

KINGSTON RESOURCES LIMITED

ACN 009 148 529

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Supplementary Prospectus

1. Introduction

This document (**Supplementary Prospectus**) dated 19 November 2014 is issued by Kingston Resources Limited (ACN 009 148 529) (**Company**) and was lodged with the Australian Securities & Investments Commission (**ASIC**) on that date. Neither ASIC nor ASX Limited (ACN 008 624 691) trading as the Australian Securities Exchange (**ASX**) take any responsibility as to the contents of this Supplementary Prospectus.

This Supplementary Prospectus contains particulars of changes to, and supplements the prospectus issued by the Company and dated 4 November 2014 (**Prospectus**) for a renounceable pro rata offer of three (3) New Shares for every five (5) Shares held by Shareholders registered at 5.00pm Perth time on the Record Date at an issue price of 1.4 cents per New Share to raise up to approximately \$754,159 (**Offer**).

This Supplementary Prospectus must be read together with the Prospectus. To the extent of any inconsistency between this Supplementary Prospectus and the Prospectus, the provisions of this Supplementary Prospectus will prevail. Unless otherwise indicated, terms defined and used in the Prospectus have the same meaning in this Supplementary Prospectus.

The Directors do not consider any of the matters set out in this Supplementary Prospectus are materially adverse from the point of view of an investor.

The Company has issued both a printed and electronic version of this Supplementary Prospectus and the Prospectus. Electronic versions of both may be accessed at www.kingstonresources.com.au.

This Supplementary Prospectus and the Prospectus are important documents that should be read in their entirety. If you have any questions about the Shares being offered under the Prospectus (as amended by this Supplementary Prospectus) or any other matter, you should consult your professional advisers.

2. Reasons for Supplementary Prospectus and its effect

This Supplementary Prospectus has been prepared to advise that the Company has entered into an underwriting agreement with CPS Capital Group Pty Ltd (ACN 088 055 636) (**CPS or Underwriter**) dated 17 November 2014 under which CPS has agreed to fully underwrite the Offer to \$754,159 (**Underwriting Agreement**).

3. Underwriting Agreement

Under the Underwriting Agreement, CPS has agreed to fully underwrite the Offer to the amount \$754,159, being an underwriting of 53,868,497 Shares and representing 100% of the Offer.

CPS has agreed to subscribe for 100% of the Shortfall following the issue of any Shortfall Shares to be applied for by Eligible Shareholders under the Prospectus.

The Underwriting Agreement is not conditional upon sub-underwriting commitments and all conditions to the Underwriting Agreement have been waived or satisfied on or before the date of this Underwriting Agreement.

3.1 Fees payable to Underwriter

The Company will pay CPS:

- (a) an underwriting fee of \$30,166.36 plus GST (4% of the underwritten amount of \$754,159); and
- (b) a management fee of \$15,083.183 plus GST (2% of the underwritten amount of \$754,159).

In addition to the underwriting fee and the management fee, the Company must issue to CPS or its nominee 22,624,770 options exercisable at \$0.07 on or before 30 June 2016 (**Underwriter Options**). The Company will issue 13,467,124 Underwriter Options under the Company's existing 15% placement capacity and the remaining Underwriter Options will be issued subject to Shareholder approval to be sought at a general meeting of Shareholders to be called as soon as possible.

In the event that the Company does not obtain Shareholder approval for the issue of those Underwriter Options, as required, the Company must pay CPS or its nominee the sum of 0.17 cents for each Underwriter Option that the Company was unable to issue.

Following the issue of the Underwriter Options to CPS or its nominee, the Company will apply for the Underwriter Options to be quoted on the ASX provided that the number of Underwriter Options on issue and the number of holders of marketable parcels of the Underwriter Options complies with Condition 6 of Listing Rule 2.5.

3.2 Moratorium

For a period of 6 months from the date on which Shares are issued under the Offer, the Company must not:

- (a) undertake or propose a Share buy-back or issue or agree to issue any Shares, other securities or grant any options to subscribe for any Shares or other securities except:
 - (i) as permitted under the Underwriting Agreement;
 - (ii) Shares issued pursuant to Resolution 5 of the annual general meeting (**AGM**) of the Company held on 31 October 2014, which was approved

by Shareholders at the AGM for the issue of Shares to consultants as consideration for services provided by the consultants to the Company; or

- (iii) with the consent of CPS;
- (b) without the consent of CPS, alter its capital structure or amend its Constitution other than as proposed in the Prospectus and this Supplementary Prospectus;
- (c) without the consent of CPS, dispose of, agree to dispose or, charge or agree to charge, the whole or a substantial part of its business or property; or
- (d) pass or take steps to pass a resolution under section 260B of the Corporations Act without the consent of CPS.

