



KINGSTON RESOURCES LIMITED

ABN 44 009 148 529

Annual Financial Report
For the year ended 30 June 2022

Contents

	Page No.
Corporate Directory.....	2
Chairman’s Letter.....	3
Directors’ Report.....	4
Lead Auditor’s Independence Declaration	21
Consolidated Statement of Financial Position	22
Consolidated Statement of Profit or Loss and Other Comprehensive Income	23
Consolidated Statement of Changes in Equity	24
Consolidated Statement of Cash Flows	25
Notes to the Financial Statements	26
Directors’ Declaration	53
Independent Auditor’s Report.....	54
Corporate Governance Statement	60
Additional Information.....	61

Corporate Directory

DIRECTORS**Mick Wilkes (B Eng (Hons), MBA, GAICD)**

Non-Executive Chairman

Anthony Wehby (MAICD)

Non-Executive Director

Andrew Corbett (B Eng (Mining, Hons), MBA)

Managing Director

Stuart Rechner (BSc, LLB, MAIG, MAusIMM, GAICD)

Non-Executive Director

COMPANY SECRETARY**Chris Drew (B Comm (Hons), CFA)****REGISTERED OFFICE AND
PRINCIPAL PLACE OF BUSINESS**Suite 202 – 201 Miller Street
North Sydney NSW 2060
AUSTRALIA

Telephone (02) 8021 7492

Email info@kingstonresources.com.auWebsite www.kingstonresources.com.au**AUDITORS**

Hall Chadwick Chartered Accountants

SHARE REGISTRY

Automic Group

BANKERSAustralia & New Zealand Banking Group Limited
Macquarie Group Limited
Bank of South Pacific**SOLICITORS**Cowell Clarke Commercial Lawyers
Ashurst Australia
Carter Newell**STOCK EXCHANGE**Australian Securities Exchange (ASX)
Secondary Listing - Frankfurt Stock Exchange**ASX CODE**

KSN

Chairman's Letter

To our valued shareholders and other stakeholders

Welcome to the Annual Report for 2022.

It has been a big year for Kingston with the acquisition of the Mineral Hill mine in New South Wales, and the completion of the Definitive Feasibility Study (DFS) for the Misima Project. Both of these mark important milestones for the Company.

The Mineral Hill acquisition is significant because it diversified our asset base and secured a fully permitted mining and processing operation in the highly sought-after Cobar mineral province. We purchased this asset because of its near-term cash flow, and the strong potential to restart hard rock mining and processing operations. Andrew and the team at Mineral Hill have done a terrific job bringing production from the current tailings retreatment project up to name plate, particularly given the challenges around managing Covid.

Importantly the Company is maturing into a developer and operator, with 120 people now in our employ across the group, and a capability that is growing rapidly. Building a talented workforce along with efficient business systems is critically important for the successful redevelopment of Mineral Hill. To this end we have enjoyed very strong support from the local community in and around Condobolin, whose people have a fantastic work ethic and skill set applicable to our current and future operating needs. The redevelopment of Mineral Hill is gaining momentum, and progress made there to date through our exceptional people gives me confidence in our future success.

The completion of the DFS and ESIA for Misima is important because it demonstrates the value of the Project and details the way the mine will be redeveloped in readiness for the submission of an application for a Mining Lease. The work has been carried out to the highest industry standards using consultants with deep technical and local knowledge. The result has been a study of a very high standard despite the challenges presented by travel restrictions to PNG in the past 12 months. I am very proud of what we have achieved so far at Misima and look forward to further advancing the Project toward development and production again.

Like other gold and copper stocks we have suffered a significant fall in our share price this year, despite the achievements of the Company. The market for gold equities has been dismal to say the least. Inflation has impacted the mining companies significantly, and although the gold price has remained largely stable around US\$1800/oz, operating costs have increased and margins have reduced. However, we know that markets are cyclical and another surge in the gold and base metals prices is inevitable, particularly with continued inflation and devaluation of global currencies. Therefore your Board and management are committed to the continued development and growth of your Company for the long term.

I wish to thank all of you for your continued support and look forward to another exciting 12 months ahead.

Your sincerely



Mick Wilkes

Non-Executive Chair

19 September 2022

Directors' Report

The Directors present their report together with the financial report of the Consolidated Entity (or 'Group'), being Kingston Resources Limited ('Kingston' or the 'Company') and its subsidiaries, for the financial year ended 30 June 2022 and the independent auditor's report thereon.

PRINCIPAL ACTIVITIES

The Company is an Australian-based Company listed on the ASX. The principal activity of the Group during the period was mineral production and exploration.

OPERATING RESULTS AND REVIEW OF OPERATIONS FOR THE YEAR

Operating Results

Kingston reported a statutory after tax loss of \$2,088,167 (2021: \$1,954,631). The minor increase in the FY22 loss relative to FY21 is due to gross profit at Mineral Hill being largely offset by a significant increase in depreciation and amortisation expense post acquisition of Mineral Hill, and the loss in value of financial assets received as consideration for the sale of the Livingstone Gold Project.

Review of Operations

FY22 has been a transformational year for Kingston, with a number of key corporate and strategic outcomes successfully delivered. Major achievements included:

- The Company accelerated its growth strategy to become a leading gold and base metal producer in the Asia-Pacific region with the acquisition of the Mineral Hill Gold and Copper Mine in January 2022.
- In June 2022, Kingston delivered a successful Definitive Feasibility Study (DFS) for the 3.8Moz Misima Gold Project, confirming Misima as a large scale, long life, low cost gold mine. Kingston also commenced a strategic review of the Misima Gold Project to assess funding and strategic options available to ensure shareholder returns are maximised through the most appropriate development pathway for the Project.
- The Company disposed of the Livingston Gold Project in December 2021, allowing it to focus on the significant opportunities at Mineral Hill and Misima, while retaining exposure to the Project's upside.

The growth outlook for the Company is now well underpinned through existing gold production at Mineral Hill, and the work currently underway to establish a plus five-year mine plan beyond the existing tailings processing operation. This complements the longer term upside offered by the Misima Gold Project.

Mineral Hill Mine

In November 2021, Kingston announced the acquisition of the Mineral Hill Mine in the Cobar region of New South Wales (NSW). Mineral Hill brought with it existing gold production, a number of developed gold and polymetallic deposits and extensive exploration upside. Kingston now has access to a number of near production-ready, open-pit and underground deposits, extensive plant infrastructure, and the opportunity to unlock the broader development potential of the Mineral Hill asset with relatively minor capital requirements. The existing tailings processing operation serves as a solid foundation to deliver this potential. Near-term production opportunities include the Pearse North and Pearse South open pits, the Southern Ore Zone (SOZ) underground and the Parkers Hill deposit. In addition, there are a large number of advanced exploration targets across the broader tenement package, many of which are on the existing Mining Lease which the Company intends to pursue.

Consideration for the acquisition was comprised of:

- US\$1.0m (A\$1.3m) upfront cash
- US\$8.0m (A\$10.7m) upfront equity

- Deferred consideration based on the following milestones:
 - US\$1.5m (A\$2.0m) cash payment upon production of 15,000oz of gold
 - US\$2.0m (A\$2.7m) cash payment upon production of 22,500oz of gold
 - US\$3.5m (A\$4.7m) cash payment upon production of 30,000oz of gold
 - US\$1.0m (A\$1.3m) cash payment upon the earlier of production of 37,500oz of gold or the 31 December 2023
- A 2% NSR over future mine production from the Mineral Hill project area

Shortly following completion of the acquisition in January 2022, Kingston commenced an advanced exploration and development program at Mineral Hill. This is intended to underpin the establishment of five year mine plan, with mine production from the existing Reserve and Resource base commencing upon completion of the tailings processing operation. The exploration program included initial infill and extension drilling of the Pearse open pit deposits, the SOZ underground, and Jacks Hut. Previously reported drilling highlights from this program included:

Pearse North

- 10m @ 6.0g/t Au, 33g/t Ag from 72m
- 3m @ 5.5g/t Au, 6g/t Ag from 31m
- 39m @ 4.2g/t Au and 37g/t Ag from 37m, including:
 - 3m @ 26.7g/t Au, 27g/t Ag from 38m
- 12m @ 3.68g/t Au, 9g/t Ag from 14m including
 - 7m @ 5.69g/t Au, 13g/t Ag from 15m
- 17m @ 2.7g/t Au, 11g/t Ag from 15m including
 - 11m @ 4.0g/t Au, 15g/t Ag from 20m
- 8m @ 5.6g/t Au, 66g/t Ag from 120m including:
 - 3m @ 14.2g/t Au, 177g/t Ag from 125m

Southern Ore Zone

- 19m @ 1.15% Cu, 5.5% Pb, 5.5% Zn, 0.4g/t Au, 44g/t Ag from 150m including:
 - 10m @ 2.12% Cu, 10.3% Pb, 10.4% Zn, 0.5g/t Au, 81g/t Ag from 150m
- 39m @ 1.1% Cu, 0.7% Pb, 0.8% Zn, 0.93g/t Au, 12g/t Ag from 161m
- 9.8m @ 4.22g/t Au, 0.7% Cu, 3.2% Pb, 3.2% Zn, 30g/t Ag from 165.5m
- 8.5m @ 0.4% Cu, 4.2% Pb, 4.2% Zn, 1.23g/t Au, 28g/t Ag from 232m
- 7.0m @ 0.7% Cu, 2.9% Pb, 2.6% Zn, 1.31g/t Au, 26g/t Ag from 154m
- 8.1m @ 0.9% Cu, 8.3% Pb, 3.3% Zn, 0.97g/t Au, 60g/t Ag from 157.9m

Jacks Hut

- 77m @ 0.93% Cu, and 0.16g/t Au from 7m, including:
 - 7.4m @ 5.71% Cu, 0.4g/t Au and 4g/t Ag from 16.4m
 - 9.3m @ 1.3% Cu, 0.39g/t Au, 2g/t Ag from 43.7m
- 27m @ 1.02% Cu, 0.18g/t Au, 2g/t Ag From 14m, including:

- 4.2m @ 4.5% Cu, 0.41g/t Au and 11g/t Ag from 21.8m
- 54.5m @ 0.65% Cu, 0.06g/t Au, 1g/t Ag from 45m, including:
 - 9.3m @ 2.2% Cu from and 0.18g/t Au, 3g/t Ag from 63.0m

Kingston is now working towards delivering Mineral Resource and Ore Reserve updates on the Pearse and SOZ deposits. Work is also underway to assess refurbishment requirements for elements of the processing plant that are not currently in operation. These work programs are expected to be concluded in the current half.

While work continues on establishing the longer term mine life at Mineral Hill, Kingston has continued to ramp up gold production from the tailings re-processing operation. Since acquisition in January, Kingston had sold 4,446ozs of gold through to 30 June 2022. Significant improvements have been delivered in throughput, which at year end was running approximately 25% above levels prior to acquisition, and recoveries which are up 35% since pre-acquisition levels. These operating improvements have been delivered despite substantial COVID-19 related labour disruptions and significant weather events in April and May. Ongoing improvements in production levels are expected to continue as ore quality improves deeper into the tailings dam and operations stabilise post the COVID-19 and weather related disruptions experienced in the June half.

Kingston is investing in the future of Mineral Hill, and is proud to be working with, and supporting, the local Condobolin community. The recommencement of production at Mineral Hill has been undertaken with a strong focus on local employment, and engagement with local businesses and suppliers where possible.

Misima Gold Project

In June 2022, Kingston reported the results of the Misima Gold Project Definitive Feasibility Study (DFS). This was the culmination of an extensive set of work programs carried out over FY22. Successfully delivering this body of work under budget while subject to the disruptions of COVID-19 on travel, logistics, and staffing was a significant achievement for the year.

The DFS confirmed Misima as a large scale, long life, low cost operation with compelling Project economics. Key metrics from the DFS are summarised below

DFS Summary Statistics		
LOM	Years	20
LOM gold production	oz	2,378,519
LOM Avg gold production (yr 2-18)	oz	128
Plant throughput	Mt	6.1
Capital expenditure	A\$m	476
LOM AISC	A\$/oz	1,217
LOM avg recovery	%	86.7%
LOM strip ratio	waste:ore	4.37
LOM strip ratio (excluding backfill removal)	waste:ore	3.13
Gold Price	USD/oz	US\$1800/oz
Exchange Rate	AUD	A\$0.70
LOM Revenue (Gold @ US\$1800/AUD0.70)	A\$m	6,116
LOM Free Cash Flow	A\$m	2,726
NPV (7% real) pre-tax	A\$m	956
NPV (7% real) post-tax	A\$m	624

IRR pre-tax	%	22.2%
IRR post-tax	%	18.2%
Payback	Years	5.75

The Misima Resource and Reserve estimates also saw increases in FY22. In September 2021, the Misima Mineral Resource Estimate was increased 6% to 3.8Moz, this included a material 39% increase in the Indicated Resource from 1.8Moz to 2.5Moz. The substantial increase in Indicated Resource subsequently underpinned a 28% increase in the Ore Reserve to 1.73Moz released alongside the DFS. The Mineral Resource Tables on page 8 provide further detail on the current Misima Gold Project Resource and Reserve estimates.

