

# KINGSTON RESOURCES LIMITED

ACN 009 148 529

## Kingston Resources Limited

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# Rights Issue Prospectus

For the renounceable pro rata offer of three (3) New Shares for every five (5) Shares held by Shareholders registered at 5.00pm Perth time on the Record Date at an issue price of 1.4 cents per New Share to raise up to approximately \$754,159.

The Offer **opens on 13 November 2014** and **closes at 5.00pm Perth time on 9 December 2014**. Valid Applications must be received by the Closing Date.

### Important Notice

This document contains important information about the Offer. You should read the entire document. Please read the instructions in this document and the accompanying Entitlement and Acceptance Form regarding your Rights. If you have any questions about the Offer or this Prospectus, you should speak to your professional adviser.

The securities offered by this Prospectus should be considered speculative.

# Important information

## Prospectus

This Prospectus is dated 4 November 2014 and was lodged with ASIC on that date. Neither ASIC, ASX nor their officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the *Corporations Act*) and has been prepared in accordance with section 713 of the *Corporations Act*. It does not contain the same level as disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the *Corporations Act* and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

No Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. Application for quotation of the New Shares will be made to ASX within seven days after the date of this Prospectus.

## Electronic prospectus

This Prospectus may be viewed in electronic form at [www.kingstonresources.com.au](http://www.kingstonresources.com.au) by Australian investors only. The electronic version of this Prospectus is provided for information purposes only. A paper copy of the Prospectus may be obtained free of charge on request during the Offer period by contacting the Company. The information on [www.kingstonresources.com.au](http://www.kingstonresources.com.au) does not form part of this Prospectus.

## Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors are set out in Section 1.4 and Section 5 of this Prospectus. These risks together with other general risks applicable to all investments in quoted securities not specifically referred to, may affect the value of the Shares in the future. An investment in the Company should be considered speculative. Investors should consider these risk factors in light of personal circumstances and should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

## Overseas Shareholders

No offer is being made to Shareholders with a registered address outside Australia or New Zealand. The distribution of this Prospectus and the Entitlement and Acceptance Form (including electronic copies) outside Australia or New Zealand may be restricted by law. If you come into possession of these documents, you should observe such restrictions and should seek your own advice about such restrictions. Please refer to Section 3.11 for more information.

## Publicly available information

Information about the Company is publicly available and can be obtained from ASIC and ASX (including ASX's website [www.asx.com.au](http://www.asx.com.au)). The contents of any website or ASIC or ASX filing by the Company are not incorporated into this Prospectus and do not constitute part of the Offer. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in New Shares or the Company.

No person is authorised to give any information or make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by the Company in connection with this Prospectus.

## Forward looking statements

This Prospectus may contain forward-looking statements that have been based on current expectations about future acts, events and circumstances. Any forward-looking statements are subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

## Accepting the Offer

Applications for New Shares offered by this Prospectus can only be made by an original Entitlement and Acceptance Form. The Entitlement and Acceptance Form sets out the entitlement of an Eligible Shareholder to participate in the Offer. Please read the instructions in this Prospectus and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Rights.

By returning an Entitlement and Acceptance Form or lodging an Entitlement and Acceptance Form with your stockbroker or otherwise arranging for payment for your New Shares in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have received and read this Prospectus, you have acted in accordance with the terms of the Offer detailed in this Prospectus and you agree to all of the terms and conditions as detailed in this Prospectus.

## Defined terms

Certain terms and other terms used in this Prospectus are defined in the Glossary of defined terms in Section 9.

## Currency

All references in this Prospectus to "\$", "AUD" or "dollar" are references to Australian currency unless otherwise indicated.

## Reference to time

All references in this document to time relate to the time in Perth, Western Australia.

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## Timetable

Event	Date
Announcement of Offer	4 November 2014
Prospectus lodged with ASIC and ASX (Appendix 3B lodged with ASX)	4 November 2014
Notice of Offer sent to Shareholders	6 November 2014
Ex-date (date from which Shares begin trading without the Rights to participate in the Offer)	7 November 2014
Rights trading commences	7 November 2014
Record Date (to identify Shareholders entitled to participate in the Offer)	11 November 2014
Prospectus and Entitlement and Acceptance Forms sent to Eligible Shareholders	13 November 2014
Offer opens (Opening Date)	13 November 2014
Rights trading ends	2 December 2014
New Shares quoted on a deferred settlement basis	3 December 2014
Last day to extend the Closing Date	4 December 2014
Offer closes (Closing Date)*	9 December 2014
Notice to ASX of Shortfall	12 December 2014
New Shares issued	16 December 2014
Quotation of New Shares on ASX commences	17 December 2014

\* The above dates are indicative only and may be subject to change. The Directors may vary these dates subject to any applicable requirements of the *Corporations Act* or the Listing Rules. The Directors may extend the Closing Date by giving at least three Business Days notice to ASX before the Closing Date.

# Corporate Directory

## Directors

Jonathan Davies  
Non-Executive Chairman

Yafeng Cai  
Non-Executive Director

Mathew Whyte  
Non-Executive Director

## Company secretary

Mathew Whyte

## Registered office

25-27 Jewell Parade  
NORTH FREMANTLE WA 6159

Tel: +61 8 9336 6619  
Fax: +61 8 9335 3565

## Auditor (for information purposes only)

Grant Thornton Audit Pty Ltd  
Chartered Accountants  
Level 1  
10 Kings Park Road  
WEST PERTH WA 6005

## Solicitors to the Offer

Jackson McDonald  
Level 17  
225 St Georges Terrace  
PERTH WA 6000

## Share registry (for information purposes only)

Computershare Investor Services Pty Ltd  
Level 2 Reserve Bank Building  
25 St Georges Terrace  
PERTH WA 6000

## Securities exchange

Australian Securities Exchange  
ASX code - KSN

## Chairman's letter

Dear Shareholder

On behalf of the board of Kingston Resources Ltd, I am pleased to invite you to invest in the on-going fortunes of the Company as we continue exploration for copper, gold and other minerals in South Australia.

This Prospectus aims to raise a maximum of \$754,159 to fund ongoing mineral exploration by a pro-rata renounceable rights issue of Shares to Eligible Shareholders on a 3:5 basis, at a price of 1.4 cents per New Share.

The funds raised are specifically targeted to the advancement of our key projects at Six Mile Hill, near Port Augusta, and Cootanoorina, near Oodnadatta, South Australia with a view to working up drill ready targets for the new year.

Following the encouraging outcome of recent geophysical and gravity modelling, these wholly owned projects are now the priority. To further secure our investment in the area, we have acquired three new tenements, two of which are adjacent to these projects.

Work has been further boosted by the appointment of geophysicist Mr Barry Bourne as the Company's technical geophysical consultant. Mr Bourne's expertise in geophysics is well respected and his working knowledge offers the Company a unique opportunity to maximise its prospects at priority targets.

The Directors are well pleased with the cost efficient execution of exploration to date. The Company's capital has been and will continue to be judiciously spent in the ground in pursuit of the Company's published goals.

In addition, our cautious expenditure policy has kept corporate administrative costs to a minimum. We aim to further reduce our administrative costs by 10 to 15% in the coming financial year.

Of course, before deciding whether or not to accept your Rights it is important for you to read this Prospectus carefully and seek professional advice if required. The Company maintains a system of continuous disclosure and we encourage you to read, absorb and continue to follow our announcements to the ASX as work progresses. These are available on our website.

We look forward to updating you on the progress of our work as our results unfold.

We look forward to your support.

Yours faithfully



**Jonathan Davies**  
Chairman

## 1. Investment overview

### 1.1 Introduction

The information in this section is a selective overview only. Investors should read the Prospectus in full, including the announcements of the Company, before deciding whether to invest in Shares.

The Company's intention is to continue and expand exploration and drilling on its exploration tenements to achieve good geological results as soon as practicable and, subject to encouraging results being obtained, to delineate resources and so add value to the investment of Shareholders in the Company.

The Company's objectives are:

- (a) exploration and drilling for mineral resources by the most efficient and cost effective methods;
- (b) development of projects which are shown to have good potential, either on the Company's own part or, where commercially appropriate, in joint venture; and
- (c) review of historical data from areas with recognised potential for IOCG mineralisation with a view to acquisition of further, complementary tenements.

### 1.2 Company's projects

The Company holds interests in 11 exploration licences on the eastern margin of the Gawler Craton in South Australia. This region hosts several major mineral projects (including the world class Olympic Dam mine).

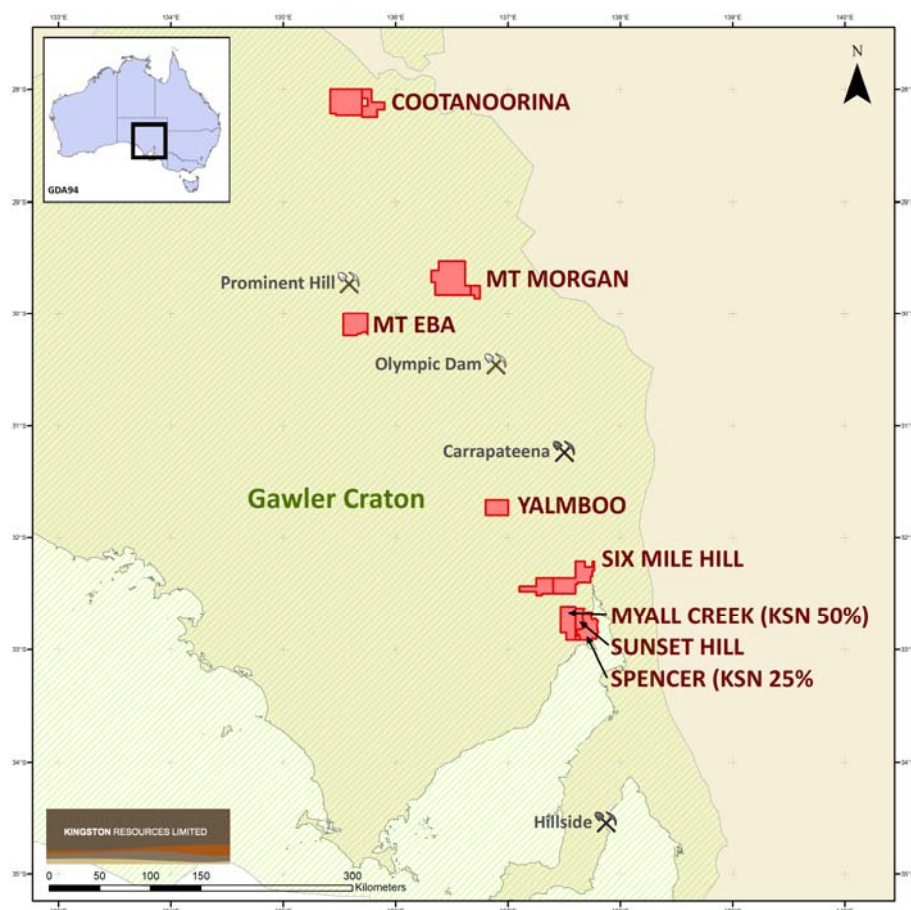


Figure 1: The Company's projects and major IOCG mines and deposits of the Gawler Craton, South Australia

Of the Company's tenements, 9 are wholly owned and two are in joint venture with ASX-listed Strategic Energy Resources Ltd. The principle aim of the Company's exploration programs is the discovery and development of iron oxide copper-gold (uranium) (**IOCG(U)**) deposits.

