



# KINGSTON RESOURCES LIMITED

ABN 44 009 148 529

Half Yearly Financial Statements

31 December 2014

## **Contents**

	<b>Page No.</b>
➤ Corporate Directory.....	2
➤ Directors' Report.....	3
➤ Auditor's Independence Declaration .....	7
➤ Independent Auditor's Review Report.....	8
➤ Directors' Declaration.....	10
➤ Consolidated Statement of Financial Position .....	11
➤ Consolidated Statement of Profit or Loss and Other Comprehensive Income .....	12
➤ Consolidated Statement of Cash Flows .....	13
➤ Consolidated Statement of Changes in Equity .....	14
➤ Notes to the Financial Statements .....	15

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## **Corporate Directory**

### **DIRECTORS**

**Jonathan Davies** BJuris, LLB (UWA)  
Non-executive Chairman

**Stuart Rechner** BSc (Geology), LLB, GAICD  
Executive Director

**Mathew Whyte** BCom CPA, FCSA  
Non-executive Director & Company Secretary

**Yafeng Cai** CPA  
Non-executive Director

### **COMPANY SECRETARY**

**Mathew Whyte** BCom CPA, FCSA  
Non-executive Director & Company Secretary

### **REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS**

25-27 Jewell Parade  
North Fremantle WA 6159  
AUSTRALIA

Telephone (08) 9336 6619  
Email [info@kingstonresources.com.au](mailto:info@kingstonresources.com.au)  
Website [www.kingstonresources.com.au](http://www.kingstonresources.com.au)

### **AUDITORS**

Grant Thornton Audit Pty Ltd  
Chartered Accountants  
Level 1, 10 Kings Park Road  
West Perth WA 6005

### **SHARE REGISTRY**

Computershare Investor Services Pty Ltd  
Level 2 Reserve Bank Building  
45 St Georges Terrace  
Perth WA 6000

### **BANKERS**

Australia & New Zealand Banking Group Limited  
Cnr Hay & Outram Streets  
West Perth WA 6005

### **SOLICITORS**

Jackson McDonald  
Level 25, AMP Building  
40 St Georges Terrace  
Perth WA 6000

### **STOCK EXCHANGE**

Listed on the Australian Securities Exchange  
The home Exchange is in Perth, Western Australia

### **ASX CODE**

KSN – fully paid ordinary shares  
KSNO – listed options exercisable at \$0.20 expiring 31 Dec 15  
KSNAO – listed options exercisable at \$0.07 expiring 30 June 16

## Directors' Report

Your Directors submit their report for the half year ended 31 December 2014.

### DIRECTORS

The names of the Company's Directors in office during the half year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

- Jonathan Davies
- Stuart Rechner – appointed 23 February 2015
- Mathew Whyte
- Yafeng Cai
- Michal Safrata – retired for want of re-election 31 October 2014

### PRINCIPAL ACTIVITIES

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

### REVIEW OF OPERATING RESULTS AND OPERATIONS

#### Operating Results

The net loss after income tax for the half year was \$172,693 (2013: net loss \$323,034).

#### Review of Operations

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).