Alongside the DFS, an extensive range of work programs related to the Environmental and Social Impact Assessment (ESIA) were undertaken. All field work was concluded, with initial data reports completed and impact assessments largely finalised. Independent Technical Reports and a number of ESIA chapters are now undergoing final review.

Studies required for the Proposal for Development which forms part of the Mining Lease Application, are now largely drafted and under review. These include the Artisanal and Small-Scale Mining Study, the In-migration Study, the Human Resources and Localisation Plan, and the Business Development Plan.

Throughout the year, Kingston continued to actively engage with the local community. While the DFS and ESIA were underway, the Company held three rounds of workshops across Misima to ensure the community remains fully informed with regards to the potential development, providing them an opportunity to put forward any questions and concerns. Feedback from these workshops has been overwhelmingly supportive. Kingston is very thankful to the local community for their continued support.

Kingston has also undertaken a specific engagement plan focussing on the views and expectations of women in the Misima community. Over FY22, 16 meetings were held with over 1,000 Misiman women in attendance. Issues discussed included addressing vulnerable groups such as widows and single mothers, future aspirations for the participation of women in business, employment of women, and social impact concerns.

Kingston anticipates being able to replicate Placer's high employment of Misiman residents in the future project workforce, while also providing home-based opportunities for the existing Misimans that work FIFO throughout PNG.

Upon reporting the results of the DFS, the Kingston Board determined that in order to assess the best pathway forward for development of the Misima Gold Project, a strategic review would be undertaken. The review, which commenced in July 2022, is intended to assess a range of ownership and financing options and remains ongoing.

Livingstone Gold Project

Kingston announced the sale of its 75% interest in the Livingstone Gold Project in October 2021, with the sale completed in December 2021. The total consideration was comprised of cash, shares, options and milestone payments as below:

- \$2.5 million cash consideration
- \$1.0 million in MBK equity (125,000,000 shares)
- 62,500,000 options in MBK exercisable at 1.6c
- \$1.5 million cash payment upon the identification of a 100koz gold equivalent JORC Resource or 12 months post-completion, whichever is sooner
- \$1.0 million cash payment upon the identification of a 250koz gold equivalent JORC Resource
- \$4.0 million cash payment upon the identification of a 500koz gold equivalent JORC Resource

The sale of the Livingstone Gold Project interest enabled Kingston to focus on the significant opportunities at Mineral Hill and Misima, while retaining exposure to the Project's upside.

MINERAL RESOURCES TABLE

Misima Gold Project (PNG)

An updated Mineral Resource and Reserve for the Misima Gold Project was reported by Kingston on 15 September 2021 and 06 June 2022 respectively.

Deposit	Oxide	Classification	Cutoff g/t Au	Tonnes Mt	Gold g/t Au	Silver g/t Ag	Au Moz	Ag Moz
Umuna within USD\$1800 Pit Shell	Oxide	Indicated	0.3	20.2	0.65	8.5	0.4	5.5
		Inferred	0.3	23.3	0.55	5.7	0.4	4.3
	Primary	Indicated	0.3	73.3	0.82	3.2	1.9	7.5
		Inferred	0.3	40.8	0.60	2.4	0.8	3.2
Umuna Total Resource	Indicated			93.5	0.78	4.3	2.4	13.1
	Inferred			64.1	0.58	3.8	1.2	7.5
Umuna TOTAL				157.6	0.70	4.1	3.6	20.5
Cooktown Stockpile	Ox-Trans-Prim	Inferred	0.5	3.8	0.65	7.0	0.1	0.9
Cooktown Stockpile				3.8	0.65	7.0	0.1	0.9
Ewatinona within USD\$1800 Pit Shell	Oxide	Indicated	0.3	0.4	0.68	3.2	0.01	0.04
		Inferred	0.3	1.8	0.69	3.5	0.04	0.20
	Primary	Indicated	0.3	3.7	0.9	2.5	0.11	0.30
		Inferred	0.3	1.6	0.79	2.9	0.04	0.15
	Sub-total	Indicated		4.2	0.88	2.6	0.12	0.3
		Inferred		3.4	0.74	3.2	0.08	0.3
Ewatinona TOTAL				7.6	0.81	2.8	0.2	0.7
MISIMA	Indicated			97.7	0.79	4.3	2.5	13.4
	Inferred			71.3	0.59	3.8	1.4	8.7
MISIMA TOTAL				169	0.71	4.1	3.8	22.1

Table 2: Misima Gold Project Mineral Resource summary as at 30 June 2022, rounding errors may occur.

Item	Mt	Au g/t	Ag g/t	Au koz	Ag koz
Ewatinona					
Probable	3.9	0.81	2.4	101	303
Ewatinona Total	3.9	0.81	2.4	101	303
Umuna					
Probable	71.1	.79	4.6	1816	10612
Umuna Total	71.1	0.79	4.6	1816	10612
Probable	75.6	.79	4.5	1917	10915
Misima Total	75.6	0.79	4.5	1917	10915

Table 3: Misima Gold Project Ore Reserve Estimate as at 30 June 2022, rounding errors may occur.

COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results, Mineral Resources and overall Annual Report Compilation is based on information compiled by Mr Stuart Hayward BAppSc (Geology) MAIG, a Competent Person who is a member of the Australian Institute of Geoscientists. Mr Hayward is an employee of the Company. Mr Hayward has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and

Ore Reserves". Mr Hayward consents to the inclusion in this report of the matters based upon the information in the form and context in which it appears.

The Competent Person signing off on the overall Ore Reserves Estimate is Mr John Wyche BE (Min Hon), of Australian Mine Design and Development Pty Ltd, who is a Fellow of the Australasian Institute of Mining and Metallurgy and who has sufficient relevant experience in operations and consulting for open pit metalliferous mines. Mr Wyche consents to the inclusion in this report of the matters based upon the information in the form and context in which it appears.

Kingston publicly reports Exploration Results and Mineral Resource estimates in accordance with the ASX Listing Rules and the requirements and guidelines of the 2012 edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves – the JORC Code. Kingston's governance for public reporting of Exploration Results and Mineral Resource estimates includes important assurance measures. All reports are signed-off by appropriate JORC Competent Persons with JORC Code Table 1 Checklists as required. Exploration Results and Mineral Resource estimates are also peer reviewed (either by Kingston technical staff or suitably qualified external consultants) before Board approval and ASX release.

FINANCIAL POSITION

At the end of the financial year, the Consolidated Entity had net assets of \$61,130,177 (2021: \$40,727,110) and held \$5,589,673 in cash (2021: \$11,007,936).

On 24 November 2021, the Company completed the placement of a total of 70,000,000 shares at \$0.20 raising \$14,000,000.

On 17 January 2022, the Company issued 54,912,882 shares at \$0.20 to Quintana Resources Holdings LP in part consideration for the acquisition of Mineral Hill Pty Ltd.

On 4 February 2022, the Company completed a placement 1,150,000 shares at \$0.20 purchased under a Share Purchase Plan announced 18 November 2021, raising \$230,000.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than reported above in the Review of Results and Operations, there were no significant changes in the state of affairs of the Company during the reporting period.

MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

On 4 July 2022, the Company increased its existing cash backed Rehabilitation Security Bond by \$2,000,000, to a total of \$5,477,000.

On 7 July 2022, the Company secured a \$10,000,000 debt facility with PURE Asset Management to fund the Company's key growth initiatives at Mineral Hill. The funding will be provided in two tranches, including \$5,000,000 received immediately followed by a second \$5,000,000 tranche to be drawn by 30 November 2022.

On 5 August 2022 627,186 STI performance rights vested, and 2,704,143 STI performance rights lapsed.

Other than the above, there has been no other matter or circumstance which has arisen since 30 June 2022 that has significantly affected or may significantly affect:

- a) Kingston Resources Limited's operations in future financial years; or
- b) the results of those operations in future financial years; or
- c) Kingston Resources Limited's state of affairs in future financial years.

DIVIDENDS OR DISTRIBUTIONS

No dividends were paid during the financial year and the directors do not recommend the payment of a dividend.

FUTURE DEVELOPMENTS AND EXPECTED RESULTS

The Group will continue its operating activities and evaluation of its mineral projects and undertake generative work to identify and potentially acquire new resource projects. Due to the nature of the business, the result is not predictable.

ENVIRONMENTAL REGULATIONS

The mineral tenements granted to the Company pursuant to New South Wales Mining Act 1992, the Western Australia Mining Act 1978, and the Papua New Guinea Mining Act 1992, are granted subject to various conditions which include standard environmental requirements. The Company adheres to these conditions and the directors are not aware of any non-compliance with environmental laws.

INFORMATION ON THE DIRECTORS

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

- Mick Wilkes – Chair (Non-Executive), appointed 1 December 2020, previously Non-Executive Director
- Anthony Wehby – Director (Non-Executive) from 1 December 2020, previously Chair
- Andrew Corbett – Director (Managing)
- Stuart Rechner - Director (Non-Executive)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Mick Wilkes, Non-Executive Chair (B Eng (Hons), MBA, GAICD)

Term of Office Appointed Non-Executive Chair of Kingston Resources Limited from 1 December 2020; previously Non-Executive Director of Kingston Resources Limited from 6 July 2018 to 1 December 2020.

Skills and Experience: Mr Wilkes is a mining engineer with over 35 years of broad international experience with a strong emphasis on operations management and new mine development, predominantly in precious and base metals across Asia and Australia. He was the President and CEO of OceanaGold Corporation (ASX:OCG) from 2011 to 2020. In previous roles he was the Executive General Manager of Operations at OZ Minerals responsible for the development of the Prominent Hill copper/gold project in South Australia and General Manager of the Sepon gold/copper project for Oxiana based in Laos. His earlier experience included 10 years in various project development roles in Papua New Guinea. Mr Wilkes was appointed as a Non-Executive Director of Dacien Gold Ltd (ASX:DCN) in September 2021 and became Non-Executive Chair in March 2022. In April 2022 Mr Wilkes was appointed Non-Executive Chair of Andromeda Metals Ltd (ASX:AND). Mr Wilkes was a Non-Executive Director of Matador Mining Ltd (ASX:MZZ) from July 2020 to May 2022. Mr Wilkes holds a Bachelor of Engineering from the University of Queensland, a Master of Business Administration from Deakin University, and is a member of both the Australian Institute of Mining and Metallurgy, and the Australian Institute of Company Directors.

Anthony Wehby, Non-Executive Director (MAICD)

Term of Office: Non-Executive Director of Kingston Resources Limited from 1 December 2020; previously Non-Executive Chairman of Kingston Resources Limited from 4 July 2016 to 1 December 2020. Mr Wehby is Chair of the Audit and Risk Committee.

Skills and Experience: Mr Wehby is a highly experience board member and chairman. He is also a Director of Ensurance Ltd (ASX:ENA) and was previously Chairman of Tellus Resources Limited, Non-Executive Chairman of Aurelia Metals Limited and a Director of Harmony Gold (Aust) Pty Ltd. Since 2001, Mr Wehby has maintained a financial consulting practice, focusing on strategic advice to companies including investments, divestments and capital raisings. Prior to 2001, Mr Wehby was a partner in PricewaterhouseCoopers Australia (Coopers & Lybrand) for 19 years.

Mr Wehby is a Member of the Australian Institute of Company Directors.

Andrew Corbett, Managing Director (B Eng (Mining, Hons), MBA)

Term of Office: Managing Director of Kingston Resources Limited since 4 July 2016.

Skills and Experience: Mr Corbett is Managing Director and CEO of the Company. Mr Corbett is a highly experienced mining engineer, having operated in the mining industry for over 25 years. Mr Corbett has senior corporate, operational and mine management experience combined with an in-depth understanding of global equity markets, business development and corporate strategy within the mining sector. His prior roles include General Manager at Orica Mining Services based in Germany and Portfolio Manager of the Global Resource Fund at Perpetual Investments as well as mine management and operations roles with contractor and owner-mining operations.

Stuart Rechner, Non-Executive Director (BSc, LLB, MAIG, MAusIMM, GAICD)

Term of Office: Non-Executive Director from 4 July 2016; previously Executive Director of Kingston Resources Limited from 23 February 2015. Mr Rechner is Chair of the Remuneration and Nomination Committee.

Skills and Experience: Mr Rechner is an experienced company director and geologist with a background in project generation and acquisition in Australia and overseas. Mr Rechner holds degrees in both geology and law and is a member of the Australian Institute of Geoscientists, the Australasian Institute of Mining and Metallurgy and the Australian Institute of Company Directors. For over ten years Mr Rechner was an Australian diplomat responsible for the resources sector with postings to Beijing and Jakarta.

Mr Rechner has been a Director of Strategic Energy Limited (ASX:SER) since 12 September 2014.

COMPANY SECRETARY

Chris Drew has been Company Secretary since 18 December 2019. He holds a Bachelor of Commerce from the University of Auckland, is a CFA Charterholder, and is a Fellow Member of the Governance Institute of Australia.