Tenement	State	Project	Km <sup>2</sup>	Grant Date	Ownership	Change since last Quarter
EL 4462	SA	Cootanoorina	710	6/04/2010	100%	N/A
EL 5487	SA	Cootanoorina East	311	1/10/2014	100%	New grant
EL 5101	SA	Mt Morgan	909	16/11/2012	100%	N/A
EL 5479	SA	Mt Morgan East	92	29/09/2014	100%	New grant
EL 4915	SA	Mt Eba	440	19/04/2012	100%	N/A
EL 4524	SA	Yalymboo	280	20/06/2010	100%	N/A
EL 4494	SA	Six Mile Hill	296	17/05/2010	100%	N/A
EL 5498	SA	Six Mile Hill East	540	13/10/2014	100%	New grant
EL 5011	SA	Myall Creek	381	13/09/2012	50%	N/A
EL 5379	SA	Sunset Hill	160	24/11/2008	100%	N/A
EL 5010	SA	Spencer	321	13/09/2012	25%	N/A

**Figure 2: Tenement Schedule (ASX LR 5.3.3)**

**Highlights of recent activity:**

- (a) Detailed ground gravity surveys completed at Six Mile Hill and Cootanoorina projects.
- (b) Native Title Mining Agreements for exploration executed for both projects.
- (c) New exploration licences granted for ground adjacent to Six Mile Hill, Cootanoorina and Mt Morgan projects.
- (d) Application for government funded drilling grant submitted to SA Department of State Development.



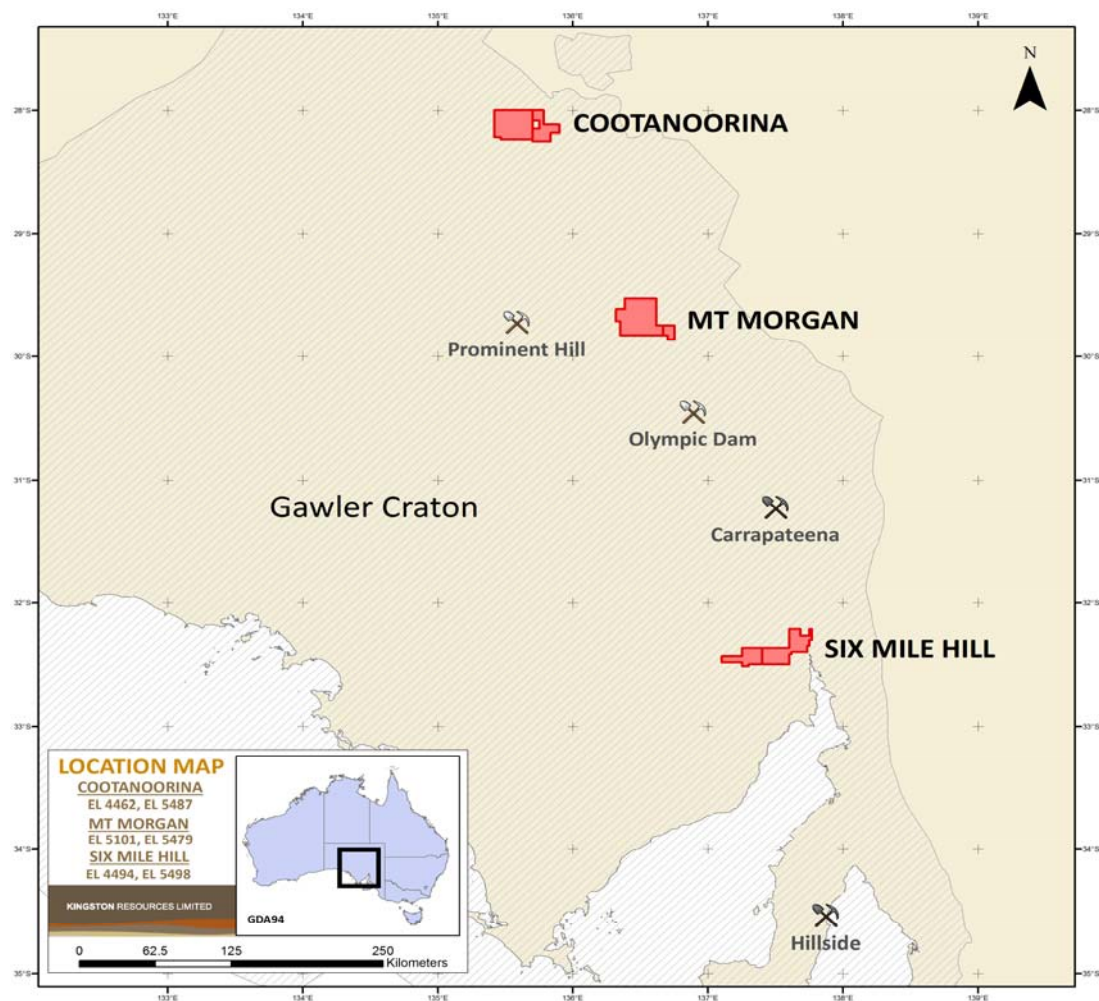


Figure 3: Cootanoorina, Mt Morgan and Six Mile Hill location map

### Gravity surveys: Six Mile Hill (KSN 100%) and Cootanoorina (KSN 100%)

Detailed ground gravity surveys have been completed at the Company's Six Mile Hill and Cootanoorina projects. Over 2,700 gravity stations were acquired over the two project areas. This work in-filled the existing regional grid to 500m station spacing, with 250m station spacing over key target areas. The gravity survey contractor is undertaking post-survey processing and quality control. Kingston expects to receive final data in the coming weeks.

Interpretation of preliminary data has commenced using Geosoft's Voxi Earth Modeling Software with several quality drill targets emerging. Initial results suggest targets are denser and at shallower depths than originally modeled. The task of target definition is being undertaken by Kingston's consulting geophysicist, Mr Barry Bourne of Terra Resources, previously Chief Geophysicist (Global Exploration) at Barrick Gold.

### Native Title Mining Agreements for exploration

Kingston has signed Native Title Mining Agreements for Exploration with both the Barngarla and Arabana Aboriginal Corporations. These agreements cover Kingston's Six Mile Hill and Cootanoorina projects respectively. Both have been submitted for registration with the relevant authorities.



## Grant of additional exploration licences

During the geophysical review conducted earlier this year, several prospective areas were identified just outside our existing tenements. These areas have been secured with two year exploration licences granted to Kingston, EL 5498 (immediately east of Six Mile Hill), EL 5487 (immediately east of Cootanoorina) and EL 5479 (immediately east of Mount Morgan).

## Application for co-funded drilling

Kingston has submitted an application to the South Australian Department of State Development under the PACE Frontiers Mineral Systems Drilling Program 2015, for the Six Mile Hill project. If our application is successful, the Department would provide exploration assistance and expertise to compliment the Company's proposed exploration program. There is no assurance that the application will be successful.

## Geology of Six Mile Hill

The Six Mile Hill project comprises two tenements, EL 4494 and EL 5498. These total 836km<sup>2</sup>, located to the northwest of Port Augusta. The project area lies on the eastern edge of the Gawler Craton, within the Olympic Copper-Gold Province. This region is long recognised as highly prospective for IOCG(U) mineralisation, hosted in hematite-magnetite breccia complexes. IOCG(U) mineralisation on the Gawler Craton is related to the Mesoproterozoic Hiltaba Suite magmatic event (~1590 Ma) and co-magmatic Gawler Range Volcanics.

Upper-Gawler Range Volcanics outcrop in the southwest part of the Six Mile Hill project area. Shallow drilling conducted in the 1970s and early 1980s establish that the Gawler Range Volcanics sub-crop throughout the project area beneath Neoproterozoic (Adelaidean) and younger sedimentary cover.