3.3 Warranties

The Company has given warranties and covenants to CPS which are of the type and form that is usual in an underwriting agreement of this nature.

3.4 Termination

The Underwriter may terminate its obligations under the Underwriting Agreement in the event of certain circumstances which are of the type and form that is usual in an underwriting agreement of this nature. The termination events include:

- (a) **(Share price)**: the share price of the Company trading on the ASX under the ASX code of "KSN" finishes trading for five consecutive days with a closing share price that is 30% less than 1.4 cents; and
- (b) **(Indices fall)**: the S&P ASX 200 Index is at any time after the date of this Agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement.

4. Sub-underwriting

At the date of this Prospectus, CPS has entered into the sub-underwriting agreements for the full amount of the Offer being 53,868,497 Shares. The sub-underwriting agreements include the following agreements with substantial Shareholders or related parties of the Company.

- (a) Tangram Pty Ltd (**Tangram**) (an existing Shareholder of the Company and an associate of Omen Pty Ltd) has agreed to sub-underwrite the Offer to the amount \$60,439, being a sub-underwriting of 4,317,078 Shares.
- (b) Jonathan Davies, the Chairman of the Company, has agreed to sub-underwrite the Offer to the amount \$10,500, being a sub-underwriting of 750,000 Shares.
- (c) Mathew Whyte, a Non-executive Director and company secretary of the Company, has agreed to sub-underwrite the Offer to the amount \$21,000, being a sub-underwriting of 1,500,000 Shares.

Under the terms of the sub-underwriting agreement between Tangram and CPS:

- (a) Tangram or its nominee will sub-underwrite the Offer to the amount \$60,439, being an underwriting of 4,317,078 Shares;

- (b) CPS will pay Tangram a fee of 4% (plus GST) of the sub-underwritten amount (\$2,417.56);
- (c) CPS may choose to allocate, with no express guarantee to Tangram, any Underwriter Options it receives under the Underwriting Agreement on the basis of 20 Underwriter Options for each one dollar sub-underwritten by Tangram.

Under the terms of the sub-underwriting agreements with Mathew Whyte and Jonathan Davies, CPS will not pay any fee to Mathew Whyte or Jonathan Davies and they will not receive any Underwriter Options. CPS has agreed that both Mathew Whyte and Jonathan Davies will have priority allocation, meaning that they will receive the full allocation of their sub-underwriting commitment before any other sub-underwriters or CPS.

CPS may choose to allocate, with no express guarantee to any sub-underwriter (excluding Mathew Whyte and Jonathan Davies), any Underwriter Options it receives under the Underwriting Agreement on the basis of 20 Underwriter Options for each one dollar sub-underwritten by the sub-underwriter.

None of the other sub-underwriters are substantial Shareholders or related parties of the Company.

5. Effect of Underwriting Agreement

5.1 Use of funds

The costs, including Underwriter's fees, legal fees and other costs will be increased by approximately \$50,000 as a result of the Underwriting Agreement and this Supplementary Prospectus. This amount will be deducted from funds allocated for working capital of the Company in section 1.2 of the Prospectus. The funds allocated for identifying drilling targets, designing and implementing drilling program(s) on the Six Mile Hill Project / Cootanoorina Project will be unaffected.

5.2 Effect on Shareholders' equity and cash reserves

Cash reserves after completion of the Offer will be reduced as a result of the increased costs of the Offer to approximately \$654,159.

5.3 Effect on capital structure

Subject to any necessary Shareholder approval, an additional 22,624,770 Options will be issued under the Underwriting Agreement. There will be no change to the number of New Shares issued under the Offer.

5.4 Pro forma statement of financial position

The increased costs of the Offer as a result of the Underwriting Agreement and this Supplementary Prospectus will reduce the cash adjustment for a maximum subscription of the Offer to \$654,159 in the pro forma statement of financial position in section 4.3 of the Prospectus. The amounts for Total Assets, Net Assets and Total Equity will all be reduced by \$50,000.