DIRECTORS' INTERESTS

As at the date of this report the relevant interests of each of the Directors, held either directly or indirectly through their associates, in the securities of Kingston are as follows:

Director	Fully Paid Ordinary Shares (KSN)	Unlisted Options
Anthony Wehby ¹	1,335,696	369,783
Andrew Corbett ²	4,564,617	5,323,816
Stuart Rechner ³	431,544	369,783
Mick Wilkes ⁴	2,527,452	486,667

¹ Anthony Wehby holds a relevant interest in Options as he is a related party to Mrs Rosemary Wehby, who is the registered holder of the options. He has a relevant interest in the shares as the registered holder

² Andrew Corbett holds a relevant interest in the specified number of Shares and Options as a result of being a director of Milamar Group Pty Ltd as trustee of Milamar Family Trust, which is the registered holder of those Shares and Options

³ Stuart Rechner holds a relevant interest in the specified number of Shares and Options as a result of being a director of Osmium Holdings Pty Limited as trustee of Ferndale Superannuation Fund, which is the registered holder of those Shares and Options

⁴ Mick Wilkes holds a relevant interest in the specified number of Shares and Options as a result of being a director of Eligius Holdings Pty Limited as trustee of Eligius Holdings Pty Limited ATF, which is the registered holder of those Shares and Options.

MEETINGS OF DIRECTORS

The number of Directors' meetings and Committee meetings, and the number of meetings attended by each of the Directors who was a member of the Board and the relevant Committee, held during the year ended 30 June 2022 were:

	Board Meetings		Audit and Risk Committee		Remuneration and Nomination Committee	
	Meetings held while a Director	Number attended	Meetings held while a Director	Number attended	Meetings held while a Director	Number attended
Anthony Wehby	11	11	2	2	2	2
Andrew Corbett	11	11	-	-	-	-
Mick Wilkes	11	11	2	2	2	2
Stuart Rechner	11	11	2	2	2	2

REMUNERATION REPORT (AUDITED)

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group for the year ended 30 June 2022 in accordance with the requirements of the Corporations Act 2001 and its Regulations.

(a) Key management personnel disclosed in this report

For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including a director (whether executive or otherwise) of the Company.

Details of key management personnel:

M Wilkes	Non-Executive Chair (appointed Non-Executive Director 6 July 2018, appointed Non-Executive Chair 1 December 2020)
A Wehby	Non-Executive Director (appointed Non-Executive Chairman 4 July 2016, Non-Executive Director 1 December 2020)
A Corbett	Managing Director (appointed 4 July 2016)

S Rechner Non-Executive Director (transitioned to Non-Executive Director on 4 July 2016)
C Drew Chief Financial Officer (appointed as CFO on 10 July 2018)

(b) Remuneration Philosophy

The objective of the Group's executive remuneration framework is to attract, motivate and retain high quality personnel then incentivise and reward performance fairly and responsibly. The framework aligns executive reward with the achievement of strategic objectives and the creation of long-term value for shareholders. The Board has established a separate Remuneration and Nomination Committee which meets as required to review remuneration, recruitment, retention, and termination procedures and to evaluate KMP performance. Our values of safety, respect for the environment, respect for each other, social responsibility, honesty and accountability guide the Committee in policy formation and decision making.

Executive remuneration is benchmarked against similar organisations in regards to industry and size; and, from time to time, independent external advice is sought from remuneration consultants. The Corporate Governance Statement provides further information on the Company's remuneration governance.

(c) Executive remuneration policy and framework

In determining executive remuneration, the Remuneration and Nomination Committee aims to ensure that remuneration practices are:

- Competitive and reasonable, enabling the Company to attract and retain key talent;
- Aligned to the Company's strategic and business objectives and the creation of shareholder value;
- Transparent and easily understood; and
- Acceptable to shareholders.

The Remuneration and Nomination Committee reviews executive packages annually by reference to the executive's performance and comparable information from industry sectors and other listed companies in similar industries. The terms and conditions for the Managing Director are considered appropriate for the current exploration and development phase of the Group's asset base.

Options and performance rights may be issued to directors subject to approval by shareholders. All remuneration paid to directors is valued at the cost to the Group and expensed. Options are valued using the Black-Scholes methodology.

(d) Relationship between remuneration and the Group's performance

The Board has structured its remuneration arrangements in such a way it believes is in the best interests of building shareholder wealth in the longer term. Directors' remuneration is set by reference to other companies of similar size and industry, and by reference to the skills and experience of directors. Fees paid to Non-Executive Directors are not linked to the performance of the Group.

The following table shows the net loss, loss per share and share price for the last four financial years.

	2022	2021	2020	2019
Net Loss	(2,088,167)	(\$1,954,631)	(\$751,587)	(\$2,240,006)
Diluted loss per share (cents/share)	(0.67)	(0.76)	(0.42)	(0.18)
Share price at year end (cents)	8	22	17	1.3

Long-term (LTI) and short-term (STI) incentives are provided to KMP in the form of Performance Rights and Options over ordinary shares of the Company and are considered to promote continuity of employment and provide additional incentive to recipients to increase shareholder wealth. Performance Rights and Options may

only be issued to directors subject to approval by shareholders in general meeting. Outstanding business and individual performance are required to achieve the maximum level of remuneration. This includes financial; health and safety; and environmental, social & governance components.

During the Financial Year the following incentive performance rights and options were issued:

- Unlisted Options 2,737,240 (FY21 3,668,834)
- STI Performance Rights 3,395,667 (FY21 3,461,042).

Non-Executive Directors remuneration policy

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms including remuneration, relevant to the office of director.

The Board policy is to remunerate non-executive directors at commercial market rates for comparable companies for their time, commitment and responsibilities.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and is currently set at \$500,000 per annum (approved by shareholders at 2021 AGM). Fees may also be paid to non-executive directors for additional consulting services provided to the Company above and beyond normal non-executive duties.

Fees for non-executive directors are not linked to the performance of the Group. Non-executive directors' remuneration may also include an incentive portion consisting of options, subject to approval by shareholders.

(e) Voting and comments made at the Company's 2021 Annual General Meeting

Kingston received over 99% of "yes" votes (0.6% of "no" votes) on its remuneration report for the 2021 financial year.

(f) Remuneration Details for the Year Ended 30 June 2022

The following table of benefits and payments details, in respect to the financial year, the components of remuneration for each member of the KMP of the Group.

Director	Short-term Benefits				Post-employment Benefits		Long-term Benefits		Equity-settled Share-based Payments		Cash-settled Share-based Payments	Termination Benefits	Total
	Salary, Fees and Leave	Profit Share and Bonuses	Non-monetary	Other	Pension and Super-annuation	Other	Incentive Plans	LSL	Performance Rights/Shares	Options			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Anthony Wehby													
2022	69,000	-	-	-	6,900	-	-	-	-	11,165	-	-	87,065
2021	80,083	-	-	-	7,608	-	-	-	-	15,584	-	-	103,275
Andrew Corbett													
2022	330,362	38,732	-	-	33,036	-	-	-	13,259	7,970	-	-	423,359
2021	308,000	-	-	-	29,260	-	-	-	77,786	56,118	-	-	471,164
Stuart Rechner													
2022	75,555	-	-	-	-	-	-	-	-	11,165	-	-	86,720
2021	75,555	-	-	-	-	-	-	-	-	15,584	-	-	91,139
Mick Wilkes													
2022	96,000	-	-	7,200	-	-	-	-	-	29,867	-	-	133,067
2021	87,481	-	-	-	-	-	-	-	-	15,584	-	-	103,065
Chris Drew													
2022	275,874	36,259	-	-	27,587	-	-	-	11,140	7,743	-	-	358,603
2021	247,000	-	-	-	23,465	-	-	-	49,904	36,003	-	-	356,372
Total													
2022	846,791	74,991	-	7,200	67,523	-	-	-	24,399	67,910	-	-	1,088,814
2021	798,119	-	-	-	60,333	-	-	-	127,690	138,874	-	-	1,125,016

(g) Service Agreements

Remuneration and other terms of employment for KMP are formalised in service agreements. The service agreements specify the components of remuneration, benefits and notice periods.

Anthony Wehby

Mr Wehby was appointed Non-Executive Chair on 4 July 2016 and transitioned to a Non-Executive Director on 1 December 2020. The appointment is contingent upon satisfactory performance and successful re-election by shareholders of the Company as and when required by the constitution of the Company and the Corporations Act. Mr Wehby is not entitled to any termination benefits unless paid at the discretion of directors.

Andrew Corbett

Mr Corbett was appointed as Managing Director on 4 July 2016. Mr Corbett is remunerated pursuant to the terms and conditions of an employment agreement entered into on 4 July 2016 with no fixed term. The agreement may be terminated by either party on the giving of six months' notice. Mr Corbett is not entitled to any termination benefits other than accrued pay, leave entitlements and other statutory payments unless paid at the discretion of directors.

Stuart Rechner

Mr Rechner was appointed as Executive Director on 23 February 2015 and transitioned to a Non-Executive Director on 4 July 2016. The appointment as Non-Executive Director is contingent upon satisfactory performance and successful re-election by shareholders of the Company as and when required by the constitution of the Company and the Corporations Act. Mr Rechner is not entitled to any termination benefits unless paid at the discretion of directors.

Michael Wilkes

Mr Wilkes was appointed a Non-Executive Director on 6 July 2018. On 1 December 2020 Mr Wilkes was appointed as Non-Executive Chair. The appointment is contingent upon satisfactory performance and successful re-election by shareholders of the Company as and when required by the constitution of the Company and the Corporations Act. Mr Wilkes is not entitled to any termination benefits unless paid at the discretion of directors.

Chris Drew

Mr Drew was appointed as Chief Financial Officer on 10 July 2018 (he was the Commercial Manager from 22 June 2016), he was appointed as Company Secretary on 18 December 2019. Mr Drew is remunerated pursuant to the terms and conditions of an employment agreement entered into on 1 October 2016 and has no fixed term. The agreement may be terminated by either party on the giving of three months' notice. Mr Drew is not entitled to any termination benefits other than accrued pay, leave entitlements and other statutory payments unless paid at the discretion of directors.

(h) Equity Interests of KMP**Options holdings of KMP**

The number of options over ordinary shares held by each KMP of the Group during the 2022 and 2021 reporting periods is as follows:

2022	Balance at Beginning of Year		Grant Details			Exercised		Lapsed	Other changes		Vested and Exercisable at End of Year	Vested and Unexercisable at End of Year
			Issue Date	No.	Value	No.	Value	No.			No.	No.
					\$		\$					
Anthony Wehby	LTI ¹	300,000	27-Nov-20	300,000	15,584	-	-	-			300,000	-
	LTI ²	-	14-Dec-21	69,783	11,165						69,783	-
Andrew Corbett	LTI ³	3,421,563	06-Nov-19	3,421,563	137,644	-	-	-			3,421,563	-
	LTI ⁴	1,086,301	27-Nov-20	1,086,301	56,118							1,086,301
	LTI ⁵	-	14-Dec-21	815,952	7,970							815,952
Stuart Rechner	LTI ¹	300,000	27-Nov-20	300,000	15,584	-	-	-	-		300,000	-
	LTI ²	-	14-Dec-21	69,783	11,165	-	-	-	-		69,783	-
Mick Wilkes	LTI ¹	300,000	27-Nov-20	300,000	-	-	-	-			300,000	-
	LTI ²	-	27-Nov-20	186,667	29,867	-	-	-	-		186,667	-
Chris Drew	LTI ³	2,257,031	06-Nov-19	2,257,031	90,797	-	-	-			2,257,031	-
	LTI ⁴	696,926	27-Nov-20	696,926	36,003							696,926
	LTI ⁵	-	05-Nov-21	685,510	7,743							685,510
		8,361,821		10,189,516	419,641	-	-	-			6,904,827	3,284,689

¹ Unlisted LTI Options issued 27 November 2020 exercisable at 50c - expiry on 30 June 2023

² Unlisted LTI Options issued 14 December 2021 exercisable at 0c - expiry on 14 December 2024

³ Unlisted LTI Options issued 6 November 2019 exercisable at 1c, expiry 31 July 2023, exercise is subject to operational hurdles

⁴ Unlisted LTI Options issued 5 August 2020 and 27 November 2020 exercisable at 1c, expiry 31 July 2023, exercise is subject to share price hurdles

⁵ Unlisted LTI Options issued 5 November 2021 and 14 December 2021 exercisable at 0c, expiry 31 August 2024, exercise is subject to share price hurdles

2021	Balance at Beginning of Year		Grant Details			Exercised		Lapsed	Other changes		Vested and Exercisable at End of Year	Vested and Unexercisable at End of Year
			Issue Date	No.	Value	No.	Value	No.			No.	No.
					\$		\$					
Anthony Wehby	LTI ¹	300,000	09-Nov-18	300,000	33,896	-	-	300,000			-	-
	LTI ²	-	27-Nov-20	300,000	15,584						300,000	-
Andrew Corbett	LTI ¹	750,000	09-Nov-18	750,000	84,741	-	-	750,000			-	-
	LTI ³	3,421,563	06-Nov-19	3,421,563	137,644	-	-	-			-	3,421,563
	LTI ⁴	-	27-Nov-20	1,086,301	56,118							1,086,301
Stuart Rechner	LTI ¹	300,000	09-Nov-18	300,000	33,896	-	-	300,000			-	-
	LTI ²	-	27-Nov-20	300,000	15,584						300,000	-
Mick Wilkes	LTI ¹	300,000	09-Nov-18	300,000	33,896	-	-	300,000			-	-
	LTI ²	-	27-Nov-20	300,000	15,584						300,000	-
Chris Drew	LTI ¹	600,000	23-Aug-18	600,000	61,521	-	-	600,000			-	-
	LTI ³	2,257,031	06-Nov-19	2,257,031	90,797	-	-	-			-	2,257,031
	LTI ⁴	-	27-Nov-20	696,926	36,003							696,926
		7,928,594		10,611,821	615,266	-	-	2,250,000			900,000	7,461,821