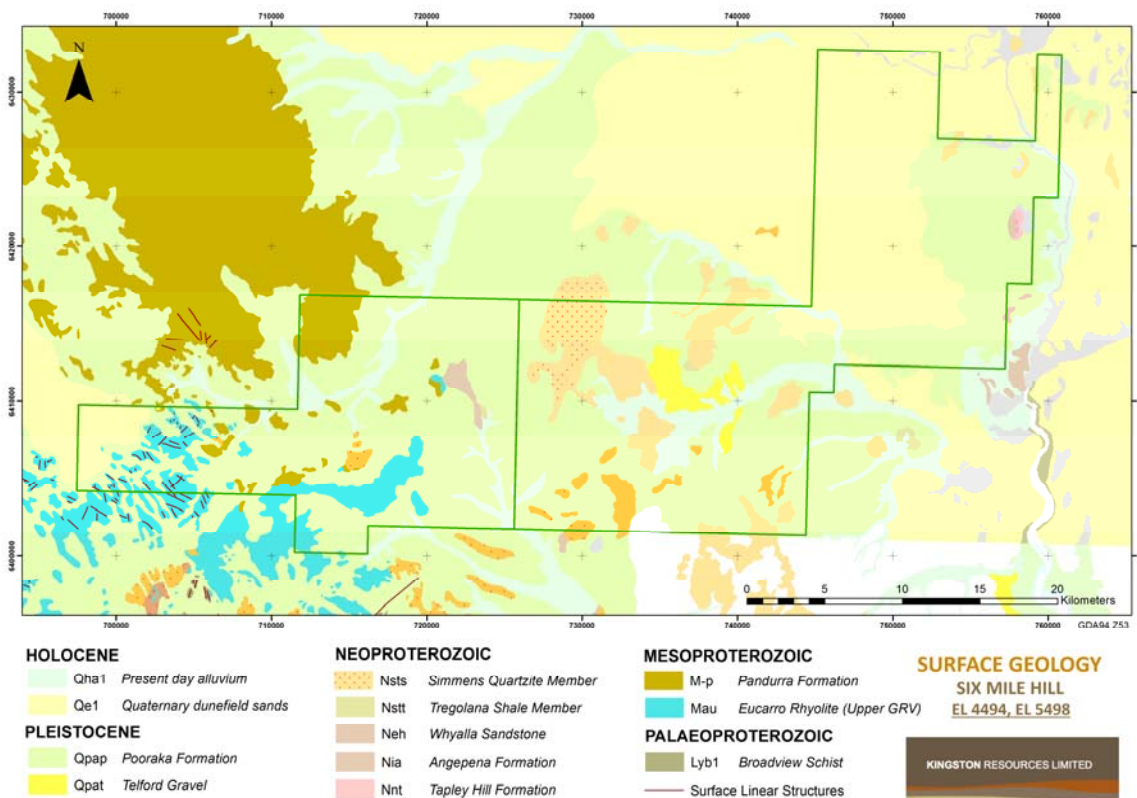


Figure 4: Six Mile Hill Surface Geology with Gawler Range Volcanics (blue) outcropping in the Southwest

Kingston's interpretation of existing geophysical datasets (primarily magnetics and gravity) show that the Six Mile Hill project area occupies a prime structural location between north-east/north-west trending regional structures and subordinate fault arrays.

Preliminary geophysical modelling indicates possible presence of granitic bodies. These are thought related to the Hiltaba Granite Suite, host to Olympic Dam and Prominent Hill mineralisation.

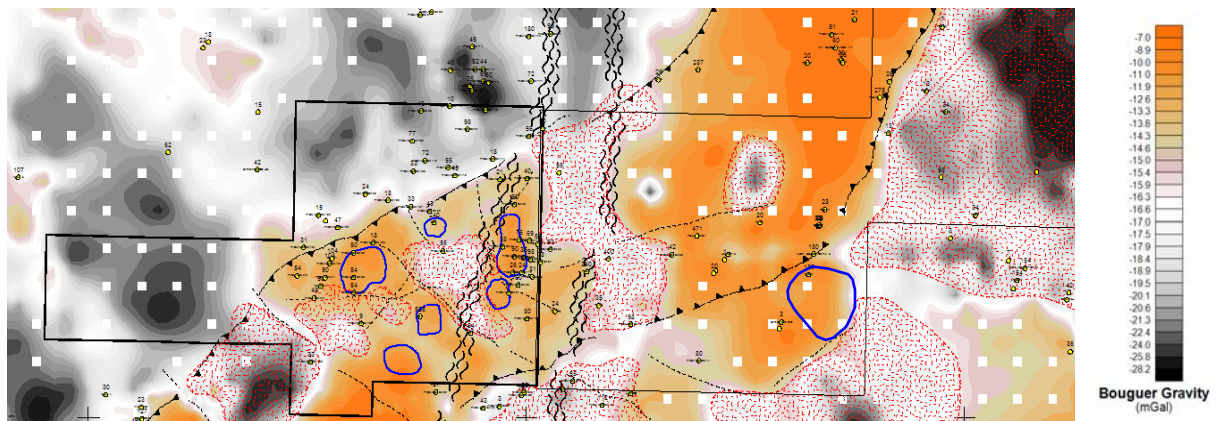


Figure 5: Residual Regional Bouguer gravity (2.67g/cc) with regional structure (black), interpreted felsic intrusives (pink) and gravity features (blue). Note dominate NE/NW trending fault arrays.

The recently completed ground gravity survey will further define the identified gravity features with a view to generating high priority drill targets.

### Geology of Cootanoorina

Cootanoorina comprises two tenements (EL 4462 and EL 5487) totaling 1021km<sup>2</sup> to the south of Oodnadatta. The project area lies on the eastern edge of the Gawler Craton within the Peake-Denison Domain, an area dominated by the Palaeoproterozoic Peake Metamorphics which outcrop in the far east of the project area. The Peake Metamorphics are predominately metasedimentary and meta-igneous rocks composed of interlayered quartz-feldspar-biotite gneisses, meta-volcanics and quartzites.

Numerous historic mines and mineral occurrences appear within the outcropping basement rocks, known as the Peake Denison Inliers. Mineralisation appears related to north-north-west trending structures.

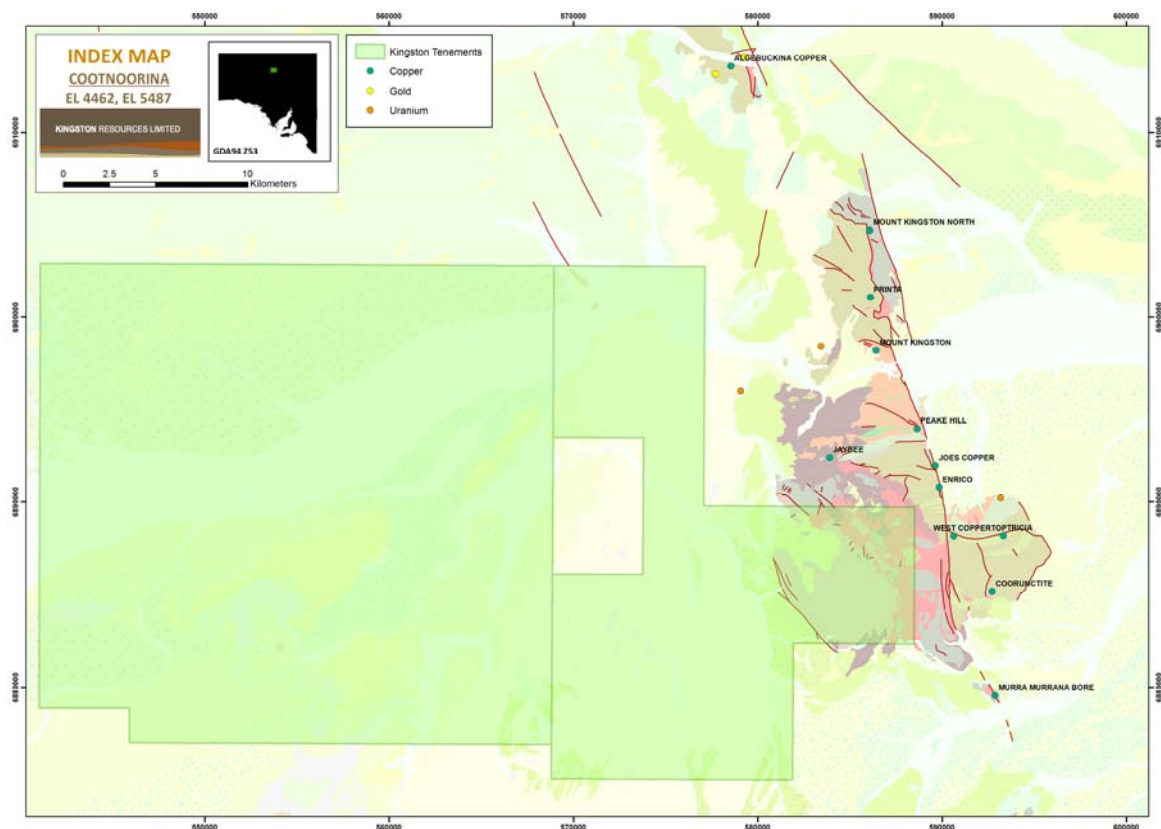


Figure 6: Cootanoorina Surface Geology showing historic occurrences of Copper, Gold and Uranium

Preliminary geophysical modeling by Kingston has identified a north-north-west trending gravity feature with a magnetic shell (see Figure 7) lying to the west of the Peake Denison Inliers, beneath younger sedimentary cover. The recently completed ground gravity survey has focused on the further definition of this feature. Initial analysis of historic drilling suggest this feature has not yet been sufficiently drill tested.

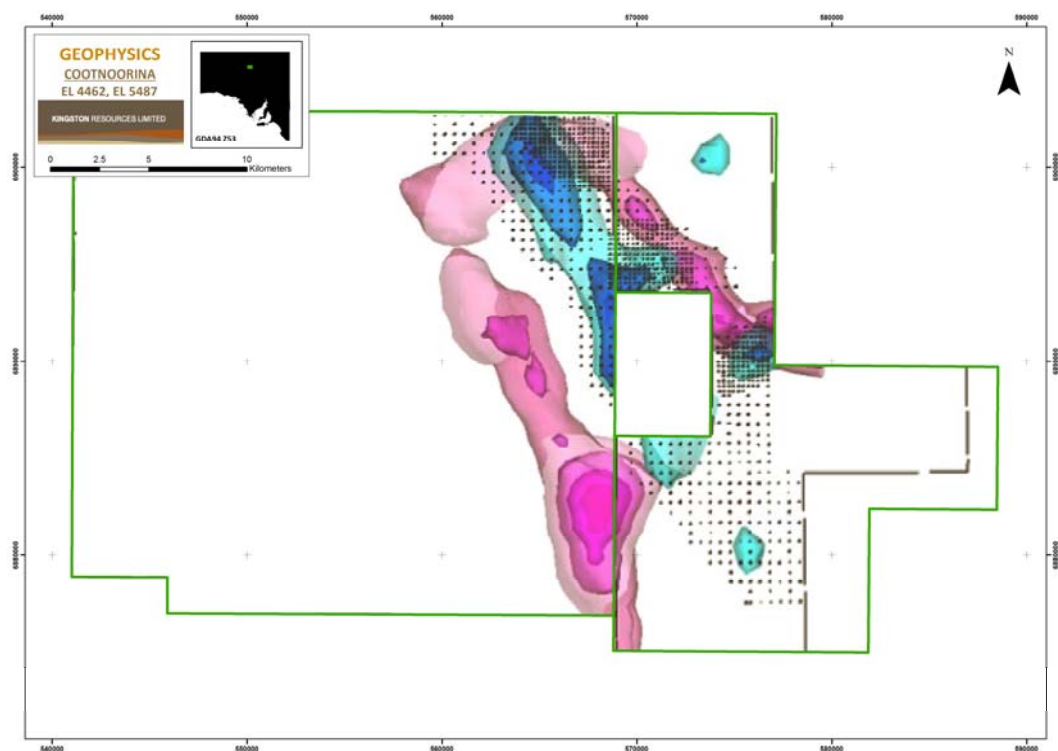


Figure 7: Cootanoorina project area with 0.15g/cc (outer light blue) and +0.4g/cc (inner dark blue) density shells from gravity inversion of 1.5km x 1.5km regional grid. Recently acquired gravity stations in black.