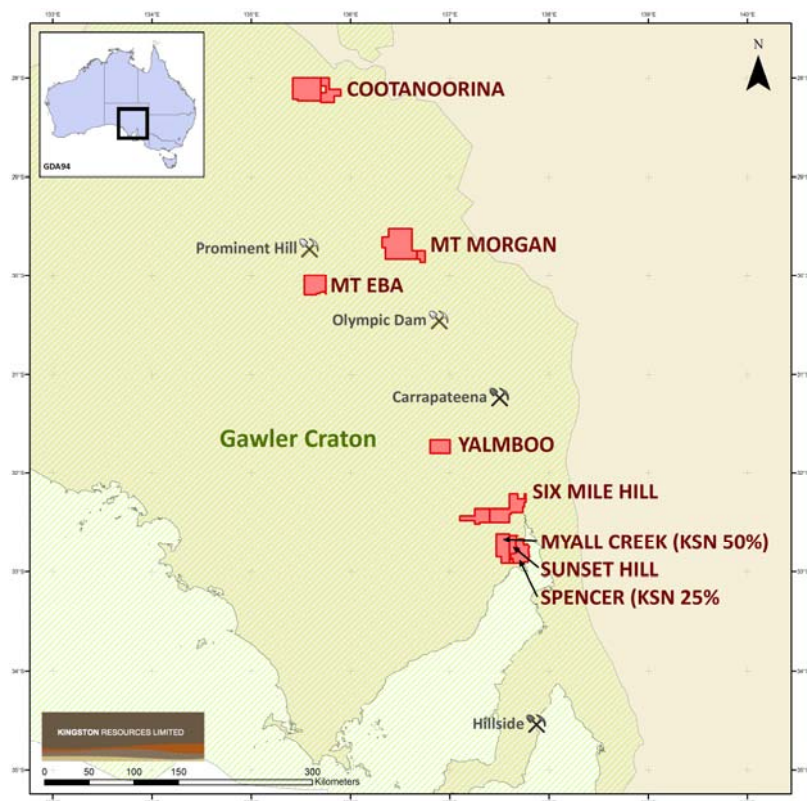


Figure 1: Kingston's projects and major IOCG mines and deposits of the Gawler Craton, South Australia

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	Km2	Grant Date	Ownership
EL 4462	SA	Cootanoorina	710	6/04/2010	100%
EL 5487	SA	Cootanoorina East	311	1/10/2014	100%
EL 5101	SA	Mt Morgan	909	16/11/2012	100%
EL 5479	SA	Mt Morgan East	92	29/09/2014	100%
EL 4915	SA	Mt Eba	440	19/04/2012	100%
EL 4524	SA	Yalymboo	280	20/06/2010	100%
EL 4494	SA	Six Mile Hill	296	17/05/2010	100%
EL 5498	SA	Six Mile Hill East	540	13/10/2014	100%
EL 5011	SA	Myall Creek	381	13/09/2012	50%
EL 5379	SA	Sunset Hill	160	24/11/2008	100%
EL 5010	SA	Spencer	321	13/09/2012	25%

Figure 2: Tenement Schedule

In November 2014 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).

The Six Mile Hill project comprises two tenements, EL 4494 and EL 5498 with an area of 1836km<sup>2</sup>, 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.