¹ Unlisted LTI Options issued on 23 August 2018 and 9 November 2018 exercisable at 27c - expiry on 30 June 2021

² Unlisted LTI Options issued 27 November 2020 exercisable at 50c - expiry on 30 June 2023

³ Unlisted LTI Options issued 6 November 2019 exercisable at 1c, expiry 31 July 2023, exercise is subject to operational hurdles

⁴ Unlisted LTI Options issued 5 August 2020 and 27 November 2020 exercisable at 1c, expiry 31 July 2023, exercise is subject to share price hurdles

Performance Rights Holdings of KMP

The number of performance rights in the Company held by each KMP of the Group during the 2022 and 2021 reporting periods is as follows:

2022	Balance at Beginning of Year		Grant Details			Vested		Lapsed	Other changes	Balance at End of Year
			Issue Date	No.	Value \$	No.	Value \$	No.	No.	
Andrew Corbett	STI ¹	1,357,877	27-Nov-20	1,357,877	77,786	923,553	52,906	434,324		-
	STI ²	-	14-Dec-21	1,019,940	13,259	-	-	-		1,019,940
Chris Drew	STI ¹	871,157	27-Nov-20	871,157	49,904	636,081	36,438	235,076		-
	STI ²	-	05-Nov-21	856,888	11,140	-	-	-		856,888
		2,229,034		4,105,862	152,089	1,559,634	89,344	669,400	-	1,876,828

¹ STI Performance Rights issued on 27 November 2020 will vest as follows: (a) Up to 50% of STI Performance Rights will automatically vest if the Company's June 2021 VWAP is between 120% to 150% of the Company's June 2020 VWAP; and (b) Up to 50% of the STI Performance Rights will vest, at the Board's discretion, upon the achievement of operational performance measures before 30 June 2021. All STI Performance Rights that have not vested by 31 July 2021 will automatically lapse and be forfeited.

² STI Performance Rights issued on 5 November 2021 and 14 December 2021 will vest as follows: (a) Up to 40% of STI Performance Rights will automatically vest if the Company's June 2022 VWAP is between 120% to 150% of the Company's June 2021 VWAP; and (b) Up to 60% of the STI Performance Rights will vest, at the Board's discretion, upon the achievement of operational performance measures before 30 June 2022. All STI Performance Rights that have not vested by 31 August 2022 will automatically lapse and be forfeited.

2021	Balance at Beginning of Year		Grant Details			Vested		Lapsed	Other changes	Balance at End of Year
			Issue Date	No.	Value	No.	Value	No.	No.	
					\$		\$			
Anthony Wehby	LTI ¹	174,205	09-Nov-18	174,205	13,212	174,205	45,293	-	-	-
Andrew Corbett	STI ²	1,140,521	06-Nov-19	1,140,521	22,782	438,000	91,980	702,521	-	-
	STI ³	-	27-Nov-20	1,357,877	77,786	-	-	-	-	1,357,877
	LTI ⁴	497,721	01-Dec-17	497,721	30,859	497,721	129,407	-	-	-
	LTI ¹	671,932	09-Nov-18	671,932	50,960	671,932	174,702	-	-	-
Stuart Rechner	LTI ¹	136,875	09-Nov-18	136,875	10,381	136,875	35,588	-	-	-
Mick Wilkes	LTI ¹	136,875	09-Nov-18	136,875	10,381	136,875	35,588	-	-	-
Chris Drew	STI ²	752,344	06-Nov-19	752,344	15,028	288,926	60,674	463,418	-	-
	STI ³	-	27-Nov-20	871,157	137,644	-	-	-	-	871,157
	LTI ⁴	360,054	01-Dec-17	360,054	22,323	360,054	93,614	-	-	-
	LTI ¹	535,057	23-Aug-18	535,057	31,782	535,057	139,115	-	-	-
		4,405,584		6,634,618	423,137	3,239,645	805,961	1,165,939	-	2,229,034

¹ LTI Performance Rights issued on 23 August 2018 and 9 November 2018 will automatically vest if the Company achieves a market capitalisation greater than \$70 million on or before 30 June 2022. The vesting hurdle was achieved in November 2020 with rights vesting on 18 December 2020.

² STI Performance Rights issued on 6 November 2019 will vest as follows: (a) Up to 50% of STI Performance Rights will automatically vest if the Company's June 2020 VWAP is between 120% to 150% of the Company's June 2019 VWAP; and (b) Up to 50% of the STI Performance Rights will vest, at the Board's discretion, upon the achievement of operational performance measures before 30 June 2020. All STI Performance Rights that have not vested by 31 July 2020 will automatically lapse and be forfeited.

³ STI Performance Rights issued on 27 November 2020 will vest as follows: (a) Up to 50% of STI Performance Rights will automatically vest if the Company's June 2021 VWAP is between 120% to 150% of the Company's June 2020 VWAP; and (b) Up to 50% of the STI Performance Rights will vest, at the Board's discretion, upon the achievement of operational performance measures before 30 June 2021. All STI Performance Rights that have not vested by 31 July 2021 will automatically lapse and be forfeited.

⁴ LTI Performance Rights issued on 1 December 2017 will vest if the Company achieves a market capitalisation greater than \$70 million on or before 30 June 2021. The vesting hurdle was achieved in November 2020 with rights vesting on 18 December 2020.

Share holdings of KMP

The number of ordinary shares in the Company held by each KMP of the Group during the 2022 and 2021 reporting periods is as follows:

2022	Balance at Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options/Vesting of Performance Rights during the Year	Other (Net) Changes during the Year	Balance at End of Year
Anthony Wehby	1,335,696	-	-	-	1,335,696
Andrew Corbett	3,462,575	-	923,553	-	4,386,128
Stuart Rechner	431,544	-	-	-	431,544
Mick Wilkes	2,527,452	-	-	-	2,527,452
Chris Drew	2,114,199	-	636,081	-	2,750,280
	9,871,466	-	1,559,634	-	11,431,100

2021	Balance at Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options/Vesting of Performance Rights during the Year	Other (Net) Changes during the Year	Balance at End of Year
Anthony Wehby	973,991	-	174,205	187,500	1,335,696
Andrew Corbett	1,854,923	-	1,607,652	-	3,462,575
Stuart Rechner	200,919	-	136,875	93,750	431,544
Mick Wilkes	280,000	-	136,875	2,110,577	2,527,452
Chris Drew	930,162	-	1,184,037	-	2,114,199
	4,239,995	-	3,239,644	2,391,827	9,871,466

(i) Loans to key management personnel

There were no loans to individuals or members of KMP during the financial year or the previous financial year.

(j) Other KMP transactions

There have been no other transactions involving equity instruments other than those described in the tables above. For details of other transactions with KMP, refer to Note 22 Related Party Transactions

END OF AUDITED REMUNERATION REPORT**SHARE OPTIONS**

At the date of this report the unissued ordinary shares of the Company under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Held at 01-Jul-21	Issued	Exercised	Lapsed / Cancelled	Held at 30-Jun-22
06-Nov-19	31-Jul-23	1 cent	6,818,841	-	-	-	6,818,841
31-Jan-20	31-Jan-23	25 cents	600,000	-	-	-	600,000
27-Nov-20	31-Jul-23	1 cent	2,768,834	-	-	60,840	2,707,994
27-Nov-20	31-Jul-23	50 cents	900,000	-	-	-	900,000
5-Nov-21	31-Aug-24	0 cents	-	2,737,240	-	51,470	2,685,770
14-Dec-21	14-Dec-24	0 cents	-	326,233	-	-	326,233

During the year ended 30 June 2022 and 30 June 2021, no ordinary shares in the Company were issued pursuant to the exercise of options. Apart from as described in this report, there have been no conversions to, calls of, or subscriptions for ordinary shares of issued or potential ordinary shares since the reporting date and before the completion of these financial statements.

No person entitled to exercise an option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied to any court pursuant to section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

INDEMNITIES GIVEN AND INSURANCE PREMIUMS PAID TO AUDITORS AND OFFICERS

The Company has entered into Deeds of Access, Indemnity and Insurance with each Director.

Under these deeds, the Company has undertaken, subject to the restrictions in the Corporations Act, to:

- a) indemnify each Director from certain liabilities incurred from acting in that position under specified circumstances;
- b) maintain directors' and officers' insurance cover (if available) in favour of each Director whilst that person maintains such office and for seven years after the Director has ceased to be a director;
- c) cease to maintain directors' and officers' insurance cover in favour of each Director if the Company reasonably determines that the type of coverage is no longer available. If the Company ceases to
- d) maintain directors' and officers' insurance cover in favour of a Director, then the Company must notify that Director of that event; and
- e) provide access to any Company records which are relevant to the Director's holding of office with the Company, for a period of seven years after the Director has ceased to be a Director.

During the year, the Company paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all directors and the company secretary.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of the insurance policies is not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

AUDIT COMMITTEE

The Board has established a separate Audit and Risk Management Committee to assist the Board to discharge its corporate governance duties in relation to implementing and maintaining appropriate policies and procedures relating to risk management, financial reporting, external and internal control and auditing.

NON AUDIT SERVICES

During the year the Company's auditor provided taxation services to the Company at a total cost of \$27,327.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required by section 307C of the Corporations Act 2001 is included in this Annual Report. Hall Chadwick continues in office in accordance with section 327 of the Corporations Act 2001.

Pursuant to section 298(2) Corporations Act, this Directors' Report:

- a) is made in accordance with a resolution of the Directors; and
- b) is dated 19 September 2022 and
- c) is signed by Mr Mick Wilkes.



Mick Wilkes

Non-Executive Chair
Sydney, New South Wales
19 September 2022

**KINGSTON RESOURCES LIMITED
ABN 44 009 148 529
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT TO THE OWNERS OF
KINGSTON RESOURCES LIMITED**

Report on the Remuneration Report

We have audited the remuneration report included in pages 12 to 18 of the directors' report for the year ended 30 June 2022.

In our opinion, the remuneration report of Kingston Resources Limited for the year ended 30 June 2022 complies with s 300A of the *Corporations Act 2001*.

Auditor's Opinion

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.



HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND
Partner
Dated: 19 September 2022

Consolidated Statement of Financial Position

	Notes	Consolidated Group	
		2022	2021
		\$	\$
Current assets			
Cash and cash equivalents	9	5,589,673	11,007,936
Trade and other receivables	10	3,414,195	764,418
Available for sale financial assets	11	562,900	234,731
Inventory		2,338,674	-
Other current assets		101,887	61,101
Total current assets		12,007,329	12,068,185
Non-current assets			
Property, plant and equipment	13	16,999,182	79,216
Capitalised exploration expenditure	23	41,554,898	30,147,187
Mine development expenditure	23	13,553,356	-
Right of use assets	5	833,234	-
Other non-current assets	14	3,641,425	44,464
Total non-current assets		76,582,095	30,270,867
Total assets		88,589,424	42,339,050
Current liabilities			
Trade and other payables	15	6,267,320	1,422,742
Interest bearing loan		39,481	16,384
Lease liabilities	5	283,986	-
Employee Provisions		469,308	138,004
Total current liabilities		7,060,095	1,577,130
Non-current liabilities			
Interest bearing loan		41,272	34,810
Lease liabilities	5	466,756	-
Rehabilitation Provision		7,274,000	-
Employee Provisions		59,242	-
Deferred Payables		12,557,882	-
Total non-current liabilities		20,399,152	34,810
Total liabilities		27,459,247	1,611,940
Net assets		61,130,177	40,727,110
Equity			
Issued capital	16	121,051,877	98,584,828
Accumulated losses		(60,738,440)	(58,713,189)
Share based payment reserve	21	609,952	690,419
Foreign currency translation reserve		206,788	165,051
Total equity		61,130,177	40,727,110

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Consolidated Group	
		2022	2021
		\$	\$
Continuing Operations			
Sales		11,903,750	-
Other income	2	1,497,460	128,471
Cost of sales		(10,815,833)	-
Gross Profit		2,585,377	128,471
Administration expenses		(1,055,468)	(316,809)
Employee benefits		(945,751)	(562,196)
Consultant and legal fees		(550,423)	(415,274)
Depreciation expense	3	(1,217,484)	(39,834)
Amortisation expense		(81,258)	-
Director fees		(239,455)	(255,516)
Share based payments expense		(130,942)	(417,069)
Other expenses		(15,791)	(8,664)
Mark to market financial assets		(437,500)	(67,212)
Foreign Exchange Gain/(Loss)		529	(529)
Loss before income tax expense		(2,088,167)	(1,954,631)
Income tax expense	4	-	-
Loss for the year		(2,088,167)	(1,954,631)
Other comprehensive income/(loss)			
Other comprehensive income/(loss) – net of tax		41,737	298,027
Total comprehensive loss for the year		(2,046,430)	(1,656,604)
Basic loss per share (cents)	8	(0.67)	(0.76)
Diluted loss per share (cents)	8	(0.67)	(0.76)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