## **Next steps**

The next exploration steps will include receipt of the final gravity data, its three dimensional modelling and the proposal and costing of a drilling program. The Company looks forward to updating shareholders as our exploration program progresses.

## **Competent Persons Statement**

The information in this report that relates to Exploration Results was originally reported in the ASX announcement entitled "Exploration Update – October 14", dated 30 October 2014 in accordance with the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the competent person's findings are presented have not been materially modified from the original market announcement.

### 1.3 Purpose of the Offer

The purpose of the Offer is to raise funds up to \$754,159 (based on the number of Shares on issue at the date of this Prospectus). The funds raised from the Offer are planned to be used as follows.

Use of funds	Minimum subscription	Full subscription
Identifying drilling targets, designing and implementing drilling program(s) on the Six Mile Hill Project / Cootanoorina Project	\$65,000	\$504,159
Working capital	\$50,000	\$200,000
Costs of the Offer	\$35,000	\$50,000
<b>Total</b>	<b>\$150,000</b>	<b>\$754,159</b>

Notes:

1. The table assumes that none of the existing Option holders exercise their Options before the Record Date and participate in the Offer.
2. If funds raised are greater than the minimum subscription, the Company will allocate those funds first towards the costs of the Offer, then to the drilling program and then to working capital. General working capital includes corporate administration and operating costs and may be applied to directors' fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs.

The information in this table is a statement of present intention as at the date of this Prospectus. The exact amount of funds spent by the Company will depend on many factors that cannot be ascertained at this time.

On completion of the Offer the Board believes the Company will have sufficient funds to achieve these objectives.

### 1.4 Key risks

The following risks have been identified as being key risks specific to an investment in the Company. These risks have the potential to have a significant adverse impact on the Company and may affect the Company's financial position, prospects and price of its listed securities.

#### (a) Reliance on key personnel

The Company's success depends to a significant extent upon its key management personnel, as well as other management and technical personnel including sub-contractors. The Company has a small management team and does not have any executive directors. The loss of the services of any such personnel could have an adverse effect on the Company at this stage of its development.

#### (b) Liquidity & volatility

The Company is a small company in terms of its market capitalisation. Investment in its securities will be regarded as speculative and the Company will have a narrow shareholder base. As a consequence of such, there is a risk, particularly in times of share market turbulence or negative investor sentiment, that there will not be a highly liquid market for the Company's



securities or that the price of the Company's securities may decrease considerably. There may be relatively few buyers or sellers of securities on ASX at any given time and the market price may be highly volatile. This may result in Shareholders wishing to sell their securities in the Company in circumstances where they may receive considerably less than the price paid under the Offer (where applicable).

(c) Future capital requirements

The Company's ongoing activities are likely to require substantial further financing in the future for its business activities, in addition to amounts raised pursuant to the Offer. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the issue price under this Offer or may involve restrictive covenants which limit the Company's operations and business strategy.

Although the Directors believe that additional capital can be obtained, there can be no assurance that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations and which may result in a material adverse affect on the Company's activities and its ability to continue as a going concern.

(d) Access to Defence Training Area

The ability for the Company and Strategic Energy Resources to access the Spencer Project and to conduct exploration activities is governed by the Deed of Access with the Commonwealth of Australia (Commonwealth). This deed had a limited initial term which expired on 12 September 2014. However, an extension by agreement has been negotiated with the Commonwealth and is in the process of being executed. The deed may be terminated by the Commonwealth at any time by written notice. The Company does not have any reason to believe that the Commonwealth will not execute the extension of term, or will subsequently summarily terminate the deed or refuse a further extension of its term. However, the Company cannot guarantee that that such will not occur and both events would have a significant adverse effect on the Company's operations.

Further, the Company will be required to enter into a Deed of Access with the Commonwealth to access the Mount Eba and Mount Morgan Project areas which encroach within the Woomera Prohibited Area. Specifically, the Mount Eba Project is subject to the Defence Periodic Zone 1 and the Mount Morgan Project area is subject to the Defence Infrequent Zone. Whilst the Commonwealth implemented a standard procedure in 2011 to provide greater access to these areas for mineral exploration and production, including the implementation of a standard form Deed of Access, the Company cannot provide any assurance that the Deed of Access will be granted by the Commonwealth, and if so, when.

In addition, the Spencer Project area may contain unexploded military ordinances. Accordingly, the Company will put in place appropriate safety precautions and procedures for its personnel and contractors accessing the site. However, there is a risk that those persons engaged by the Company to perform services on the Spencer Project area may suffer physical injury and/or damage to property from these ordinances.

In addition to risks specific to the Company as described above, an investment in the Company is subject to mining industry specific and general investment risks as described in Sections 5.3 and 5.4.

## **1.5 The Board**

The Board comprises:

Jonathan Davies – Non-Executive Chairman

Yafeng Cai – Non-Executive Director

Mathew Whyte – Non-Executive Director and Company Secretary



## **2. Details of the Offer**

### **2.1 The Offer**

The Company is making a renounceable pro rata offer of Shares (**New Shares**) to Eligible Shareholders (**Offer**).

Eligible Shareholders are entitled apply for three (3) New Shares for every five (5) Shares held at 5.00pm on the Record Date at an issue price of 1.4 cents per New Share. The issue price is payable in full on application.

The Company presently has 89,780,828 Shares and 31,702,500 Options on issue. Based on the number of Shares on issue at the date of this Prospectus, a total of 53,868,497 New Shares are offered under this Offer to raise \$754,159 (before costs).

The Company's option holders may participate in the Offer if they exercise their Options and become the registered holders of Shares before the Record Date. If any of the Options are exercised before the Record Date then the number of New Shares that may be issued under the Offer could increase. However, as the exercise price of the Options on issue are considerably above the current market price of the Shares, the Company does not expect to issue further Shares pursuant to exercise of Options before the Record Date.

The purpose of the Offer and the intended use of the funds raised is set out in Section 1.3.

Information about how to accept your Rights and apply for the New Shares is set out in Section 3.

### **2.2 Renounceable offer**

The Offer is renounceable. This means that Eligible Shareholders may sell their Rights under this Offer. Please refer to Section 3.7.

### **2.3 Entitlement and eligibility**

The Offer is made to Eligible Shareholders only. All Shareholders with a registered address in Australia or New Zealand and who are registered as the holder of Shares at 5.00pm Perth time on the Record Date are Eligible Shareholders.

The entitlement to participate is determined on the Record Date. The number of New Shares that an Eligible Shareholder may apply for is shown in the personalised Entitlement and Acceptance Form which accompanies this Prospectus. Fractional Rights will be rounded down to the nearest whole New Share.

To apply for New Shares under the Offer, you must complete your Entitlement and Acceptance Form and lodge it with payment for the New Shares by no later than 5.00pm Perth time on the Closing Date. Please see Section 3 for further information about accepting the Offer.

Your rights to participate in the Offer will lapse if you do not accept your Rights by the Closing Date. Any New Shares not applied for will form part of the Shortfall.

## **2.4 Opening Date and Closing Date**

The Offer will open on 13 November 2014 and will close at 5.00pm Perth time on 9 December 2014. Subject to compliance with the Listing Rules and the *Corporations Act* (as relevant), the Company reserves the right to close the Offer early or to extend the Closing Date.

## **2.5 Minimum subscription**

The New Shares will not be issued under the Offer unless the minimum amount of \$150,000 is raised.

## **2.6 Offer is not underwritten**

As at the date of this Prospectus, the Offer is not underwritten.

## **2.7 Rights and liabilities of the New Shares**

The New Shares offered under this Prospectus will be fully paid and will rank equally with existing Shares on issue. A summary of the rights and liabilities attaching to the New Shares is set out in Section 6.

## **2.8 Shortfall offer**

Any New Shares not applied for under the Offer will form the Shortfall.

The Shortfall offer is a separate offer under this Prospectus. The issue price of the New Shares forming the Shortfall is 1.4 cents (equal to the issue price under the Offer).

Eligible Shareholders may apply for additional New Shares forming part of the Shortfall provided that they accept their full Rights.

The Directors reserves the right to place some or all of the Shortfall within 3 months of the close of the Offer. The Directors will have discretion as to how to allocate the Shortfall.

In the event that applications for Shortfall Shares exceed the total amount of the Shortfall, then those applications will be scaled back in a manner determined by the Directors in their discretion. The Company cannot guarantee that you will receive the number of Shortfall Shares applied for. If you do not receive any or all of the Shortfall Shares you applied for, the excess Application Monies will be returned to you without interest.

### **3. Accepting the Offer**

#### **3.1 Action you may take**

The number of New Shares to which you are entitled is shown on the personalised Entitlement and Acceptance Form accompanying this Prospectus. If you are an Eligible Shareholder you may:

- (a) accept your Rights in full;
- (b) accept your Rights in full and apply for additional New Shares under the Shortfall;
- (c) accept part of your Rights and allow the balance to lapse; or
- (d) allow all of your Rights to lapse;
- (e) sell or deal with your Rights; or
- (f) accept part of your Rights and sell or deal with the balance.

