

KINGSTON RESOURCES LIMITED

ARN 44 009 148 529

QUARTERLY ACTIVITIES REPORT AND APPENDIX 5B for the period ended 31 December 2014

Highlights

- SA State Government support for KSN's exploration activities with successful award of PACE Frontiers 2015 Mineral Systems Drilling Program for co-funded drilling at Six Mile Hill.
- Fully underwritten Rights Issue completed raising \$754,159 before costs.

Award of PACE Frontiers 2015 Minerals Systems Drilling Program

Kingston Resources Limited ("Kingston" or "the Company") was selected as a participant in the South Australian Government's world-class PACE Frontiers 2015 Mineral Systems Drilling Program. The Mineral Systems Drilling program is funded by the South Australian Department of State Development (DSD) with a co-contribution from Kingston.

Under the program, DSD will provide assistance and expertise to compliment the Company's exploration program at its Six Mile Hill project west of Port Augusta in South Australia. The program will deploy cutting edge technologies developed by the Deep Exploration Technologies Cooperative Research Centre (DET CRC).



Figure 1: Kingston team with South Australian Minister for Resources and Energy following announcement of selection for SA Mineral Systems Drilling Program

More about Kingston's Six Mile Hill project

The Six Mile Hill project comprises two tenements, EL 4494 and EL 5498 with an area of 1836km², located to the northwest of Port Augusta. The project area lies along the eastern edge of the Gawler Craton, within the Olympic Copper-Gold Domain. This region is long recognised as highly prospective for IOCG mineralisation, hosted in hematite-magnetite breccia complexes. This kind of IOCG mineralisation on the Gawler Craton is related to the Mesoproterozoic Hiltaba Suite magmatic event (~1590 Ma) and co-magmatic Gawler Range Volcanics.

Encouraging features are present. Upper-Gawler Range Volcanics are seen to outcrop in the southwest part of the Six Mile Hill project area. Shallow drilling conducted in the 1970s and early 1980s established that these Gawler Range Volcanics sub-crop throughout the project area, beneath Neoproterozoic (Adelaidean) and younger sedimentary cover.

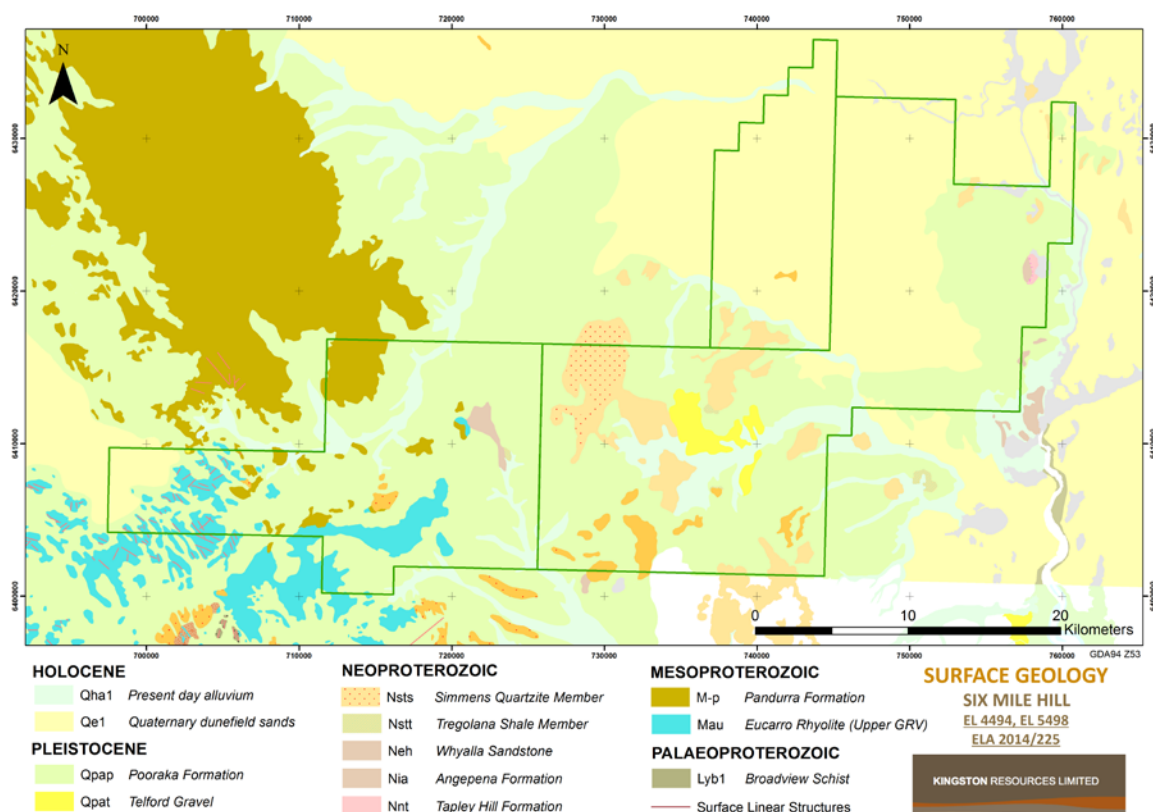


Figure 2: Six Mile Hill Surface Geology with Gawler Range Volcanics (blue) outcropping in the Southwest

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

Preliminary geophysical modelling indicates that granitic bodies may possibly be present. If so, it is thought that these would be related to the Hiltaba Granite Suite which hosts to Olympic Dam and Prominent Hill mineralisation.