Attributable to the shareholders of Kingston Resources Limited

	Ordinary Shares \$	Accumulated Losses \$	Foreign Exchange Reserves	Share Based Payment Reserve \$	Total Equity \$
Balance at 1 July 2020	83,808,031	(57,123,921)	(132,976)	893,327	27,444,461
Loss for the full year	-	(1,954,631)	-	-	(1,954,631)
Other comprehensive income	-	-	-	-	-
	83,808,031	(59,078,553)	(132,976)	893,327	25,489,829
Issue of Shares	15,035,029	-	-	-	15,035,029
Cost of share issue	(483,833)	-	-	-	(483,833)
Share based payments	-	-	-	388,056	388,056
Transfer from Share Based Payment Reserve on vesting/lapsing of securities	225,600	365,364	-	(590,964)	-
Additions to reserves	-	-	298,027	-	297,886
Balance at 30 June 2021	98,584,828	(58,713,189)	165,051	690,419	40,727,110
Balance at 1 July 2021	98,584,828	(58,713,189)	165,051	690,419	40,727,110
Loss for the full year	-	(2,088,167)	-	-	(2,088,167)
Other comprehensive income	-	-	-	-	-
	98,584,828	(60,801,356)	165,051	690,419	38,638,942
Issue of Shares	23,126,061	-	-	-	23,126,061
Cost of share issue	(797,505)	-	-	-	(797,505)
Share based payments	-	-	-	120,942	120,942
Transfer from Share Based Payment Reserve on vesting/lapsing of securities	138,493	62,916	-	(201,409)	-
Additions to reserves	-	-	41,737	-	41,737
Balance at 30 June 2022	121,051,877	(60,738,440)	206,788	609,952	61,130,177

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

	Notes	Consolidated Group	
		2022	2021
		\$	\$
Cash flows from operating activities			
Continued operations			
Receipts from customers		11,660,228	-
Interest received		21,122	39,709
Receipts from other income		-	88,762
Payments to suppliers and employees		(8,697,090)	(1,521,361)
Net cash used in operating activities	20	<u>2,984,260</u>	<u>(1,392,889)</u>
Cash flows from investing activities			
Payment for exploration and evaluation		(19,700,402)	(6,857,661)
Payment for bond deposits		(3,591,853)	-
Payment for acquisition of Mineral Hill Pty Ltd net of cash acquired	25	(1,236,210)	-
Payment for acquisition of mineral assets		-	(1,650,000)
Proceeds from divestment of WesternX Pty Ltd		2,500,000	-
Proceeds from sale of investment		314,972	-
Proceeds from sale of PPE		1,179	-
Payment for other non-current assets		(249,426)	(51,205)
Net cash used in investing activities		<u>(22,113,648)</u>	<u>(8,558,866)</u>
Cash flows from financing activities			
Proceeds from issue of shares and options		14,230,000	15,000,000
Transaction costs related to issue of shares, convertibles, or options		(697,506)	(483,833)
Proceeds from borrowings		49,149	51,194
Repayment of borrowings		(29,916)	(109,328)
Net cash provided by financing activities		<u>13,551,727</u>	<u>14,458,033</u>
Net change in cash and cash equivalents held		(5,577,661)	4,506,278
Cash and cash equivalents at beginning of financial year		11,007,936	6,511,170
Effect of movement in exchange rate on cash held		7,490	(9,511)
Cash and cash equivalents at end of financial year	9	<u>5,589,673</u>	<u>11,007,936</u>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

This financial report includes the consolidated financial statements and notes of Kingston Resources Limited and controlled entities ('Consolidated Group' or 'Group').

For the purpose of preparing the consolidated financial statements, the Company is a for-profit entity.

Note 1: Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated financial statements are presented in the currency of Australian dollars.

Statement of Compliance

Compliance with Australian Accounting Standards ensures that the financial statements and notes of Kingston Resources Limited and its controlled entities comply with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the directors on 19 September 2022.

Basis of Preparation

The financial statements have been prepared on an accrual basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Significant Accounting Policies

a) Principles of Consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2022. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June. A list of controlled entities is contained in Note 12 to the financial statements.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

b) Changes in Accounting Policies

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period.

c) New Accounting Standards and Interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2022.

d) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Current and deferred income tax expense (income) is charged or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive income.

Current tax

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

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and its intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax

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

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

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

Tax consolidation

Kingston Resources Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liability (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Australian Taxation Office that it had formed an income tax consolidated group to apply from 1 July 2003.

e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss on the statement of profit or loss and other comprehensive income.

Depreciation

The depreciable amount of all fixed assets is depreciated using the straight line method commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable asset are:

Class of Fixed Assets	Depreciation Rate
Motor Vehicles	20-25%
Buildings	10-33%
Plant & Equipment	10-50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. The gains and losses are included in profit or loss in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

f) Leases

At inception of a contract the Group assesses if the contract contains or is a lease. If there is a lease present and the Group is the lessee, a right-of-use asset and a corresponding lease liability is recognised. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

g) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

h) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- it is incurred for the purpose of repurchasing or repaying in the near term;

- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in a effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3: Business Combinations applies, the Group made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (ie the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or

- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the general approach to impairment, as applicable under AASB 9: *Financial Instruments*:

Under the general approach, at each reporting period, the Group assesses whether the financial instruments are credit-impaired, and if:

- the credit risk of the financial instrument has increased significantly since initial recognition, the Group measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- there is no significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

i) Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

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

j) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge in which case they would be recognised in other comprehensive income.

k) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled wholly within one year have been measured at the amounts expected to be paid when the liability is settled plus related on costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Equity-settled compensation

The Group operates a share-based compensation plan which includes a share option arrangement. The bonus element over the exercise price of the employee's services rendered in exchange for the grant of options is recognised as an expense in the statement of profit or loss and other comprehensive income, with a corresponding increase to an equity account. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares of the options granted. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions, the fair value of Performance Rights is ascertained using the Monte Carlo method.

l) Cash and Cash Equivalents

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

m) Provisions

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

n) Revenue and Other Income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Research and development credits are treated as Other Income and recognised to the extent that the related expenditure has been expensed in the Statement of Profit and Loss and Other Comprehensive Income. Research and development credits that pertain to expenditure on any capitalised amounts remaining on the Statement of Financial Position are deferred accordingly to be recognised in-line with expensing of those items.

All revenue is stated net of the amount of goods and services tax (GST).

o) Mine Development and Exploration Expenditure

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

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

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

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

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

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

p) Goods and Services Tax (GST)

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

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

q) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

r) Going Concern

The consolidated entity has incurred operating losses of \$2,088,167 (2021: \$1,954,631) and positive operating cash flows of \$2,984,260 (2021: \$1,392,889) for the year ended 30 June 2022. The consolidated entity's net current asset position as at 30 June 2022 was \$4,947,234 (2021: \$10,491,055) including \$5,589,673 in cash (2021: \$11,007,936).

During the year the following significant issues of capital were made:

- On 24 November 2021, the Company completed the placement of a total of 70,000,000 shares at \$0.20 raising \$14,000,000 (before costs).
- On 4 February 2022, the Company completed a placement 1,150,000 shares at \$0.20 purchased under a Share Purchase Plan announced 18 November 2021, raising \$230,000 (before cost).

For details on the remaining shares issued during the year see Note 16.

The entity has planned to use these funds largely on exploration and development activities, the expenditure of which can be varied and applied discretionarily.

The Group's cash balance of \$5,589,673 as at 30 June 2022 leaves it with sufficient funding to continue to meet operational expenditure requirements, including minimum exploration commitments across its tenement portfolio. Nevertheless, the nature of an exploration and development company is to have negative cash flow from operations and investing activities, and as such the Company may need to raise equity from time to time as successfully demonstrated most recently in November 2021 and February 2022. If the Group is unsuccessful in raising capital, a material uncertainty exists, that may cast significant doubt on the Group's ability as a going concern and its ability to recover assets, and discharge liabilities in the normal course of business and at the amount shown in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Taking into account the current cash reserves of the Company, the Directors are confident the Company has adequate resources to continue in its main business activity for the foreseeable future. As a result, the financial statements have been prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business and at the amounts stated in the financial report.

s) Joint arrangements and associates

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. A joint arrangement in which the Group has direct rights to underlying assets and obligations for underlying liabilities is classified as a joint operation.

Investments in associates and joint ventures are accounted for using the equity method. Interests in joint operations are accounted for by recognising the Group's assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Any goodwill or fair value adjustment attributable to the Group's share in the associate or joint venture is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

Critical Accounting Estimates and Judgements

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

Key estimates – Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by management review using Black Scholes, Monte Carlo, or an agreed fair value. The related assumptions are detailed in Note 21. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and manufacturers' warranties (for plant and equipment). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Exploration and evaluation of expenditure

Costs arising from exploration and evaluation activities are carried forward provided the rights to tenure of the area of the interest are current and such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. Costs carried forward in respect of an area of interest that is abandoned are written off in the year in which the decision to abandon is made. The carrying value of the capitalised exploration and evaluation expenditure is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Such capitalised exploration expenditure is carried at the end of the reporting period at \$41,554,898 (see Note 23).

The Group has applied AASB 6 Exploration for and Evaluation of Mineral Resources.

Coronavirus (COVID-19) pandemic

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

2. OTHER INCOME

Other income

	2022	2021
	\$	\$
Interest income	21,122	39,709
Profit on sale of financial assets	82,184	-
Profit on disposal of mining assets	1,392,976	-
Proceeds from sale of motor vehicle	1,178	-
DMIRS EIS funding	-	38,762
Government grant	-	50,000
Total other income	1,497,460	128,471

3. DEPRECIATION

Depreciation of:

	2022	2021
	\$	\$
- right of use asset	(78,013)	(37,075)
- building	(37,751)	-
- plant and equipment	(1,101,720)	-
Total depreciation and amortisation	(1,217,484)	(39,834)

4. INCOME TAX

(a) Income tax recognised in profit and loss

The prima facie tax expense (benefit) on operating result is reconciled to the income tax provided in the statement of profit or loss and other comprehensive income as follows:

	2022	2021
	\$	\$
Accounting loss before income tax	(2,088,146)	(1,954,631)
Income tax benefit calculated at 25% (FY21 26%)	(522,037)	(508,204)
Non-deductible expenses	350,381	114,838
Tax losses/temporary difference not brought into account	171,656	393,366
Income tax expense (benefit)	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 25% (FY21 26%) payable by Australian corporate entities on taxable profits under Australian tax law.

(b) Analysis of deferred tax asset

No deferred tax assets have been recognised other than to offset deferred tax liabilities, as it is currently not probable that future taxable profit will be available to realise the asset. The potential deferred tax asset on carry forward losses amounts to \$4,104,549 (2021: \$5,859,720).

Tax Consolidation

Effective 1 July 2003, for the purposes of income taxation, the Company and its 100% wholly-owned subsidiaries formed a tax consolidated group; the head entity of the tax consolidated group is Kingston Resources Limited.

5. RIGHT OF USE ASSETS

The Group's Right of use Assets include buildings (in the form of an office lease), plant and equipment and motor vehicles.

	Consolidated Group	
	30 June 2022	30 June 2021
	\$	\$
a. Right of use assets		
Leased Buildings	336,145	74,145
Accumulated Amortisation	(95,978)	(74,145)
Net Carrying Value	240,167	-
Leased Motor Vehicles		
Addition through business combination	180,044	-
Additions	181,461	-
Accumulated Amortisation	(58,445)	-
Net Carrying Value	303,060	-
Leased Equipment		
Excavator	200,786	200,786
Addition through business combination	109,877	-
Additions	207,837	-
Accumulated Amortisation	(228,493)	(200,786)
Net Carrying Value	290,007	-
Total Net Carrying Value	833,234	-
b. Lease liabilities		
Current	283,986	-
Non-current	466,756	-
	750,742	-

6. INTERESTS OF KEY MANAGEMENT PERSONNEL

(a) Key management personnel compensation

Key management personnel (KMP) remuneration has been included in the Remuneration Report section of the Directors' Report.

The totals of remuneration paid to KMP of the Group during the 2022 and 2021 reporting periods are as follows.

	Consolidated Group	
	2022	2021
	\$	\$
Short-term employee benefits	928,982	798,119
Post-employment benefits	67,523	60,333
Equity-settled share-based payments	92,309	266,564
Total	1,088,814	1,125,016

	Consolidated Group	
	2022	2021
	\$	\$
Remuneration of the auditor of the Company for:		
- auditing or reviewing the financial statements	44,572	36,137
- non-audit services	27,327	23,232
Total	71,899	59,369

	Consolidated Group	
	2022	2021
	\$	\$

7. AUDITOR REMUNERATION

8. LOSS PER SHARE

(a) Basic loss per share (cents per share)	(0.67)	(0.76)
(b) Diluted loss per share (cents per share)	(0.67)	(0.76)
(c) Weighted average number of ordinary shares on issue used in the calculation of basic loss per share	313,665,434	258,138,770
(d) Loss used in calculation of basic loss per share	(\$2,088,167)	(\$1,954,631)

There are no dilutive potential ordinary shares as the exercise of options to ordinary shares would have the effect of decreasing the loss per ordinary share and would therefore be non-dilutive.