#### **3.2 Accepting your Rights in full or in part**

If you wish to accept your Rights in full or in part, complete the Entitlement and Acceptance Form for the number of New Shares you wish to apply for in accordance with the instructions on the form. Return your completed form together with a cheque or money order for the Application Monies to the Company's Registered Office at 25-27 Jewell Parade, North Fremantle WA 6159.

Your Entitlement and Acceptance Form must be received by no later than **5.00pm on the Closing Date**.

If you apply for more New Shares than your Rights, the Company will apply the excess payment to the Shortfall.

If you do not accept all of your Rights then the balance of your Rights will lapse and the New Shares that are not subscribed for will form part of the Shortfall.

#### **3.3 Accepting your Rights in full and applying for additional New Shares under the Shortfall**

If you wish to accept your Rights in full and apply for New Shares under the Shortfall, complete the Entitlement and Acceptance Form for all of your Rights and specify the number of additional New Shares you wish to apply for in accordance with the instructions on the form. Return your completed form together with a cheque or money order for the Application Monies to the Company's Registered Office.

Your Entitlement and Acceptance Form must be received by no later than **5.00pm on the Closing Date**.

The allocation and issue of New Shares under the Shortfall will be determined by the Directors in their discretion.

#### **3.4 Allowing your Rights to lapse**

If you do not wish accept any of your Rights you are not required to take any action. If you do nothing then your Rights will lapse. The New Shares not subscribed for will form part of the Shortfall.

If you do not take up all of your Rights then your percentage shareholding in the Company will likely decrease.

### **3.5 Lodging your Entitlement and Acceptance Form**

Completed Entitlement and Acceptance Forms and cheques or money orders for the Application Monies must be lodged with the Company's Registered Office (by delivery or post) at the following address.

#### **By hand delivery or post:**

Kingston Resources Limited  
25-27 Jewell Parade  
NORTH FREMANTLE WA 6159

Your completed Entitlement and Acceptance Form and cheque or money order must reach the Share Registry by no later than 5.00pm on the Closing Date.

Acceptance of the Offer creates a legally binding contract between you and the Company for the number of New Shares that you have applied for, as accepted by the Company. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of New Shares.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Company's decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

The Company reserves the right (in its sole discretion) to:

- reject any application that it believes comes from a person who is not an Eligible Shareholder; and
- reduce the number of New Shares allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their claim to be entitled to participate in the Offer proves to be false, exaggerated or unsubstantiated.

### **3.6 Payment for New Shares**

The issue price of 1.4 cents per New Share is payable in full on application. All payments must be made in Australian currency by cheque or money order.

Cheques must be drawn on an Australian bank or money order made payable in Australian dollars to "**Kingston Resources Limited Subscription Account**" and crossed "Not Negotiable".

### **3.7 Selling or dealing with your Rights**

The Offer is renounceable. You may sell your Rights on ASX or transfer them to another person.

#### **(a) Selling on ASX**

If you wish to sell some or all of your Rights on ASX, please contact your stockbroker. Rights trading commences on ASX on 7 November 2014 and is expected to cease on 2 December 2014.

To sell all of your Rights, complete the section "Instructions to your Stockbroker" on the Entitlement and Acceptance Form and forward this form

to your stockbroker with sufficient time to sell your Rights before the last day of Rights trading.

To sell part of the balance of your Rights, complete the Entitlement and Acceptance Form for the number of New Shares you wish to apply for and forward it together with your payment to your stockbroker with sufficient time to sell your Rights before the last day of Rights trading. Your stockbroker will then lodge your acceptance and cheque with the Share Registry.

The Company accepts no responsibility for any failure by your stockbroker to carry out your instructions. There is no guarantee that you will be able to sell all or part of your Rights on ASX or that any particular price at which the Rights can be sold will be available.

**(b) Dealing with your Rights other than on ASX**

You may transfer all or part of your Rights to another person provided that the purchaser is not an Excluded Shareholder or would not be an Excluded Shareholder if the purchaser was the registered holder of Shares.

If you wish to transfer some or all of your Rights to another person other than on the ASX, complete a standard renunciation and acceptance form (which can be obtained from the Company's Registered Office or your stockbroker). This form must be completed by you (as seller) and by the purchaser in accordance with the instructions on the form. The completed form must be lodged with the Company's Registered Office (see Section 3.5) by the Closing Date together with the completed Entitlement and Acceptance Form and a cheque for the Application Monies (from the purchaser).

### **3.8 Issue of New Shares and quotation on ASX**

New Shares under the Offer will be issued as soon as practicable after the Closing Date, in accordance with the ASX Listing Rules and the timetable at page ii. New Shares issued under the Shortfall will be issued on a progressive basis. No issue of New Shares will be made until ASX grants permission for quotation of the New Shares.

Application for official quotation on ASX of the New Shares issued pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. The fact that ASX may agree to grant official quotation of the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares. If permission for quotation is not granted by ASX within 3 months after the date of this Prospectus, the New Shares will not be allotted and Application Monies will be refunded (without interest) as soon as practicable.

It is your responsibility to determine your holdings before trading in New Shares. Any person who sells New Shares before receiving confirmation of their holding will do so at their own risk.

The Directors reserve the right not to proceed with the whole or any part of the Offer at any time before the allotment of New Shares. In that event, relevant Application Monies will be refunded without interest.

### 3.9 No brokerage

No investor will pay brokerage as a subscriber for New Shares under the Offer.

### 3.10 Holding of Application Monies

Application Monies will be held in a trust account until the New Shares are issued.

The trust account established by the Company for this purpose will be solely used for handling Application Monies. Any interest earned on Application Monies will be for the benefit of, and will remain the sole property of, the Company and will be retained by the Company whether or not the allotment and issue of New Shares takes place.

Applications and Application Monies may not be withdrawn once they have been received by the Company.

### 3.11 Excluded Shareholders

The Offer is not made to Shareholders on the Record Date with a registered address outside Australia or New Zealand (**Excluded Shareholders**). Neither the Prospectus nor the Entitlement and Acceptance Form constitutes an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

In making the decision to not extend the Offer to Excluded Shareholders the Company has taken into account the small number Shareholders outside Australia and New Zealand, the number and value of New Shares that would be offered to Shareholders outside Australia and New Zealand and the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

The Offer in this Prospectus to Eligible Shareholders with an address in New Zealand is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand). The New Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand. This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

The Offer is made to all Eligible Shareholders. The Company is not required to determine whether or not any registered Eligible Shareholder is holding Shares on behalf of persons who are resident outside Australia or New Zealand (including nominees, custodians and trustees) or the identity or residence of any beneficial owners of Shares. Any Eligible Shareholders holding Shares on behalf of persons who are resident outside Australia and New Zealand are responsible for ensuring that any dealing with New Shares issued under the Offer do not breach the laws and regulations in the relevant overseas jurisdiction, and should seek independent professional advice and observe any applicable restrictions relating to the taking up of Rights or the distribution of this Prospectus or the Entitlement and Acceptance Form.

The distribution of this Prospectus and the Entitlement and Acceptance Form (including electronic copies) outside Australia or New Zealand may be restricted by law and therefore persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

### 3.12 Nominee for Excluded Shareholder Rights

For the purposes of Listing Rule 7.7 and section 615 of the *Corporations Act*, the Company has, subject to approval by ASIC, appointed CPS Capital Group Pty Ltd as nominee to arrange for the sale of the Rights which would have been offered to the Excluded Shareholders had they been entitled to participate in the Offer and to account to the Excluded Shareholders for their proportion of the sale proceeds net of expenses.

### 3.13 CHESS

The Company participates in the Clearing House Electronic Sub-register System (**CHESS**). ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of New Shares (**CHESS Statement** or **Holding Statement**).

If you are broker sponsored, ASX Settlement will send you a CHESS Statement.

The CHESS Statement will set out the number of New Shares issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub-register, your statement will be dispatched by the Company's Share Register and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHESS Statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

### 3.14 Privacy

If you apply for New Shares you will be providing personal information to the Company and the Share Registry. The Company and the Share Registry collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request, carry out appropriate administration and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

Collection, maintenance and disclosure of certain personal information are governed by legislation including the *Privacy Act* (as amended), the *Corporations Act* and certain rules of ASX. If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application.

Under the Privacy Act, you may request access to your personal information held by, or on behalf of, the Company or the Share Registry. You can request access to your personal information by writing to the Company through the Share Registry.



### **3.15 Taxation implications**

There may be taxation implications in relation to the Offer and applying for New Shares. These taxation implications vary depending on your individual circumstances. You should consult your tax adviser in connection with the taxation implications of the Offer.

## **4. Effect of the Offer**

### **4.1 Effect on Shareholders' equity and cash reserves**

The principal effects of the Offer, assuming all Rights are accepted, will be to:

- (a) increase the total number of Shares on issue from 89,780,828 Shares as at the date of this Prospectus to 143,649,325 Shares (see Section 4.2); and
- (b) increase cash reserves by \$754,159 (before the costs of the Offer are paid), assuming full subscription (see Section 4.3).

### **4.2 Effect on capital structure**

The capital structure of the Company following completion of the Offer is set out below.

<b>Shares</b>	<b>Minimum subscription</b>	<b>Full subscription</b>
Shares on issue at the date of this Prospectus	89,780,828	89,780,828
New Shares issued under the Offer	10,714,286	53,868,497
<b>Total Shares on issue at completion of the Offer</b>	<b>100,495,114</b>	<b>143,649,325</b>

The table assumes that no Options are exercised before the Record Date.

At the annual general meeting on 31 October 2014, Shareholders approved the issue up to 5,500,000 Shares to consultants as payment for services provided. The Company will not issue any of these Shares prior to the Record Date and therefore none of the consultants will be able to participate in the Offer. To the extent that any of those Shares are issued before completion of the Offer, the total number of Shares on issue at completion will be increased to that extent.

The Company also has a total of 31,702,500 Options on issue as follows:

- (a) 10,302,500 quoted Options exercisable at \$0.20 each expiring 31 December 2015;
- (b) 15,400,000 unquoted Options exercisable at \$0.20 each expiring 31 December 2015; and
- (c) 6,000,000 unquoted Options exercisable at \$0.07 each expiring 30 June 2016.