5.5 Control of the Company

As at the date of this Supplementary Prospectus, the Company has 89,780,828 Shares on issue.

Assuming the Underwriting Agreement is not terminated for any reason and that no Options are exercised before the Record Date, the Company will issue 53,868,497 New Shares under the Offer and after the allocation of the Shortfall will have 143,649,325 Shares on issue.

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

By reason of being an associate of Tangram, Omen Pty Ltd's voting power in the Company will increase following the issue of any Shortfall Shares to Tangram under its sub-underwriting agreement (see section 4). The potential change to the voting power of Omen Pty Ltd as the Company's largest Shareholder assuming different scenarios under the Offer is shown in the table below.

Voting power of Omen (including its associates)				
Name	At Date of Prospectus	At completion of Offer		
		100% take up	50% take up	0% take up
Omen Pty Ltd	19.99%	19.99%	21.12%	22.37%

The level of take up in this table assumes that:

- (a) no Options are exercised before the Record Date;
- (b) "100% take up" assumes that Eligible Shareholders accept all of their Rights
- (c) "50% take up" assumes that Omen Pty Ltd and its associates each take up 100% of their Rights and the other Eligible Shareholders accept 50% of their Rights and the Shortfall is allocated to sub-underwriters; and
- (d) "0% take up" assumes that Omen Pty Ltd and its associates each take up 100% of their Rights and none of the other Eligible Shareholders accept their Rights and the Shortfall is allocated to sub-underwriters.

As a result of the Underwriting Agreement and the sub-underwriting agreements described in section 4, the shareholding interest of Omen Pty Ltd as the largest Shareholder could potentially increase to a maximum of 22.37%.

None of the other sub-underwriters will acquire a controlling interest as a result of the Offer. If the Eligible Shareholders under the Offer do not accept their Rights in full, then the issuing of Shares to the sub-underwriters will have a dilutionary effect on the voting power of Eligible Shareholders who did not accept their Rights in full.

In the event that the Underwriter is required to take up its underwriting commitment then its potential relevant interest could increase from 0% to a maximum of 37.5%. This is unlikely as it would only occur if no Eligible Shareholders take up their Rights and no sub-underwriters take up their sub-underwriting commitment.

6. New risk factors

As noted in Section 3 above, all conditions to the Underwriting Agreement have been waived or satisfied on or before the date of this Supplementary Prospectus. CPS may terminate the Underwriting Agreement if any of the circumstances described in Section 3.4 above occur.

7. Shortfall

In order to minimise the take-up by the Underwriters and sub-underwriters and thereby minimise control issues, the Company will allocate Shortfall Shares with a first priority to Eligible Shareholders who subscribe for their Rights in full, a second priority to unrelated parties applying for Shortfall Shares by the Closing Date and a third priority to the Underwriter and sub-underwriters.

The Company will not allocate Shortfall Shares to Eligible Shareholders or unrelated parties applying for Shortfall Shares to the extent that their voting power would exceed 20%.

8. Other updates to the Prospectus

In respect of section 7.2 of the Prospectus, the Company has lodged the following announcements with ASX since the lodgement of the Prospectus:

Date	Description of ASX Announcements
19/11/2014	Trading Halt
18/11/2014	Investor Presentation
18/11/14	Underwriting of Rights Issue
7/10/14	Investor Presentation
6/10/14	Notice to Eligible Shareholders of Entitlements Offer
6/10/14	Notice to Ineligible Shareholders of Entitlements Offer

All other details in relation to the Prospectus and the Offer remain unchanged. Accordingly, the Prospectus should be read in its entirety with this Supplementary Prospectus. Please see the Prospectus for information on how Eligible Shareholders may participate in the Offer.

9. Effect on applications lodged

The Directors do not consider that any of the matters set out in this Supplementary Prospectus are material or that this Supplementary Prospectus will have any effect on applications lodged prior to the date of this Supplementary Prospectus.

9.1 Interests of experts and advisers

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

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

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of the Company or the Offer.

10. Consents

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

CPS has given and has not, before lodgement of this Supplementary Prospectus with ASIC, withdrawn its consent to be named in this Supplementary Prospectus as the underwriter to the Offer and the Company's nominee for foreign shareholders in the form and context in which it is named.

Each of Jackson McDonald and CPS:

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

11. Directors' responsibility statement and consent

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

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

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



Mathew Whyte
Director

for and on behalf of the Company

Dated: 19 November 2014