	Consolidated Group	
	2022	2021
	\$	\$
Cash at bank and in hand	5,589,673	8,507,936
Short-term deposits	-	2,500,000
Total	5,589,673	11,007,936

9. CASH AND CASH EQUIVALENTS

Cash at bank earns interest at floating rates based on daily deposit rates. The carrying amounts of cash and cash equivalents represent fair value. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at a short-term deposit rate depending on the term.

10. TRADE AND OTHER RECEIVABLES

Current

	Consolidated Group	
	2022	2021
	\$	\$
Deferred receivable – Divestment of WesternX Pty Ltd	1,500,000	-
Other receivables	1,914,195	764,418
Total current trade and other receivables	3,414,195	764,418

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than those receivables specifically provided for as mentioned within this note. The class of assets described as Other Receivables is considered to be the main source of credit risk related to the Group. During the year, the Group took up a provision equivalent to 33.33% of total GST receivable for Gallipoli Exploration (PNG) Ltd and WCB PNG Exploration Ltd totalling \$302,363. The provision increased the capitalised expenditure for Misima gold project by \$302,363.

The Group applies the AASB 9 general approach to measuring expected credit losses, which permits the use of the lifetime expected loss provision for all other receivables. Under the general approach a nil expected loss rate was applied to all receivables as at 30 June 2022 and 30 June 2021.

11. FINANCIAL ASSETS

Financial assets at fair value through profit and loss:

At fair value

	Consolidated Group	
	2022	2021
	\$	\$
Shares in listed entities	500,400	234,731
Options in listed entities	62,500	-
	562,900	234,731

Financial assets at fair value through profit and loss consist of investments in ordinary shares and listed options.

- (i) Listed shares - The fair value of listed shares has been determined directly by reference to published price quotations in an active market.
- (ii) Listed options - The fair value of listed options has been determined directly by reference to published price quotations in an active market.

12. CONTROLLED ENTITIES

Name	Country of Incorporation	Principal Activity	Beneficial Percentage Interest Held By Economic Entity	
			2022 %	2021 %
Slipstream WANT Pty Ltd	Australia	Mineral Exploration	100	100
Universal Rare Earths Pty Ltd	Australia	Mineral exploration	100	100
Fleurieu Mines Pty Ltd	Australia	Mineral exploration	100	100
Westernx Pty Ltd	Australia	Mineral exploration	-	100
Centex Resources Ltd (formerly U Energy Pty Ltd)	Australia	Mineral exploration	100	100
WCB Pacific Pty Limited	Australia	Mineral exploration	100	100
WCB Australia Pty Limited	Australia	Mineral exploration	100	100
Mineral Hill Pty Ltd	Australia	Mineral exploration	100	-
WCB PNG Limited	Papua New Guinea	Mineral exploration	100	100
WCB PNG Exploration Limited	Papua New Guinea	Mineral exploration	100	100

- 40 -

		Consolidated Group	
		2022	2021
		\$	\$
14. OTHER NON CURRENT ASSETS			
Environmental bonds	3,504,000	-	
Other security deposits	137,425	44,464	
Total	3,641,425	44,464	
		Consolidated Group	
		2022	2021
		\$	\$
15. TRADE AND OTHER PAYABLES			
Trade payables – unsecured	3,956,907	1,020,692	
Other payables and accruals	2,310,413	402,050	
Total	6,267,320	1,422,742	

Given the short term nature of these amounts, their carrying value approximates their fair value.

	Consolidated Group			
	30 June 2022		30 June 2021	
	Number of Fully Paid Ordinary Shares	\$	Number of Fully Paid Ordinary Shares	\$
16. ISSUED CAPITAL				
(a) Movements in contributed equity for the year				
Balance at the beginning of the year	283,736,946	98,584,828	217,043,243	83,808,031
- 30 Jul 2021	2,417,611	138,494		
- 24 Nov 2021	70,000,000	14,000,000		
- 25 Nov 2021	500,000	100,000		
- 25 Nov 2021	50,000	10,000		
- 17 Jan 2022	54,912,882	8,786,061		
- 4 Feb 2022	1,150,000	230,000		
Shares issued during the previous financial year:				
- 14 July 2020			12,500,000	2,000,000
- 17 Jul 2020			1,007,175	29,593
- 27 Nov 2020			498,809	29,160
- 18 Dec 2020			50,589,642	12,669,898
- 2 Feb 2021			1,923,077	500,000
- 8 April 2021			175,000	31,979
Less capital raising costs		(797,506)		(483,833)
Total contributed equity	412,767,439	121,051,877	283,736,946	98,584,828

During the period the Company issued share capital amounting to 129,030,493 fully paid ordinary shares of no par value. At shareholders' meetings each fully paid ordinary share is entitled to one vote when a poll is called.

On 24 November 2021, the Company completed the placement of a total of 70,000,000 shares at \$0.20 raising \$14,000,000.

On 25 November 2021, the company issued 500,000 shares as part consideration for placement offer undertaken on 24 November 2021. This transaction was recorded at a fair value of \$100,000 at an issue price of \$0.20.

On 25 November 2021, the company issued 50,000 shares for nil consideration to an employee as part of their employment contract. This transaction was recorded at a fair value of \$10,000 at an issue price of \$0.20.

On 17 January 2022, the Company issued 54,912,882 shares at \$0.20 to Quintana Resources Holdings LP in part consideration for the acquisition of Mineral Hill Pty Ltd.

On 4 February 2022, the Company completed a placement of 1,150,000 shares at \$0.20 purchased under a Share Purchase Plan announced 18 November 2021, raising \$230,000.

During the financial year, no fully paid ordinary shares were issued as a result of the exercise of options, but 2,417,611 shares were issued as a result of Performance Rights vesting.

Since the end of the financial year end, no ordinary shares have been issued as a result of the exercise of options, but 627,186 shares were issued as a result of Performance Rights vesting

(b) Options

- (i) For information relating to the Company's employee and consultant option scheme, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year end, refer to Note 21 Share-based Payments.
- (ii) For information relating to share options issued to key management personnel during the financial year, refer to the Directors' Report.

(c) Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and equity capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing its financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management debts levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

17. RESERVES

(a) Share-based Payment Reserve

The share-based payment reserve records items recognised as expenses on valuation of unlisted employee and consultant incentive scheme options and performance rights. Refer to Note 21 Share-based Payments for further details.

18. COMMITMENTS AND CONTINGENCIES

The Group has certain obligations to perform minimum exploration work and to expend minimum amounts of money on such work on mining tenements. These obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the Group. These commitments have not been provided for in the financial report. Due to the nature of the Group's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature and amount of future expenditure beyond the next year. Expenditure may be reduced by seeking exemption from individual commitments, by relinquishing tenure or by new joint venture arrangements. Expenditure may be increased when new tenements are granted or joint venture agreements amended. The minimum expenditure commitment on currently held tenements is:

	Consolidated Group	
	2022	2021
	\$	\$
Exploration commitment		
Not later than one year	200,000	123,000
Later than one year and less than five years	-	144,055

During the year, with the acquisition of Mineral Hill Pty, the Group has a commitment to increase the Rehabilitation Security Bond as follows;

	Consolidated Group	
	2022	2021
	\$	\$
Rehabilitation Security Bond commitment		
Not later than one year	3,770,000	-
Later than one year and less than five years	-	-

On 4 July 2022, the Company increased its the Rehabilitation Security Bond by \$2,000,000, to a total of \$5,477,000, reducing the remaining commitment to \$1,770,000.

During the year, the Group acquired finance leases between one and two years for motor vehicles and plant and equipment from the acquisition of Mineral Hill Pty Ltd. Following the acquisition, the Group entered into three year finance leases for the purchase of motor vehicles for the Mineral Hill mine. The future minimum lease payments are as follows:

	Consolidated Group	
	2022	2021
	\$	\$
Finance lease commitment		
Not later than one year	270,408	75,158
Later than one year and less than five years	311,151	-

The Group is a party to rental leases for its office premises. The future minimum lease payments are as follows:

	Consolidated Group	
	2022	2021
	\$	\$
Operating lease commitment		
Not later than one year	78,891	-
Later than one year and less than five years	165,428	-

19. SEGMENT REPORTING

For the year ended 30 June 2022, the Group has two segments, being mining and exploration of minerals in Australia and Papua New Guinea.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period in that geographic region.

	Australia	PNG	Total
External revenue	11,903,750	-	11,903,750
Other revenue	1,475,160	1,179	1,476,339
Interest income	21,122	-	21,122
Total revenue	13,400,031	1,179	13,401,211
EBITDA	(750,209)	(44,545)	(794,754)
Depreciation and amortisation	(1,298,742)	-	(1,298,742)

Reportable segment asset	49,979,743	38,609,681	88,589,424
Reportable segment liability	(27,169,517)	(289,730)	(27,459,247)
Net assets	29,703,498	31,426,679	61,130,177

20. CASH FLOW INFORMATION

(a) Reconciliation to Statement of Cash Flows

For the purposes of the Statement of Cash Flows, cash and cash equivalents are as reported above.

	Consolidated Group	
	2022	2021
	\$	\$
Reconciliation of Loss from Ordinary Activities to Net Cash Flows from Operating Activities		
Loss for the year	(2,088,167)	(1,954,631)
Depreciation	1,217,484	39,834
Share-based payments	130,942	417,069
Revaluation of assets at FVTPL	437,500	67,212
Unrealised fx (gain)/losses	(529)	529
Changes in assets and liabilities		
Decrease/(increase) in trade and other receivables	19,371	(222,661)
Decrease/(increase) in prepayments	269,718	(58,820)
Decrease/(increase) in other non-current assets	(10,553)	(6,682)
(Decrease) in trade payables	1,553,754	255,215
(Decrease)/increase in provisions	176,856	70,046
(Decrease)/increase in other payables and accruals	1,277,884	-
Net cash flows from operating activities	2,984,260	(1,392,889)

21. SHARE-BASED PAYMENTS

- (i) Share options and performance rights are granted to employees and directors of the Company, or any Associated Body Corporate of the Company. The following employee share-based payment arrangements existed at 30 June 2022.

Share options:

Date of grant	Share-based payment	Number granted	Value	Share Price on Issue	Exercise Price	Expiry
6 Nov 2019	LTI Options ¹	7,281,957	292,942	0.170	0.010	31 Jul 2023
27 Nov 2020	LTI Options ²	2,707,994	139,894	0.295	0.010	31 July 2023
27 Nov 2020	LTI Options ³	900,000	46,753	0.295	0.500	31 July 2023
5 Nov 2021	LTI Options ²	1,720,735	86,570	0.205	0.00	31 August 2024
14 Dec 2021	LTI Options ²	815,952	40,052	0.165	0.00	31 August 2024
17 Jun 22	LTI Options ³	149,082	7,318	0.094	0.00	31 August 2024
14 Dec 21	Service Fee Options ³	326,233	52,197	0.165	0.00	14 December 2024

¹ LTI Performance Options vest upon delivery of operational performance hurdles

² LTI Performance Options vest based on Total Shareholder Return relative to peer group companies prior to expiry

³ Options vested upon issue

Performance Rights:

Date of grant	Share-based payment	Number granted	Value	Expiry
5 Nov 2021	STI Performance Rights ¹	2,150,919	28,380	31 August 2022
14 Dec 21	STI Performance Rights ¹	1,019,940	13,259	31 August 2022
17 Jun 22	STI Performance Rights ¹	160,470	-	31 August 2022

- ¹ STI Performance Rights issued on 5 November 2021, 14 December 2021 and 17 June 2022 will vest as follows:
- (a) Up to 40% of STI Performance Rights will automatically vest if the Company's June 2022 VWAP is between 120% to 150% of the Company's June 2021 VWAP; and
 - (b) Up to 60% of the STI Performance Rights will vest, at the Board's discretion, upon the achievement of operational performance measures before 30 June 2022.
- Of these STI Performance Rights, those that have not vested by 31 August 2022 will automatically lapse and be forfeited.

The principal assumptions used in estimating the value of the STI and LTI options include volatility of 55% determined with reference to the Company's historic volatility and the volatility of peer group companies, and a risk free interest rate of 1.0%.

The number and weighted average exercise prices of share options granted to employees and directors is as follows:

	2022		2021	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at beginning of period	10,487,675	0.01	10,519,548	0.27
Expired during the period	(112,310)	0.01	(3,700,707)	0.22
Issued during the period	3,063,472	0.00	3,668,834	0.05
Outstanding at year-end	13,438,837	0.05	10,487,675	0.01
Exercisable at year-end	1,226,233	0.37	900,000	0.50

- (ii) Other share-based payments granted to third parties.

Ordinary shares:

There was nil share based payments to third parties during the year.

Share options:

Date of grant	Share-based payment	Number granted	Value	Share price on issue	Exercise Price	Expiry
31 Jan 2020	Advisory fees	600,000	\$28,051	\$0.175	\$0.25	31 Jan 2023

There were no options exercised during the year ended 30 June 2022 (2021: nil).