No new Options are being offered under the Offer and the Offer is not anticipated to have any effect on the Options.

### **4.3 Pro forma statement of financial position**

Set out below is:

- (a) the unaudited consolidated statement of financial position of the Company as at 30 September 2014; and

- (b) the unaudited pro forma consolidated statement of financial position of the Company as at 17 December 2014 incorporating the effect of the Offer at both minimum subscription and full subscription.

These statements of financial position have been prepared to provide Shareholders with information on the assets and liabilities of the Company and the pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma information is presented in an abbreviated form. It does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial statements.

The pro forma statement of financial position has been prepared on the basis that there are no material movements in the assets and liabilities of the Company between 30 September 2014 and the completion of the Offer except for:

- at minimum subscription, the issue of 10,714,286 Shares at 1.4 cents each to raise \$150,000;
- at full subscription, the issue of 53,868,497 Shares at 1.4 cents each to raise \$754,159;
- estimated costs of the Offer are between \$35,000 of \$50,000.

No allowance has been made for expenditure incurred in the normal course of business from 30 September 2014 to the Closing Date.

Unaudited consolidated statement of financial position					
		Minimum subscription		Maximum subscription	
	Consolidated	Adjustments	Pro-Forma	Adjustments	Pro-Forma
	30-Sep-14	17-Dec-14	17-Dec-14	17-Dec-14	17-Dec-14
	\$	\$	\$	\$	\$
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	554,503	115,000	669,503	704,159	1,258,662
Trade and other receivables	25,772		25,772		25,772
Available for sale financial assets	22,364		22,364		22,364
<b>Total Current Assets</b>	<b>602,640</b>	<b>115,000</b>	<b>717,640</b>	<b>704,159</b>	<b>1,306,799</b>
<b>Non-current assets</b>					
Property, plant & equipment	1,432		1,432		1,432
Exploration & evaluation	5,434,647		5,434,647		5,434,647
<b>Total non-current assets</b>	<b>5,436,080</b>		<b>5,436,080</b>		<b>5,436,080</b>
<b>Total Assets</b>	<b>6,038,720</b>	<b>115,000</b>	<b>6,153,720</b>	<b>704,159</b>	<b>6,742,879</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade & other payables	101,012		101,012		101,012
<b>Total current liabilities</b>	<b>101,012</b>		<b>101,012</b>		<b>101,012</b>
<b>Total liabilities</b>	<b>101,012</b>		<b>101,012</b>		<b>101,012</b>
<b>Net assets</b>	<b>5,937,707</b>	<b>115,000</b>	<b>6,052,707</b>	<b>704,159</b>	<b>6,641,866</b>
<b>Equity</b>					
Issued capital	46,732,302	115,000	46,847,302	704,159	47,436,461
Accumulated losses	(42,108,722)		(42,108,722)		(42,108,722)
Reserve	1,314,127		1,314,127		1,314,127
<b>Total equity</b>	<b>5,937,707</b>	<b>115,000</b>	<b>6,052,707</b>	<b>704,159</b>	<b>6,641,866</b>

#### 4.4 Effect on control of the Company and potential dilution to Shareholders

If all of the Eligible Shareholders accept the Rights in full, then the Offer will have no effect on the control of the Company. In this case, Eligible Shareholders will maintain their percentage shareholding interest in the Company.

The Offer will likely effect the shareholding interests of Shareholders in the Company if all of the Rights are not accepted:

- The shareholding interest of Eligible Shareholders who do not accept all of their Rights will be reduced.
- The shareholding interest of Excluded Shareholders will be decreased because they are not entitled to participate in the Offer.
- The shareholding interest of those Eligible Shareholders who accept all of their Rights will likely increase. These Shareholders will hold a greater proportion of the issued Shares in the Company after completion of the Offer.

The Offer may have an effect of the control of the Company. The shareholding interest of the Company's largest Shareholder, Omen Pty Ltd, could increase to a level above 20% if it accepts all of its Rights under the Offer and other Eligible Shareholders do not accept all of their Rights. The potential for change to the percentage shareholding interest of the substantial Shareholders is shown in Section 4.5 below.

The extent of the changes to the shareholding interests of Shareholders (including the substantial Shareholders) will depend on the actions of the Eligible Shareholders and the number of New Shares that are issued under the Offer or the Shortfall.

#### 4.5 Details of substantial shareholders

Based on publicly available information as at the date of this Prospectus, the following Shareholders (together with their associates) have a relevant interest of 5% or more of the Shares on issue.

Shareholder	Shares	% interest
Omen Pty Ltd	17,951,417	19.99%
Yucai Australia Pty Ltd	10,773,250	12.00%
Manhattan Capital Pty Ltd	10,721,049	11.94%
Mr Mark Anthony Muzzin	8,423,680	9.38%
<b>Total</b>	<b>47,869,396</b>	

If all of the Rights are accepted there will be no change to percentage shareholding interest of the substantial Shareholders on completion of the Offer. If only part of the Rights are accepted then there may be a change to the percentage shareholding interest of the substantial Shareholders on completion of the Offer.

The potential change to the voting power of each of the substantial Shareholders assuming different scenarios under the Offer are shown in the table below. This table assumes that all of the substantial Shareholders accept all of their Rights under the Offer.

Voting power of substantial Shareholders				
Name	At Date of Prospectus	At completion of Offer		
		100% take up	50% take up	0% take up
Omen Pty Ltd	19.99%	19.99%	21.91%	24.24%
Yucai Australia Pty Ltd	12.00%	12.00%	13.15%	14.55%
Manhattan Capital Pty Ltd	11.94%	11.94%	13.09%	14.48%
Mark Muzzin	9.38%	9.38%	10.28%	11.37%

The level of take up in this table assumes that each of the substantial Shareholders accept all of their Rights under the Offer and that all other Eligible Shareholders accept their Rights at the different levels shown.

“50% take up” assumes that the substantial Shareholders accept all of their Rights but all other Eligible Shareholders accept 50% of the their Rights.

“0% take up” assumes that the substantial Shareholders accept all of their Rights but all other Eligible Shareholders do not accept their Rights.

Omen Pty Ltd is the largest Shareholder. As shown in the table above, the shareholding interest of Omen Pty Ltd could exceed 20% on completion of the Offer. If no Shareholder except for Omen Pty Ltd accepts their Rights, then the shareholding interest of Omen Pty Ltd could potentially increase to a maximum of 28.56%.

A resolution to issue of up to 5,500,000 Shares to consultants was approved at the annual general meeting on 31 October 2014 as payment for services provided. To the extent that any of these Shares are issued before completion of the Offer, the Shareholding interest of each Shareholder will be reduced.

## **5. Risk factors**

### **5.1 Introduction**

The New Shares offered by this Prospectus should be viewed as speculative and investors should be aware of, and take into account, the risk factors involved.

This Section is not intended to be an exhaustive list of the considerations to be taken into account by investors in deciding whether to apply for New Shares, nor all of the risk factors to which the Company is exposed. Some of these risks can be mitigated by the use of safeguards and appropriate systems and actions, but many are outside the control of the Company and cannot be mitigated.

There are risks associated with investing in any form of business and with investing in the share market generally. All investors should consult their professional advisers if they are in any doubt as to any aspect of this Prospectus, the Offer or any matter relating to an investment in the Company.

### **5.2 Company specific risks**

Please refer to Section 1.4 for risks that have been identified as being key risks specific to an investment in the Company.

### **5.3 Industry specific risks**

Mineral exploration, development and mining activities are high-risk undertakings and there can be no assurance that any exploration or development activity in regard to the Company's current properties, or any properties that may be acquired in the future, will result in the discovery or exploitation of an economic resource.

Mineral exploration, development and mining may be hampered by circumstances beyond the control of the Company and are speculative operations which by their nature are subject to a number of inherent risks, including the following:

#### **(a) Uranium exploration and mining risk**

The Company intends to conduct exploration for mineral deposits that may contain uranium. The exploration, mining, development, production and exportation of uranium and minerals containing uranium are subject to extensive regulation by both the Federal and State Governments (being the South Australian Government). Accordingly, the Company's operations in which substances containing uranium are to be extracted will be subject to more stringent approval regimes than other minerals, which will result in increased costs to the Company.

As a radioactive material, mining operations (other than exploration) for minerals containing uranium in South Australia require specific Ministerial approval endorsed on a mining lease or retention lease. Further, export of uranium products is only permitted by the Australian Government in accordance with strict international agreements established for the purpose of preventing the proliferation of nuclear materials. The licensing regime in respect of uranium export is tightly controlled.

As such, any operations developed by the Company will be subject to strict regulatory conditions to the extent that minerals containing uranium are to be dealt with. There can be no assurance that the Company will be able to satisfy such conditions. Further, future change in government regulation and

policies, which is distinctly possible given the contentious nature of mining uranium products, may have an adverse impact upon the Company.

(b) Exploration, geological and development risks

Mineral exploration and development is a speculative and high risk activity that requires large amounts of expenditure over extended periods of time and may be impeded by circumstances and factors beyond the Company's control. The Company's ability to succeed in this process involves (amongst other things):

- discovery and proving-up, or acquiring, an economically recoverable mineral resource or reserve;
- access to adequate capital throughout the acquisition/discovery and project development phases of a mineral exploration project;
- securing and maintaining title to such mineral exploration projects;
- obtaining required development consents and approvals necessary for the acquisition, exploration, development and production phases of the project; and
- accessing the necessary experienced operational staff, the applicable financial management and recruiting skilled contractors, consultants and employees.

The exploration programme determined by the Directors is based upon the Directors' best professional assessment and estimates which have been based on limited geological information available in relation to the area of the Fleurieu Projects. There can be no assurance that the application of these funds on the forthcoming exploration programme, or subsequent exploration programmes, will result in the realisation of the Company's objectives such as the discovery of an economic mineral resource. Even if an apparently viable mineral resource is identified, there is no guarantee that it can be economically exploited. Further, conclusions drawn during mineral exploration are subject to the uncertainties associated with all sampling techniques and to the risk of incorrect interpretation of geological, geochemical, geophysical, drilling and other data.

