration and evaluation expenditure		33,330,528	26,984,178
<b>TOTAL NON-CURRENT ASSETS</b>		35,339,847	28,827,253
<b>TOTAL ASSETS</b>		36,943,102	37,821,586
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,383,444	2,277,497
Employee benefits		16,150	14,185
<b>TOTAL LIABILITIES</b>		1,399,594	2,291,682
<b>NET ASSETS</b>		35,543,508	35,529,904
<b>EQUITY</b>			
Issued capital	7, 8	48,878,944	48,878,944
Reserves	8	299,395	(2,756,632)
Accumulated losses	8	(19,028,715)	(18,374,895)
<b>TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY</b>		30,149,624	27,747,417
Minority interest	8	5,393,884	7,782,487
<b>TOTAL EQUITY</b>	8	35,543,508	35,529,904

The balance sheet is to be read in conjunction with the condensed notes to the consolidated interim financial report set out on pages 11 to 14.

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**KINGS MINERALS NL**  
**ACN 006 381 684**

**CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	<b>2008</b>	<b>Consolidated</b>	<b>2007</b>
	<b>\$</b>		<b>\$</b>
<b>Cash flows from operating activities</b>			
Cash paid to suppliers and employees	(560,735)		(1,252,781)
Cash paid for exploration and evaluation	(2,621,814)		(2,715,761)
Interest received	64,967		267,393
<b>Net cash used in from operating activities</b>	<u>(3,117,582)</u>		<u>(3,701,149)</u>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	(18,588)		(310,486)
Bonds and mining deposits	(30,000)		51,800
Payments for exploration and evaluation expenditure	(3,089,183)		(5,850,656)
<b>Net cash used in investing activities</b>	<u>(3,137,771)</u>		<u>(6,109,342)</u>
<b>Cash flows from financing activities</b>			
Proceeds from increase in minority interest	-		556,291
Proceeds from the issue of share capital	-		13,305,000
Share issue expenses	-		(676,600)
<b>Net cash from financing activities</b>	<u>-</u>		<u>13,184,691</u>
<b>Net increase/(decrease) in cash held</b>	(6,255,353)		3,374,200
Cash and cash equivalents at 1 July	7,736,977		16,272,352
Effects of exchange rate fluctuations on cash held	2,184		528,493
<b>Cash and cash equivalents at 31 December</b>	<u>1,483,808</u>		<u>20,175,045</u>

The statement of cash flows is to be read in conjunction with the condensed notes to the consolidated interim financial report set out on pages 11 to 14.

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**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

**1. REPORTING ENTITY**

Kings Minerals NL (the “Company”) is a company domiciled in Australia. The condensed consolidated interim financial report of the Company as at and for the six months ended 31 December 2008 comprises the Company and its subsidiaries (together referred to as the “consolidated entity”) and the consolidated entity’s interest in a jointly controlled entity.

**2. STATEMENT OF COMPLIANCE**

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2008.

The condensed consolidated interim financial report was authorised for issue by the directors on 27 February 2009.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2008.

**4. ESTIMATES**

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

In preparing this consolidated interim financial report, the significant judgements made by management in applying the consolidated entity’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2008.

**5. GOING CONCERN**

The interim financial statements have been prepared on the basis of accounting principles applicable to a “going concern” which assumes the consolidated entity will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of operations.

The consolidated entity currently has no source of operating cash inflows, other than interest income, and has incurred net cash outflows for the interim period ended 31 December 2008 of \$6,255,353 (31 December 2007: cash inflows of \$3,374,200). At 31 December 2008, the consolidated entity has cash balances of \$1,483,808 (30 June 2008: \$7,736,977) and net working capital (current assets less current liabilities) of \$203,661 (30 June 2008: \$6,702,651).

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**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

These conditions give rise to a material uncertainty that may cast doubt upon the consolidated entity's ability to continue as a going concern. The ongoing operation of the consolidated entity is dependent upon:

- The consolidated entity raising additional funding from shareholders or other parties prior to 30 June 2009; and/or
- The consolidated entity reducing expenditure in line with available funding.

The directors of the Company have prepared cash flow projections that support the ability of the consolidated entity to continue as a going concern. These cash flow projections assume the consolidated entity obtains sufficient additional funding from shareholders or other parties prior to 30 June 2009 and accordingly, the directors have prepared the interim financial statements on the going concern basis. There is no assurance however that, in the current economic conditions, the consolidated entity will be able to raise these additional funds on reasonable terms.

In the event that the consolidated entity does not obtain additional funding and/or reduce expenditure in line with available funding, it may not be able to continue its operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the interim financial statements.

In the longer term, the development of economically recoverable mineral deposits found on the consolidated entity's existing or future exploration properties depends on the ability of the consolidated entity to obtain financing through equity financing, debt financing or other means. If the consolidated entity's exploration programs are ultimately successful, additional funds will be required to develop the consolidated entity's properties and to place them into commercial production. The only sources of future funds presently available to the consolidated entity are through the exercise of outstanding stock options in a controlled entity, the raising of equity capital by the Company or its listed controlled entity, or the sale of an interest in any controlled entities or properties in whole or in part. The ability of the consolidated entity to arrange such funding in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the consolidated entity. There can be no assurance that the consolidated entity will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the consolidated entity. If adequate financing is not available, the consolidated entity may be required to delay, reduce the scope of, or eliminate its current or future exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the consolidated entity to forfeit its interests in some or all of its properties and reduce or terminate its operations.