22. RELATED PARTY TRANSACTIONS

(a) Key Management Personnel

Key management personnel compensation has been included in the Remuneration Report section of the Directors' Report and Note 6 Interests of Key Management Personnel.

During the year the Company incurred Consulting Fees of \$7,200 to Integrated Mining Solutions Pty Ltd. The Company's Chairman Mick Wilkes is a Director and Shareholder of Integrated Mining Solutions Pty Ltd.

(b) Directors' Interests

As at 30 June 2022 the relevant interests of each of the Directors, held either directly or indirectly through their associates, in the securities of Kingston was as follows:

Director	Fully Paid Ordinary Shares (KSN)	Unlisted LTI Options
Anthony Wehby ¹	1,335,696	369,783
Andrew Corbett ²	4,564,617	5,323,816
Stuart Rechner ³	431,544	369,783
Mick Wilkes ⁴	2,527,452	486,667

¹ Anthony Wehby holds a relevant interest in Options as he is a related party to Mrs Rosemary Wehby, who is the registered holder of the options. He has a relevant interest in the shares as the registered holder

² Andrew Corbett holds a relevant interest in the specified number of securities as a result of being a director of Milamar Group Pty Ltd as trustee of Milamar Family Trust, who is the registered holder of those securities

³ Stuart Rechner holds a relevant interest in the specified number of securities as a result of being a director of Osmium Holdings Pty Limited as trustee of Ferndale Superannuation Fund, who is the registered holder of those securities

⁴ Mick Wilkes holds a relevant interest in the specified number of securities as a result of being a director of Eligius Holdings Pty Limited as trustee of Eligius Holdings Pty Ltd ATF, who is the registered holder of those securities.

23. MINE DEVELOPMENT AND EXPLORATION

	Consolidated Group		
	Mine development expenditure	Capitalised exploration expenditure	Total
	\$	\$	\$
At 1 July 2021			
Cost	-	30,147,187	30,147,187
Accumulated amortisation	-	-	-
Net Carrying Amount	-	30,147,187	30,147,187
Year ended 30 June 2022			
Carrying amount at the beginning of the period	-	30,147,187	30,147,187
Amounts acquired in business combinations	11,694,049	622,646	12,316,695
Additions	1,940,565	14,427,074	16,367,639
Amortisation	(81,258)	-	(81,258)
Foreign exchange differences	-	236	236
Divestment of Livingstone	-	(3,642,245)	(3,642,245)
Carrying amount at the end of the year	13,553,356	41,554,898	55,108,254
At 30 June 2022			
Cost	13,634,614	41,554,898	55,189,512
Accumulated amortisation	(81,258)	-	(81,258)
Net Carrying Amount	13,553,356	41,554,898	55,108,254

An impairment assessment was undertaken of the Group's exploration assets held at the end of FY22. Nothing has come to the Company's attention to indicate that amounts recorded as Capitalised Exploration Expenditure as at 30 June 2022 are not reasonable, require impairment, or do not meet the requirements of AASB 6.

On 10 December 2021, Kingston sold its 75% interest in the Livingstone Gold Project to Metal Bank Ltd for a total consideration of up to \$10 million. The transaction was undertaken through the sale of 100% of the issued capital of Westernx Pty Ltd. Following the divestment of WesternX, the Groups' total capitalised exploration and evaluation was reduced by \$3,642,245 which represents the total exploration and evaluation spend on the Livingstone Gold Project.

On 17 January 2022, Kingston acquired 100% interest in the Mineral Hill Pty Ltd for a total consideration of \$22.6 million. The group acquired exploration assets totalling \$622,646 from Mineral Hill Pty Ltd.

Of the total \$41,554,898 capitalised exploration expenditure, \$38,609,681 is attributable to the Misima Gold Project, \$2,945,217 is attributable to Mineral Hill tenements.

24. FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise receivables, payables, FVTPL financial assets, cash and short-term deposits and a commercial loan.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Company uses different methods to measure and manage different types of risks to which it is exposed. These included monitoring levels of exposure to interest rate and market forecasts for interest rate. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks which are summarised below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents, trade and other receivables and FVTPL financial assets. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount net of any provisions for these assets as disclosed in the statement of financial position and notes to the financial statements.

The Group has adopted a policy of only dealing with creditworthy counter parties as a means of mitigating the risk of financial loss from defaults. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit evaluations including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the Board. These risk limits are regulatory monitored. The Group does not require collateral in respect of financial assets.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. At the reporting date there were no significant concentrations of credit risk. Refer to Note 10 for further information on impairment of financial assets that are past due.

(b) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management. The Group manages the liquidity risk by maintaining adequate cash reserves, and by continuously monitoring forecast and actual cash flows while matching the maturity profiles of financial assets and liabilities. There are no material financial assets or financial liabilities that are subjected to liquidity risk as at 30 June 2022 or 30 June 2021.

(c) Interest rate risk

The Group's current exposure to the risk of changes in market interest rates relate primarily to cash assets rates. The Group does not account for fixed rate financial assets and liabilities at fair value through profit or loss.

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit / (loss) and equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. The Group's main interest rate risk arises from cash and cash equivalents with variable interest rates.

	Consolidated Group	
	2022	2021
	\$	\$
Financial assets		
Cash and cash equivalents	5,589,673	11,007,936
	5,589,673	11,007,936
Impact on post tax profit / (loss) and equity		
+ 2% in interest rate	111,793	220,159
- 2% in interest rate	(111,793)	(220,159)

(d) Foreign currency risk

The Group is not exposed to significant financial risks from movements in foreign exchange rates. The Group does not participate in any type of hedging transactions or derivatives. Therefore, no sensitivity analysis is required.

(e) Price risk

The Group's exposure to commodity and equity securities price risk is minimal. Equity securities price risk arises from investments in equity securities.

The price risk for both listed and unlisted securities is immaterial in terms of a possible impact on profit and loss or total equity and as such a sensitivity analysis has not been completed.

(f) Fair value

For the financial assets and liabilities disclosed in this note, the fair value approximates their carrying value.

The aggregate fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial statements.

	Footnote	2022		2021	
		Net Carrying Value	Fair Value	Net Carrying Value	Fair Value
		\$	\$	\$	\$
Consolidated Group					
Financial assets					
Cash and cash equivalents	(i)	5,589,673	5,589,673	11,007,936	11,007,936
Trade and other receivables	(i)	3,414,195	3,414,195	764,418	764,418
Financial assets at fair value	(ii)	562,900	562,900	234,731	234,731
Total financial assets		9,566,768	9,566,768	12,007,085	12,007,085
Financial liabilities					
Trade and other payables	(i)	6,267,320	6,267,320	1,422,742	1,422,742
Lease liabilities		750,742	750,742	-	-
Interest bearing liabilities		80,753	80,753	51,194	51,194
Total financial liabilities		7,098,815	7,098,815	1,473,936	1,473,936

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.
- (ii) For financial assets at fair value through profit and loss, closing quoted bid prices at the end of the reporting period are used. These listed investments are included within level 1 of the hierarchy of financial assets.
- (iii) Lease liabilities and Interest bearing liabilities are carried at amortised cost.

25. BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary comprises the fair value of assets transferred, the liabilities incurred and the equity interests issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The consideration transferred also includes the fair value of any contingent consideration arrangement. Contingent consideration classified as a financial asset or liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss. Acquisition-related costs are expensed as incurred.

a) Mineral Hill Pty Ltd Acquisition

(i) Summary of acquisition

On 17 January 2022, the Group completed the acquisition of Mineral Hill Pty Ltd. Mineral Hill Pty Ltd assets include operating Mineral Hill Mine, located approximately 60km from Condobolin, NSW.

Details of the purchase consideration and the net assets acquired are as follows:

Purchase consideration	\$
Cash paid (USD \$1,000,000)	1,388,118
Issue of 54,912,882 shares at \$0.16	8,786,061
Deferred payment of (USD \$8,000,000)	10,721,429
Deferred 2% Royalty	1,704,078
	<u>\$22,599,686</u>

The assets and liabilities recognised on a provisional basis as a result of acquisition are as follows:

Net assets acquired	Fair Value \$
Cash and cash equivalents	151,908
Trade and other receivables	1,047,831
Inventories	2,624,844
Property, plant and equipment	17,847,924
Bond deposit	4,950
Prepayments	381,492
Mine development and exploration	12,316,695
Right of use asset	259,950
Trade and other payables	(3,998,179)
Employee entitlements	(181,811)
Lease liabilities	(581,919)
Rehabilitation provision	(7,274,000)
Total	<u>22,599,685</u>

(ii) Outflow of cash to acquire subsidiary

Outflow of cash to acquire subsidiary	\$
Consideration paid upon acquisition of subsidiary	1,388,118
Cash and cash equivalents held by subsidiary upon acquisition	(151,908)
Total outflow of cash – investing activities	<u>1,236,210</u>

(iii) Revenue and profit contribution

The acquired business contributed revenues of \$11,903,749 and a net loss of \$1,687,632 to the Group for the period 17 January to 30 June 2022. Given the operation commenced production in August 2021 and was in a ramp up phase through the months prior to acquisition, reporting Group earnings for the period post 1 July 2021 would not reflect the anticipated future position and is therefore not considered relevant to report.

26. DISPOSAL OF CONTROLLED ENTITY

On 10 December 2021, Kingston sold its 75% interest in the Livingstone Gold Project to Metal Bank for a total consideration of up to \$10,000,000. The transaction was undertaken through the sale of 100% of the issued capital of Westernx Pty Ltd. Following the divestment of WesternX, the groups' total capitalised exploration and evaluation expenditure was reduced by \$3,607,024, reflecting the carrying value of the Livingstone Gold Project.

Divestment of Westernx Pty Ltd

Fair value of consideration	\$5,000,000
Carrying value of assets disposed	(\$3,607,024)
Gain on sale	<u>\$1,392,976</u>

27. PARENT COMPANY INFORMATION

	Parent Entity	
	2022	2021
	\$	\$
Assets		
Current assets	4,109,147	10,642,969
Non-current assets	71,968,847	30,350,366
Total assets	<u>76,077,994</u>	<u>40,993,335</u>
Liabilities		
Current liabilities	2,503,444	751,733
Non-current liabilities	12,758,530	0
Total liabilities	<u>15,261,974</u>	<u>751,733</u>
Equity		
Issued capital	121,051,877	98,584,828
Accumulated losses	(60,845,809)	(59,033,646)
Share-based payments reserve	609,952	690,419
Total equity	<u>60,816,020</u>	<u>40,241,601</u>
Financial performance		
Loss for the year	(1,875,059)	(1,906,048)
Other comprehensive income / (loss)	-	-
Total comprehensive loss	<u>(1,875,059)</u>	<u>(1,906,048)</u>

Contractual commitments

Refer to note 18 for contractual and exploration commitments for the parent entity during the financial year.

28. SUBSEQUENT EVENTS

On 4 July 2022, the Company increased its existing cash backed Rehabilitation Security Bond by \$2,000,000, to a total of \$5,477,000.

On 7 July 2022, the Company secured a \$10,000,000 debt facility with PURE Asset Management to fund the Company's key growth initiatives at Mineral Hill. The funding will be provided in two tranches, including \$5,000,000 received immediately followed by a second \$5,000,000 tranche to be drawn by 30 November 2022.

On 5 August 2022 627,186 STI performance rights vested, and 2,704,143 STI performance rights lapsed.

Other than the above, there has been no other matter or circumstance which has arisen since 30 June 2022 that has significantly affected or may significantly affect:

- a) Kingston Resources Limited's operations in future financial years; or
- b) the results of those operations in future financial years; or
- c) Kingston Resources Limited's state of affairs in future financial years

Directors' Declaration

The Directors of the Company declare that:

1. In the opinion of the Directors of the Company:
 - (a) the financial statements and notes set out on page 22 to 52, and the Remuneration disclosures that are contained in page 12 to 18 of the Remuneration Report in the Directors' Report, are in accordance with the Corporations Act 2001, including:
 - (i) giving true and fair view of the Group's financial position as at 30 June 2022 and of its performance, for the financial year ended on that date;
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - (iii) complying with International Financial Reporting Standards as disclosed in Note 1.
 - (b) the remuneration disclosures that are contained in page 12 to 18 of the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures.
 - (c) the directors have been given the declaration required by s295A of the Corporations Act 2001 by the persons undertaking the roles of Managing Director and Chief Financial Officer.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



MICK WILKES
Non-Executive Chairman
Sydney, New South Wales

19 September 2022

KINGSTON RESOURCES LIMITED
ABN 44 009 148 529
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE OWNERS OF
KINGSTON RESOURCES LIMITED

Report on the Financial Report

Opinion

We have audited the financial report of Kingston Resources Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information and the directors' declaration.