Further, by their nature, the estimates and assumptions on which the Company's exploration programme is based are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. No assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

The Company's exploration activities are subject to all the hazards and risks normally encountered in the exploration of minerals, including but not limited to:

- geological and climatic conditions;
- operational and technical risks (as outlined in Section 5.3(d));
- changes in laws, regulations and government policy; and



- risks associated with operating in remote areas and other similar considerations.

Further, whether positive income-flows result from projects on which the Company will expend exploration and development capital is dependent on many factors including successful exploration, establishment of production facilities, cost control, commodity price movements, successful contract negotiations for production and stability in the local political environment.

In addition, significant expenditure may be required to establish necessary metallurgical and mining processes to develop and exploit any mineral reserves identified on the Fleurieu Projects or any other project area operated by the Company in the future. There can be no assurance that the Company will have sufficient working capital or resources available to do this.

(c) Resource estimates

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when originally calculated, may alter when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates may change. Accordingly, the actual resources may materially differ from these estimates and assumptions and no assurances can be given that the resource estimates and the underlying assumptions will be realised. This could result in alterations to development and mining plans, which may, in turn, affect the Company's operations and ultimately its financial performance and value.

(d) Operational & technical risks

The operations of the Company may be affected by various factors, including but not limited to:

- failure to locate or identify mineral deposits;
- failure to achieve predicted grades in exploration and mining;
- operational and technical difficulties encountered in mining;
- insufficient or unreliable infrastructure, such as power, water and transport;
- difficulties in commissioning and operating plant and equipment;
- mechanical failure or plant breakdown;
- unanticipated metallurgical problems which may affect extraction costs;
- adverse weather conditions;
- industrial and environmental accidents;
- industrial disputes and labour shortages; and

- unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

(e) Commodity price fluctuations

As the Company's potential earnings will be largely derived from the sale of mineral commodities (including iron ore, copper and gold), the Company's future revenues and cash flow will be impacted by changes in the prices and available markets of these commodities. Any future revenue derived through any future sales of valuable minerals exposes the potential income of the Company to commodity price risks. Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. Any substantial decline in the price of those commodities or in transport or distribution costs may have a material adverse effect on the Company and the value of its Securities.

Factors that may affect the price of commodities include:

- current and expected future supply and demand;
- forward-selling by producers; and
- the level of production costs in major commodity-producing regions.

Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, commodities.

(f) Exchange rate fluctuations

International prices of most commodities are denominated in United States dollars, whereas the income and expenditure of the Company, whilst operating on Australian projects, will be in Australian currency. This will expose the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar, subject to any currency hedging the Company may undertake. The exchange rate is affected by numerous factors beyond the control of the Company, including international markets, interest rates, inflation and the general economic outlook.

(g) Environmental risks

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's proposed activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Such impact can give rise to substantial costs for environmental rehabilitation, damage, control and losses.

Delay in obtaining or failure to grant any environmental approvals that may be required from relevant government or regulatory authorities may impede or prevent the Company from undertaking its planned activities.

In addition, if there are environmental rehabilitation conditions attaching to the mining tenements of the Company, failure to meet such conditions could lead to forfeiture of the Tenements (or any additional tenement interests held by the Company in the future). The Company will attempt to conduct its activities

to the highest standard of environmental obligation, including compliance with all environmental laws.

Further, the Company is unable to predict the impact of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

(h) Tenure risks

Interests in exploration and mining tenements in Australia are governed by State legislation and are evidenced by the granting of leases or licences. Each lease or licence is for a specific term and carries with it annual expenditure and reporting conditions as well as other conditions that must be complied with. Consequently, the Company could lose title to, or its interest in, the Tenements (or any additional tenement interests acquired by the Company in the future) if conditions of grant are not met or if expenditure commitments are not satisfied.

(i) Native title and heritage risks

The Company's tenements are subject to common law and native title rights of indigenous Australians. Legitimate native title rights are recognised and protected under the *Native Title Act 1993* (Cth) (Native Title Act). Further, certain areas containing sacred sites or sites of cultural significance to indigenous people are protected under the *Aboriginal Heritage Act 1988* (SA) and the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth). Accordingly, the Company will operate a policy of positive negotiations with indigenous Australians in respect of its use of the Tenement areas overlapping native title and heritage sites.

Whilst certain native title claims over its tenements have been determined under the *Native Title Act*, other claims are pending. To the extent that native title and indigenous heritage rights exist in respect of the land covered by the tenements, and subject to the form of those rights as determined under the applicable legislation, the Company's ability to utilise this land and to conduct its exploration activities will be subject to such terms and conditions as the Company may achieve through negotiations with traditional owners or by legal determination.

(j) Joint venture & contract risk

Part of the Company's interest in the Fleurieu Projects arises through joint venture interests held by Fleurieu. Accordingly, the Company relies significantly on the strategic relationship with its joint venture partner, Strategic Energy Resources.

The Company also entered into contracts with third parties and relies on certain third parties to provide essential contracting services. There can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed and the Company could be adversely affected by changes to such relationships or difficulties in forming new ones.

(k) Competition

The industry in which the Company will be involved is subject to domestic and global competition. Some of the competing companies have greater financial

and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors. As such, there can be no assurance that the Company will be able to compete effectively with these companies.

#### **5.4 General investment risks**

The business activities of the Company are subject to various general economic and investment risks that may impact on the future performance of the Company. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. There are a number of general economic and investment risk factors that apply to companies generally and may include economic, financial, market or regulatory conditions. These risk factors include, but are not limited to, the following:

(a) General economic conditions

Economic conditions, both domestic and global, may affect the performance of the Company. Factors such as fluctuations in currencies, commodity prices, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs and share market prices. The Company's future possible revenues and Share price can be affected by these factors, all of which are beyond the control of the Company or its Directors.

(b) Equity market conditions

Securities listed on the securities market, and in particular securities of mining and exploration companies, can experience extreme price and volume fluctuations that are often unrelated to the operating performances of such companies. The market price of securities may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. These security market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance.

General factors that may affect the market price of securities include economic conditions in both Australia and internationally, investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

(c) Changes in government policy & legislation

Any material adverse changes in relevant government policies or legislation of Australia may affect the viability and profitability of the Company, and consequent returns to investors. The activities of the Company are subject to various Federal, State and local laws governing prospecting, exploration, mining, development, production, taxes, labour standards and occupational health and safety, and other matters.

(d) Commercialisation risks

Even if the Company discovers commercial quantities of minerals, there is a risk the Company will not achieve a commercial return. The Company may not be able to transport any minerals extracted from its operations at a reasonable cost or may not be able to sell the minerals to customers at a rate which would cover its operating and capital costs.

(e) No profit to date and limited operating history

The Company has incurred losses since its inception and has significantly changed the nature and scale of its business operations. It is therefore not possible to evaluate its prospects based on past performance. Since the Company intends invest in its exploration and development programme, the Directors anticipate making further losses in the foreseeable future.

While the Directors have confidence in the future revenue-earning potential of the Company, there can be no certainty that the Company will achieve or sustain profitability or achieve or sustain positive cash flow from its operating activities.

Further, the Company has a very limited operating history in the area of resource exploration. Although the Company's Directors have between them significant operational experience, the Company's ability to meet its objectives will be largely reliant upon the Company's ability to implement its current operational plans and take appropriate action to amend those plans in respect of any unforeseen circumstances that may arise.

(f) Investment risk

The New Shares offered pursuant to this Prospectus should be considered speculative due to the nature of the Company's business. There is no guarantee as to payment of dividends, return of capital or the market value of the New Shares. In particular, the prices at which an investor may be able to trade New Shares may be above or below the price paid for them.

(g) Insurance

The Company intends to adequately insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or only partially covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Further, insurance of all risks associated with mineral exploration and production is not always available. Further, where coverage is available, the costs may be prohibitive.

(h) Other

Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk and other matters that may interfere with the business or trade of the Company.

## 6. Rights and liabilities attaching to New Shares

The New Shares issued under this Prospectus will be fully paid ordinary shares in the capital of the Company and will rank equally with the existing Shares.

The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights and liabilities attaching to the New Shares. Full details of the rights and liabilities attaching to the Shares are contained in the Constitution of the Company and, in certain circumstances, are regulated by the *Corporations Act*, the Listing Rules, the ASX Settlement Rules and the common law. The Constitution is available for inspection free of charge at the Company's registered office.

- (a) **Share capital:** All issued ordinary fully paid Shares rank equally in all respects.
- (b) **Voting rights:** At a general meeting of the Company, every holder of Shares present in person, by an attorney, representative or proxy has one vote on a show of hands and on a poll, one vote for each Share held, and for every contributing share held, a fraction of a vote equal to the proportion which the amount paid up bears to the total issue price of the contributing share. Where there is an equality of votes, the chairperson has a casting vote.
- (c) **Dividend rights:** Subject to the *Corporations Act*, the Listing Rules and any rights of persons entitled to Shares with special rights to dividends (at present there are none), all dividends as declared by the Directors shall be payable on all shares in proportion to the amount of capital paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividends is paid, unless the share is issued on terms providing to the contrary.

Dividends are payable out of the assets of the Company in accordance with section 254T of the *Corporations Act* and as determined by the Directors, which shall be conclusive. The Directors may direct that payment of the dividend be made wholly or in part by the distribution of specific assets or other securities of the Company.

- (d) **Rights on winding-up:** Subject to the *Corporations Act*, the Listing Rules and any rights or restricts attached to a class of Shares, the liquidator may on winding-up of the Company, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company and may for that purpose set such value as the liquidator considers fair upon any property to be so divided and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.
- (e) **Transfer of Shares:** Subject to the Constitution, Shares in the Company may be transferred by:
  - a proper ASX Settlement transfer or any other method of transferring or dealing in Shares introduced by the ASX or operated in accordance with the ASX Settlement Rules or the Listing Rules as recognised under the *Corporations Act*; or
  - an instrument in writing in any usual or common form or in any other form that the Directors, in their absolute discretion, approve from time to time.

The Directors may refuse to register a transfer of Shares (other than a proper ASX Settlement transfer) only where:

- the law permits it;
- the law requires it; or
- the transfer is a transfer of restricted securities (as defined in Listing Rule 19.12) which is, or might be, in breach of the ASX Listing Rules or any escrow agreement entered into by the Company in respect of those restricted securities.