**6. SEGMENT INFORMATION**

Segment information is presented in the condensed consolidated interim financial statements in respect of the consolidated entity's geographic segments, which are the primary basis of segment reporting. The geographic segment reporting format reflects the consolidated entity's management and internal reporting structure.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets, expenses and corporate assets and expenses.

**KINGS MINERALS NL**  
**ACN 006 381 684**

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

**6. SEGMENT INFORMATION (cont.)**

***Business segments***

The consolidated entity operates in one business segment, the mining exploration industry.

	<b>Australia</b>		<b>Mexico</b>		<b>Consolidated</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Segment result	85,619	(3,489,166)	(686,487)	(133,187)	(600,868)	(3,622,353)
Unallocated expenses					(418,807)	(805,040)
Financial income/(expense)					(2,378,504)	41,046
Net loss					(3,398,179)	(4,386,347)

<b>Consolidated</b>	
<b>31 December</b>	<b>30 June 2008</b>
<b>2008</b>	<b>\$</b>
<b>\$</b>	

**7. ISSUED CAPITAL**

394,286,498 (June 2008: 394,286,498) ordinary shares, fully paid	48,878,944	48,878,944
	<u>48,878,944</u>	<u>48,878,944</u>

The Company recorded the following amounts within shareholders' equity as a result of the issuance of ordinary shares.

	<b>Number of ordinary shares</b>	<b>Issue price \$</b>	<b>Issued capital \$</b>
Balance at 1 July 2008	394,286,498		48,878,944
Share issuance	-		-
Share issue expenses	-		-
Balance at 31 December 2008 – fully paid	<u>394,286,498</u>		<u>48,878,944</u>

**KINGS MINERALS NL**

ACN 006 381 684

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

**8. CAPITAL AND RESERVES**

Reconciliation of movements in capital and reserves attributable to equity holders of the Company:

<b>Consolidated</b>	<b>Issued capital</b>	<b>Foreign currency translation reserve</b>	<b>Accumulated losses</b>	<b>Total</b>	<b>Minority interest</b>	<b>Total equity</b>
Balance at 1 July 2007	36,250,544	(573,190)	(12,915,432)	22,761,922	7,587,941	30,349,863
Total recognised income and expense	-	(374,329)	(4,159,218)	(4,533,547)	(227,129)	(4,760,676)
Sell-down of Mexican interests	-	-	-	-	521,352	521,352
Share-based payments by a controlled entity (net of tax)	-	-	142,556	142,556	-	142,556
Shares issued	13,305,000	-	-	13,305,000	-	13,305,000
Share issue expenses	(676,600)	-	-	(676,600)	-	(676,600)
Balance at 31 December 2007	48,878,944	(947,519)	(16,932,094)	30,999,331	7,882,164	38,881,495
Balance at 1 July 2008	48,878,944	(2,756,632)	(18,374,895)	27,747,417	7,782,487	35,529,904
Total recognised income and expense	-	3,056,027	(2,452,548)	603,479	(945,631)	(342,152)
Increase in minority interests	-	-	-	-	(1,442,972)	(1,442,972)
Share-based payments by a controlled entity (net of tax)	-	-	1,798,728	1,798,728	-	1,798,728
Shares issued	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-
Balance at 31 December 2008	48,878,944	299,395	(19,028,715)	30,149,624	5,393,884	35,543,508

**9. CONTINGENCIES**

There have been no material changes in contingent liabilities or contingent assets since 30 June 2008.

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**KINGS MINERALS NL**  
**ACN 006 381 684**

**DIRECTORS' DECLARATION**

In the opinion of the directors of Kings Minerals NL ("the Company"):

1. the financial statements and notes set out on pages 7 to 14, are in accordance with the *Corporations Act 2001* including:
  - (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the six month period ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Brisbane this 27<sup>th</sup> day of February 2009.

Signed in accordance with a resolution of the Directors.



Dudley Roy Leitch  
Director

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## **Independent auditor's review report to the members of Kings Minerals NL**

We have reviewed the accompanying interim financial report of Kings Minerals NL, which comprises the consolidated interim balance sheet as at 31 December 2008, income statement, statement of recognised income and expense and cash flow statement for the interim period ended on that date, a description of accounting policies and other explanatory notes 1 to 9 and the directors' declaration of the Group comprising the company and the entities it controlled at the interim period's end or from time to time during the interim period.

### **Directors' responsibility for the interim financial report**

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2008 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Kings Minerals NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### **Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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### **Conclusion**

Whilst we draw your attention to the material uncertainty detailed below, based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Kings Minerals NL is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2008 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

### **Material uncertainty regarding continuation as a going concern**

Without qualifying our conclusion, we draw attention to Note 5, "Going Concern" in the interim financial report. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the interim financial report.

KPMG

Simon Crane  
*Partner*

Brisbane  
27 February 2009

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