A detailed ground gravity survey was completed last quarter and preliminary interpretation has revealed several quality drill targets. Initial results suggested that targets were both denser and at shallower depths than had been originally modeled.

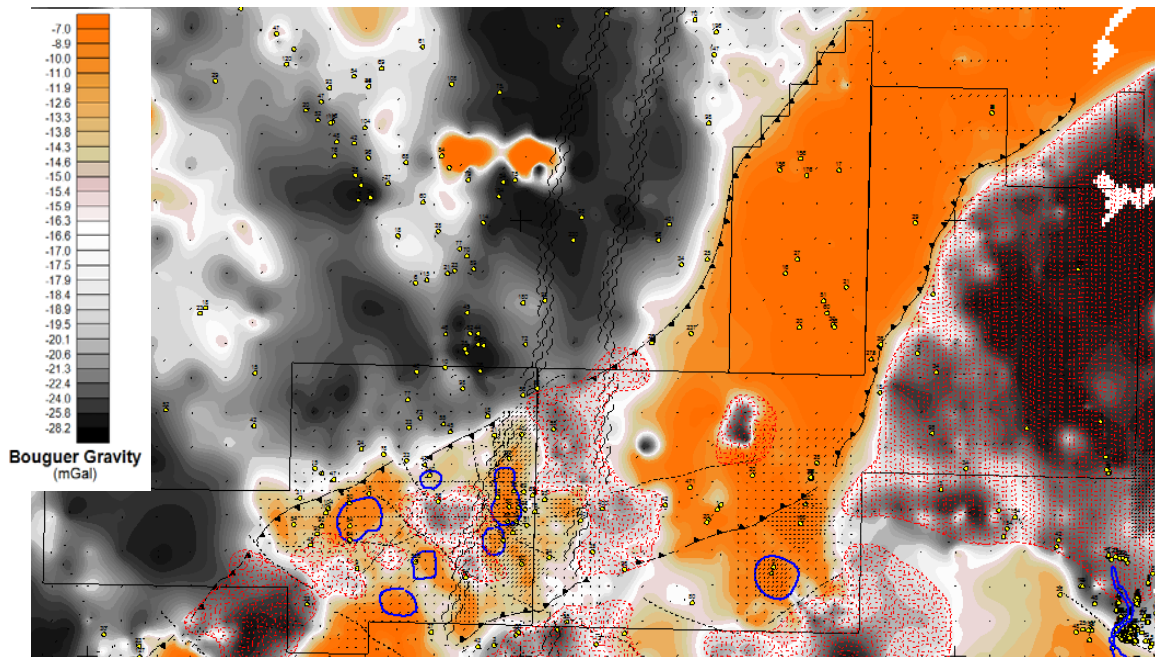


Figure 3: Residual Regional Bouguer gravity (2.67g/cc) with regional structure (black), interpreted felsic intrusives (pink) and gravity features (blue). Note dominate NE/NW trending fault arrays.