- (f) **Further increases in capital:** Subject to the Constitution, the *Corporations Act* and the Listing Rules, Shares in the Company are under the control of the Directors, who may allot or dispose of all or any of the Shares to such persons, and on such terms, as the Directors determine.

Subject to the Listing Rules, the Directors have the right to grant options over Shares, to any person, for any consideration.

- (g) **Variation of rights attaching to Shares:** The rights attaching to the Shares of a class (unless otherwise provided by their terms of issue) may only be varied by a special resolution passed at a separate general meeting of the holders of those Shares of that class, or in certain circumstances, with the written consent of the holders of at least seventy-five percent (75%) of the issued Shares of that class.

- (h) **General meeting:** Each holder of Shares will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Constitution, the *Corporations Act* and the Listing Rules.



## **7. Additional information**

### **7.1 Company is a disclosing entity**

This is a Prospectus for the offer of continuously quoted securities (as defined in the *Corporations Act*) of the Company and is issued pursuant to section 713 of the *Corporations Act* as a transaction specific prospectus. Accordingly, this Prospectus does not contain the same level of disclosure as an initial public offering prospectus.

The Company is a “disclosing entity” for the purposes of the *Corporations Act* and, as such, is subject to regular reporting and disclosure obligations. As a listed company, the Company is subject to the Listing Rules which require it to immediately notify ASX of any information concerning the Company of which it is or becomes aware and which a reasonable person would expect to have a material effect on the price or value of Shares, subject to certain exceptions.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the provisions of the Listing Rules as in force from time to time which apply to disclosing entities, and which require the Company to notify ASIC of information available to the stock market conducted by ASX, throughout the 12 months before the issue of this Prospectus.

The New Shares to be issued under this Prospectus are in a class of securities that were quoted on the stock market of ASX at all times in the 12 months before the issue of this Prospectus.

### **7.2 Documents available for inspection**

The Company has lodged the following announcements with ASX since the lodgement of the Company’s 2014 annual financial report on 26 September 2014:

<b>Date</b>	<b>Description of ASX Announcements</b>
4/11/14	Appendix 3Z - Final Director's Interest Notice - M Safrata
31/10/14	September 2014 Quarterly Activities Report & Appendix 5B
31/10/14	Results of AGM
31/10/14	Presentation at 2014 AGM
30/10/14	Exploration Update - October 2014
30/09/14	Notice of AGM on 31 October 2014

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

Copies of documents lodged with ASX, in relation to the Company may be obtained from the Company's website at [www.kingstonresources.com.au](http://www.kingstonresources.com.au) or at ASX's website at [www.asx.com.au](http://www.asx.com.au).

The Company will provide a copy of each of the following documents, free of charge, to any person on request from the date of this Prospectus until the Closing Date:

- (a) the annual financial report of the Company for the financial year ended 2014, being the annual financial report of the Company most recently lodged with ASIC before the issue of this Prospectus; and
- (b) any documents used to notify ASX of information relating to the Company in the period from lodgement of the annual financial report referred to in

paragraph (a) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the *Corporations Act*.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

### 7.3 Litigation

As at the date of this Prospectus, the Company is not involved in any material legal proceedings and the Directors are not aware of any material legal proceedings pending or threatened against the Company.

### 7.4 Market price of shares

Information about the closing market price of Shares quoted on ASX during the 3 month period before the date of this Prospectus is set out in the table below.

	Price	Date
Highest	\$0.020	12 August 2014
Lowest	\$0.015	3 November 2014
Latest	\$0.015	3 November 2014

### 7.5 Interests of Directors

Other than as set out in this Prospectus, no Director nor any entity in which such a Director is a partner or director, has or has had in the two (2) years before the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Offer;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any Director or proposed director or to any entity in which such a Director or proposed director is a partner or director, either to induce him to become, or to qualify as, a Director or otherwise for services rendered by him or by the entity in connection with the formation or promotion of the Company or the Offer.

### 7.6 Security holding interests of Directors

The relevant interest of each Director in the securities of the Company as at the date of this Prospectus is set out in the table below. This table includes securities that are held both directly and indirectly through their associates.

Director	Shares	Options <sup>1</sup>
Jonathan Davies	Nil	2,000,000
Mathew Whyte	Nil	2,000,000
Yafeng Cai	Nil	1,000,000

**Notes:**

1. Unlisted Options exercisable at \$0.07 each and expiring 30 June 2016.

Directors or their associated entities who are registered as Shareholders on the Record Date may participate in the Offer.

## 7.7 Remuneration of Directors

The Constitution provides that the Directors may be paid for their services as Directors. Non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum set by the Company in a general meeting. The aggregate maximum is presently set at \$150,000 per annum.

The Managing Director may receive such remuneration as the Directors determine. A Director may be reimbursed for out of pocket expenses incurred as a result of their directorship.

The remuneration paid to each Director during the past two financial years is as follows:

Director	Financial year up to 30 June 2014 Total (\$)	Financial year up to 30 June 2013 Total (\$)
Jonathan Davies	21,000	3,750
Yafeng Cai	21,000	3,750
Mathew Whyte <sup>1</sup>	111,000	116,140
Michael Safrata <sup>2</sup>	21,000	17,500
Kevin Moriarty <sup>3</sup>	6,100	42,450

Notes:

1. Remuneration received by Mathew Whyte includes amounts paid to Mathew Whyte, trading as Whypro Corporate Services ABN 53844 654 790, for services provided to the Company (including company secretarial services) during the relevant period.
2. Michael Safrata ceased to be a director of the Company at the conclusion of the annual general meeting held on 31 October 2014.
3. Kevin Moriarty resigned from the Board on 23 September 2013.

## 7.8 Expenses of the Offer

Assuming that all Rights are accepted, the total cash expenses of the Offer are estimated to be approximately \$50,000. These costs include ASIC lodgement fee, ASX fees, legal expenses, nominee fees and expenses, postage and printing.

## 7.9 Interests of experts and advisers

Other than as disclosed in this Prospectus, all other persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus do not have, and have not had in the two (2) years before the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any of those

persons for services provided by those persons in connection with the formation or promotion of the Company or the Offer.

Jackson McDonald has acted as solicitors to the Company in relation to the Offer and legal due diligence enquiries in respect of the Company and is entitled to be paid approximately \$15,000 (plus GST) in respect of these services. In addition, Jackson McDonald has provided other legal services to the Company in the period two (2) years prior to the date of this Prospectus and has been paid, or is entitled to be paid, fees totalling approximately \$125,000 (plus GST) for those other services.

#### **7.10 Consents and liability statements**

Jackson McDonald has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as solicitors to the Company in the form and context in which it is named.

CPS Capital Group Pty Ltd (CPS) has given and has and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as the Company's nominee for foreign shareholders in the form and context in which it is named.

Each of Jackson McDonald and CPS:

- (a) did not authorise or cause the issue of this Prospectus;
- (b) does not make, or purport to make, any statement in this Prospectus nor is any statement in this Prospectus based on any statement by any of those parties other than as specified in this Section; and
- (c) to the maximum extent permitted by law, expressly disclaims any responsibility or liability for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with consent of that party as specified in this Section.

## **8. Directors' responsibility statement and consent**

The Directors state that they have made all reasonable enquiries and that on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect of any other statements made in the Prospectus by persons other than the Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that the persons making the statement or statements were competent to make such statements; those persons have given their consent before lodgement of this Prospectus with ASIC or, to the Directors' knowledge, before any issue of New Shares pursuant to this Prospectus.

Each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company pursuant to a resolution of the Board by:

A handwritten signature in black ink, appearing to read 'Jonathan Davies', is written over a horizontal line.

Jonathan Davies  
Director

for and on behalf of the Company

Dated: 4 November 2014

## 9. Glossary of Terms

<b>Applicant</b>	A person who makes an Application.
<b>Application</b>	An application for New Shares offered under this Prospectus.
<b>Application Monies</b>	The monies payable by Applicants in respect of Applications.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.
<b>ASX Settlement</b>	ASX Settlement Pty Ltd ACN 008 504 532.
<b>ASX Settlement Rules</b>	The settlement rules of ASX Settlement.
<b>Board</b>	The board of Directors.
<b>Business Day</b>	Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.
<b>Closing Date</b>	The closing date of the Offer as set out in the timetable at page ii.
<b>Company</b>	Kingston Resources Limited ABN 44 009 148 529.
<b>Computershare</b>	Computershare Investor Services Pty Ltd, the Company's registry.
<b>Constitution</b>	The constitution of the Company.
<b>Corporations Act</b>	<i>Corporations Act</i> 2001 (Cth).
<b>Director</b>	A director of the Company as at the date of this Prospectus.
<b>Eligible Shareholder</b>	A Shareholder with a registered address in Australia or New Zealand on the Record Date.
<b>Entitlement and Acceptance Form</b>	The entitlement and acceptance form accompanying this Prospectus.
<b>Excluded Shareholder</b>	A Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand.
<b>IOCG</b>	Iron oxide copper-gold.
<b>IOCG(U)</b>	Iron oxide copper-gold (uranium).
<b>Listing Rules</b>	The listing rules of ASX.
<b>New Shares</b>	The Shares offered under this Prospectus.

<b>Offer</b>	The pro rata non renounceable offer by the Company to Eligible Shareholders to apply for 3 New Shares for every 5 Shares held on the Record Date.
<b>Option</b>	An option to subscribe for a Share.
<b>Privacy Act</b>	<i>Privacy Act 1988 (Cth).</i>
<b>Prospectus</b>	This prospectus.
<b>Record Date</b>	The date for identifying Shareholders entitled to participate in the Offer as set out in the timetable at page ii.
<b>Rights</b>	The number of New Shares that an Eligible Shareholder may apply for under the Offer determined by the number of Shares held on the Record Date.
<b>Share</b>	A fully paid ordinary share in the capital of the Company.
<b>Share Registry</b>	The Company's registry, Computershare Investor Services Pty Ltd.
<b>Shareholder</b>	A registered holder of a Share.
<b>Shortfall</b>	The number of New Shares not applied for under the Offer before the Closing Date.