In our opinion the accompanying financial report of Kingston Resources Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including;

- giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of Matter – Material Uncertainty Related to Going Concern

We draw attention to Note 1(r) in the financial report, which indicates that the Group incurred a net loss after tax of \$2,046,430 during the year ended 30 June 2022. As stated in Note 1(r), these events or conditions, along with other matters as set forth in Note 1(r), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KINGSTON RESOURCES LIMITED
ABN 44 009 148 529
AND CONTROLLED ENTITIES

**INDEPENDENT AUDITOR'S REPORT TO THE OWNERS OF
KINGSTON RESOURCES LIMITED**

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 30 June 2022. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Acquisition of Mineral Hill Pty Ltd Refer to Note 24 "Business Combinations" During the year, the Group completed the acquisition of Mineral Hill Pty Ltd which includes the operating Mineral Hill Mine located in Condobolin, NSW for a total consideration of \$22,599,686. The fair values of the assets and liabilities were determined using various valuation methods, which were applied according to the assets and liabilities being measured. The Group was assisted by experts in the process to determine the fair value of acquired assets and liabilities at acquisition date. The acquisition of a business is complex and Australian Accounting Standards require the Group to identify all assets and liabilities of Mineral Hill Pty Ltd and estimate the fair value of acquired assets and liabilities at the date of acquisition. The fair value of the acquired assets and liabilities may be significantly different to the historical cost. This is a key audit matter because it was a significant transaction for the year given the financial and operational impacts on the Group. In addition, the Group made significant and complex judgements when accounting for the acquisition.	Our audit procedures included but were not limited to: • Evaluating the Group's accounting policy by considering requirements of Australian Accounting Standards, key transaction agreements, understanding obtained of the business acquired and selected minutes of the board of directors' meetings. • Assessing the fair value of the acquired assets and liabilities recognised, including: – Assessing the scope, competence and objectivity of the Group's external experts involved in estimating the fair value of acquired assets and liabilities. – Reviewing the external valuation report and working with our valuation experts to assess the significant assumptions used in valuing the acquired assets and liabilities. – Evaluating the methodology used by the Group's valuation experts in preparing the purchase price allocation against the requirements of Australian Accounting Standards. • Agreeing the amount of the purchase consideration paid to transaction agreement and bank statements • Reviewing the adequacy of the Company's disclosures in respect of the accounting treatment of the transaction in the financial statements, including the significant judgments involved, and the accounting policy adopted.

KINGSTON RESOURCES LIMITED
ABN 44 009 148 529
AND CONTROLLED ENTITIES

**INDEPENDENT AUDITOR'S REPORT TO THE OWNERS OF
KINGSTON RESOURCES LIMITED**

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Capitalised Exploration and Mine Development Expenditure	
Refer to Note 23 "Mine Development and Exploration"	
At 30 June 2022, the Group's assets included capitalised exploration costs of \$41,554,898, mine development expenditures of \$13,553,356 and plant and equipment assets relating to mining operations capitalised amounting to \$11,766,634. The Group's accounting policy in respect of plant and equipment is outlined in Note 1(e) and the Group's accounting policy in respect of mine development and exploration expenditure is outlined in Note 1(o). Due to the net assets of the Group exceeding its market capitalisation, the Group identified indicators of impairment in its PNG Cash Generating Unit (CGU) during the year. As a result, the Group tested the PNG CGU for impairment. As a result of the Group's impairment assessment, no impairment was recognised during the year. This is a key audit matter because the carrying value of the assets are material to the financial statements and significant judgement is applied in determining whether an indicator of impairment exists in relation to capitalised exploration costs, mine development expenditures and plant and equipment assets in accordance with Australian Accounting Standard AASB 6 "Exploration for and Evaluation of Mineral Resources" and AASB 136 "Impairment of Assets".	Our audit procedures included but were not limited to: • Confirming the existence and tenure of the exploration assets in which the Group has a contracted interest by obtaining confirmation of title from the relevant authorities. • Tested a sample of additions of capitalised exploration costs, mine development expenditures and plant and equipment assets to supporting documentation • In assessing whether an indicator of impairment exists in relation to the Group's capitalised exploration costs, mine development expenditures and plant and equipment assets in accordance with AASB 6 "Exploration for and Evaluation of Mineral Resources" and AASB 136 "Impairment of Assets", we: – examined the minutes of the Group's board meetings; – tested the significant inputs in the Group's cash flow forecasts for consistency with their future activity regarding the mine exploration and development. – discussed with management the Group's ability and intention to undertake further exploration activities. – evaluated the Group's assessment that there were indicators of asset impairment at 30 June 2022. – Considered whether the discounted cash flow model used to estimate the recoverable amount was consistent with Australian Accounting Standards

**KINGSTON RESOURCES LIMITED
ABN 44 009 148 529
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT TO THE OWNERS OF
KINGSTON RESOURCES LIMITED**

Rehabilitation provision

Refer to Note 25 "Business Combinations"

As a result of its mining and processing operations, the Group is obligated to restore and rehabilitate the land and environment disturbed by these operations and remove related infrastructure. Rehabilitation activities are governed by a combination of regulatory and legislative requirements and Group standards. At 30 June 2022, the Group had a rehabilitation provision of \$7,274,000.

This was a key audit matter due to the significant of the balance and the required judgements in the assessment of the nature and extent of future works to be performed, the future cost of performing the works, and the timing of when the rehabilitation will take place.

Our procedures included but were not limited to:

- Developing an understanding on how the Group identified the relevant methods, assumptions or sources of data that are appropriate for developing rehabilitation plans and associated cost estimates in the context of the Australian Accounting Standards
- Developing an understanding of and assessing the appropriateness of the significant assumptions and key data used to develop the rehabilitation provision with regard to applicable regulatory and legislative requirements.
- Reviewing the adequacy of the Company's disclosures in respect of the accounting treatment of the rehabilitation provision in the financial statements, including the significant judgments involved, and the accounting policy adopted.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

**KINGSTON RESOURCES LIMITED
ABN 44 009 148 529
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT TO THE OWNERS OF
KINGSTON RESOURCES LIMITED**

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

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

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

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

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

**KINGSTON RESOURCES LIMITED
ABN 44 009 148 529
AND CONTROLLED ENTITIES**

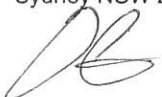
**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF KINGSTON RESOURCES LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Kingston Resources Limited. As the lead audit partner for the audit of the financial report of Kingston Resources Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND
Partner

Dated: 19 September 2022

ADELAIDE

Suite 201 Level 2
147 Pirie Street
Adelaide SA 5000

T: +61 8 8545 8422

BRISBANE

Level 4
240 Queen Street
Brisbane QLD 4000

T: +61 7 2111 7000

DARWIN

Paspalis Business Centre
Level 1 Suite 11
48-50 Smith Street
Darwin NT 0800

T: +61 8 8943 0645

MELBOURNE

Level 14
440 Collins Street
Melbourne VIC 3000

T: +61 3 9820 6400

PERTH

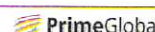
Allendale Square
Level 11
77 St Georges Terrace
Perth WA 6000

T: +61 8 8943 0645

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000

T: +61 2 9263 2600



Liability limited by a scheme approved under
Professional Standards Legislation
Hall Chadwick (NSW) Pty Ltd
ABN: 32 103 221 352

CORPORATE GOVERNANCE STATEMENT

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such Kingston Resources Limited has adopted the fourth edition of the Corporate Governance Principles and Recommendations which was released by the ASX Corporate Governance Council and became effective for financial years beginning on or after 1 January 2020.

The Company's Corporate Governance Statement for the financial year ending 30 June 2022 was approved by the Board on 19 September 2022. The Corporate Governance Statement can be located on the Company's website www.kingstonresources.com.au

Additional Information required by the Australia Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

This additional information was applicable as at 31 August 2022.

SHAREHOLDER INFORMATION

Distribution of Ordinary Shares at 31 August 2022

Distribution	No. of Shareholders (ASX code – KSN)
above 0 up to and including 1,000	278
above 1,000 up to and including 5,000	582
above 5,000 up to and including 10,000	466
above 10,000 up to and including 100,000	1,165
above 100,000	314
Total	2,805

There are 934 holders of less than a marketable parcel of the Company's fully paid ordinary shares.

Statement of Top 20 Shareholders of the Quoted Equity Securities at 31 August 2022

Contributed Equity (ASX code – KSN)

	Name	Holding	%
1	CITICORP NOMINEES PTY LIMITED	62,565,790	15.13%
2	WINCHESTER INVESTMENTS GROUP PTY LIMITED	34,000,000	8.22%
3	DELPHI UNTERNEHMENSBERATUNG AKTIENGESELLSCHAFT	26,955,938	6.52%
4	DELPHI UNTERNEHMENSBERATUNG AKTIENGESELLSCHAFT	20,686,219	5.00%
5	FARJOY PTY LTD	20,187,141	4.88%
6	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	19,480,670	4.71%
7	HSBC CUSTODY NOMINEES (AUSTRALIA LIMITED)	14,144,309	3.42%
8	BNP PARIBAS NOMS PTY LTD <DRP>	12,036,260	2.91%
9	2INVEST AG	7,800,000	1.89%
10	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	7,783,293	1.88%
11	WGS PTY LTD	6,296,888	1.52%
12	BERNE NO 132 NOMINEES PTY LTD <656165 A/C>	4,277,660	1.03%
13	SLIPSTREAM RESOURCES INTERNATIONAL PTY LTD <SLIPSTREAM CAPITAL A/C>	3,923,472	0.95%
14	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,825,447	0.93%
15	PASAGEAN PTY LIMITED	3,250,000	0.79%
16	ROVEST HOLDINGS PTY LTD <MARCH PINES SUPER FUND A/C>	3,000,000	0.73%
17	LIGHTNING JACK PTY LTD <INDIGO FAMILY A/C>	2,771,225	0.67%
18	MS GABRIELA BALLANOVA DREW	2,750,280	0.67%
19	TLG TRADING PTY LTD	2,650,000	0.64%
20	ELIGIUS HOLDINGS PTY LTD <WILKES FAMILY A/C>	2,527,452	0.61%
	Total	260,912,044	63.11%
	Total on Issue	413,396,625	100.00%

Substantial Shareholders at 31 August 2022

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

Delphi Unternehmensberatung Aktiengesellschaft – 55,687,157 fully paid ordinary shares

Winchester Investments Group Pty Limited – 34,000,000 fully paid ordinary shares

Quintana Resources Holdings LP – 54,914,882 fully paid ordinary shares

Number of Holders of Each Class of Securities at 31 August 2022

As at 31 August 2022, the Company had 413,396,625 fully paid ordinary shares held by 2,805 individual shareholders and:

- 6,818,841 unlisted options (KSNLTUO7) held by three individual option holders;
- 2,707,994 unlisted options (KSNLTUO8) held by four individual option holders;
- 2,685,769 unlisted options (KSNLTUO10) held by seven individual option holders;
- 900,000 unlisted options (KSNOP9), held by three individual option holders;
- 600,000 unlisted options (KSNOP8), held by one individual option holder;
- 326,233 unlisted options(KSNLTUO11) held by three individual option holders.

Voting Rights

The Company's share capital is of one class with the following voting rights:

Ordinary shares

- a) each shareholder entitled to vote, may vote in person or by proxy, attorney or representative;
- b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held, or in respect of which he / she is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

2. STATEMENT OF RESTRICTED SECURITIES

The Company has no restricted securities at 31 August 2022.

3. UNQUOTED SECURITIES

	Options/Rights over Ordinary Shares (No.)	Expiry Date	Exercise Price
Employee Options	6,818,841	31/07/2023	\$0.01 (Vesting conditions apply)
Employee Options	2,707,994	31/07/2023	\$0.01 (Vesting conditions apply)
Employee Options	900,000	30/06/2023	\$0.50
Unlisted Options	600,000	31/01/2023	\$0.25
Employee Options	2,685,769	31/08/2024	\$0.00 (Vesting conditions apply)
Employee Options	326,233	14/12/2024	\$0.00
Total Unlisted Securities on Issue	14,038,837		

4. ON MARKET BUY BACK

The Company does not currently have an on market buy back in operation.

5. TENEMENT SCHEDULE

Tenement	Project Name & Location	Status	Ownership
EL1747	Misima, PNG	Live	100%
ML5240	Mineral Hill, NSW	Live	100%
EL1999	Mineral Hill, NSW	Live	100%
ML5267	Mineral Hill, NSW	Live	100%
ML5278	Mineral Hill, NSW	Live	100%
EL8334	Mineral Hill, NSW	Live	100%
ML332	Mineral Hill, NSW	Live	100%
ML333	Mineral Hill, NSW	Live	100%
ML334	Mineral Hill, NSW	Live	100%
ML335	Mineral Hill, NSW	Live	100%
ML336	Mineral Hill, NSW	Live	100%
ML337	Mineral Hill, NSW	Live	100%
ML338	Mineral Hill, NSW	Live	100%
ML339	Mineral Hill, NSW	Live	100%
ML340	Mineral Hill, NSW	Live	100%
ML1695	Mineral Hill, NSW	Live	100%
ML1712	Mineral Hill, NSW	Live	100%
ML1778	Mineral Hill, NSW	Live	100%
ML5499	Mineral Hill, NSW	Live	100%
ML5621	Mineral Hill, NSW	Live	100%
ML5632	Mineral Hill, NSW	Live	100%
ML6329	Mineral Hill, NSW	Live	100%
ML6365	Mineral Hill, NSW	Live	100%