Kingston's Exploration Assets

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

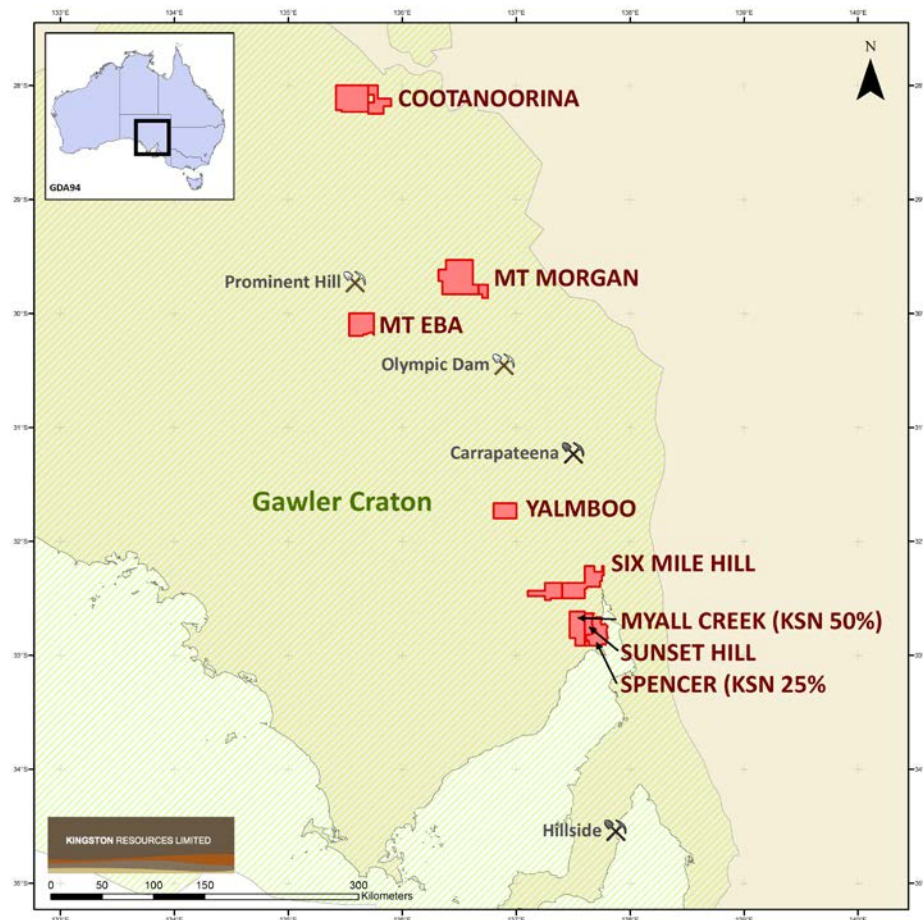


Figure 4: Kingston's projects and major IOCG mines and deposits of the Gawler Craton, South Australia

Of the Company's Tenements, nine are wholly owned and two are in joint venture with ASX-listed Strategic Energy Resources Ltd (SER). The principle aim of the Company's exploration programs is the discovery and development of Iron Oxide Copper Gold – IOCG – deposits.

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

Figure 5: Tenement Schedule (ASX LR 5.3.3)

Corporate

On 9 December 2014, Kingston successfully closed its fully underwritten Rights Issue Prospectus which raised a total \$754,159 (before costs). Funds from the raising will be applied predominantly to exploration activities and working capital.

On 23 December 2014, the Company established a share sale facility for holders of parcels of KSN shares with a market value of less than A\$500 as at the close of trade on 18 December 2014 (Unmarketable Parcels). The Sale facility is open for eligible shareholders to sell their Unmarketable Parcels at a fixed price of \$0.015 per share until 6 February 2015.

The Company's capital structure is now as follows:

Securities	Total Issued	Quoted	Unquoted –Restricted
Ordinary Shares	144,525,575	104,183,915	Total restricted as follows: <u>40,341,660</u> -24 months from 16/4/13
Options exercisable at \$0.20 expiring 31/12/15	25,702,500	10,302,500	24 months from 16/4/13 <u>15,400,000</u>
Options exercisable at \$0.07 expiring 30/6/16	28,624,769	28,624,769	N/A

Expenditure

Please refer to the Appendix 5B quarterly commitments report for period ended 31 December 2014.

Dated this 30th day of January 2015.

Mr Jonathan Davies
Chairman
Kingston Resources Limited

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

KINGSTON RESOURCES LIMITED (ASX: KSN)

ABN

44 009 148 529

Quarter ended ("current quarter")

31 DECEMBER 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(133)	(216)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(118)	(204)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	11	11
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		(240)	(409)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		-	-
1.13	Total operating and investing cash flows (carried forward)	(240)	(409)

+ See chapter 19 for defined terms.

Appendix 5B**Mining exploration entity and oil and gas exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(240)	(409)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	753	753
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – expenses related to issue of shares	(80)	(80)
	Net financing cash flows	673	673
	Net increase (decrease) in cash held	433	264
1.20	Cash at beginning of quarter/year to date	555	724
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	988	988

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	44
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	Nil	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

On 24 November 2014, the Company issued 876,250 shares at a deemed price of \$0.015 per share in lieu of a \$13,143.75 cash liability for consultant geophysical services provided to the Company for exploration work on its projects.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	-
4.3 Production	-
4.4 Administration	75
Total	275

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	10	15
5.2 Deposits at call	978	540
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	988	555

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	*		
6.2	Interests in mining tenements and petroleum tenements acquired or increased	*		

*Refer to attached Quarterly Report for LR 5.3.3 Tenement Information

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	144,525,575	104,183,915		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	876,250 53,868,497	876,250 53,868,497	\$0.015 \$0.014	\$0.015 \$0.014
7.5 +Convertible debt securities (description)	Nil	Nil		

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil	Nil		
7.7	Options (description and conversion factor)	10,302,500 15,400,000 28,624,769	10,302,500 - -	Exercise price \$0.20 \$0.20 \$0.07	Expiry date 31 December 2015 31 December 2015 30 June 2016
7.8	Issued during quarter	22,624,769	-	\$0.07	30 June 2016
7.9	Exercised during quarter	Nil	Nil		
7.10	Expired during quarter	Nil	Nil		
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~not~~* (delete one) give a true and fair view of the matters disclosed.



Sign here: Date: 30 January 2015
(Director/Company secretary)

Print name: Mathew Whyte

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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