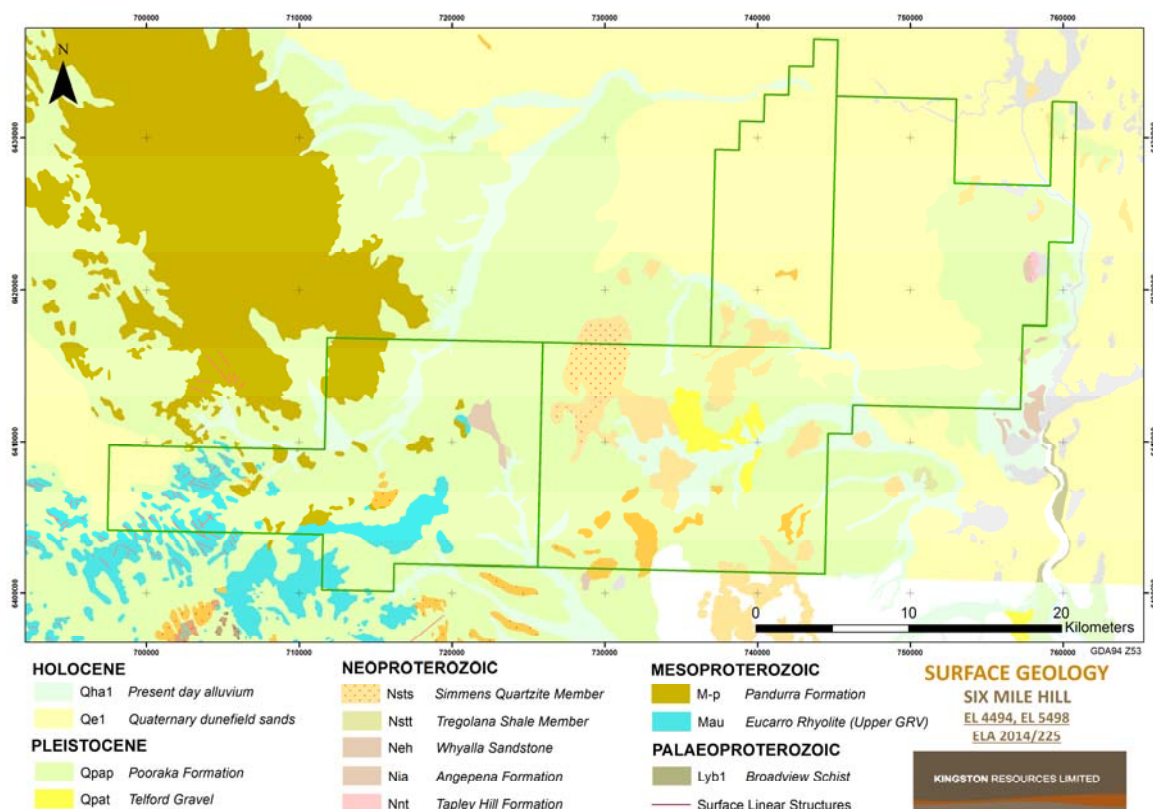


Figure 3: Six Mile Hill Surface Geology with Gawler Range Volcanics (blue) outcropping in the Southwest

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.

#### Corporate & financial

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 Share Sale facility closed on 6 February 2015 and a total of 5,038,707 shares were sold on market by the Company's appointed sale agent CPS Capital Group Pty Ltd at a fixed price of \$0.015 per Share. Proceeds from the sale were made to participants of the Sale Facility by the Company's share registry Computershare.

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: 40,341,660 -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 15,400,000
Options exercisable at \$0.07 expiring 30/6/16	28,624,769	28,624,769	N/A

**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.

**EVENTS AFTER THE BALANCE DATE**

On 27 January 2015 the Company executed a Farm-out Agreement with Dakota Minerals Limited to pursue exploration at the Orbest copper project (EL 4933) in Victoria.

Other than the above, there has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

Pursuant to section 306 Corporations Act 2001 this Directors' Report:

- (a) is made in accordance with a resolution of the Directors;
- (b) is dated 12 March 2015; and
- (c) is signed by Jonathan Davies.

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

The Auditor's Independence Declaration is set out on page 7 and forms part of the Directors' Report for the half year ended 31 December 2014.

On behalf of the directors



**Jonathan Davies**  
Chairman  
Perth, Western Australia  
12 March 2015

Level 1  
10 Kings Park Road  
West Perth WA 6005

Correspondence to:  
PO Box 570  
West Perth WA 6872

T +61 8 9480 2000  
F +61 8 9322 7787  
E [info.wa@au.gt.com](mailto:info.wa@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

**Auditor's Independence Declaration  
To the Directors of Kingston Resources Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Kingston Resources Limited for the half year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P W Warr  
Partner - Audit & Assurance

Perth, 12 March 2015

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Level 1  
10 Kings Park Road  
West Perth WA 6005

Correspondence to:  
PO Box 570  
West Perth WA 6872

T +61 8 9480 2000  
F +61 8 9322 7787  
E [info.wa@au.gt.com](mailto:info.wa@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## **Independent Auditor's Review Report To the Members of Kingston Resources Limited**

We have reviewed the accompanying half-year financial report of Kingston Resources Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

### **Directors' responsibility for the half-year financial report**

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

### **Auditor's responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Kingston Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

**Independence**

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

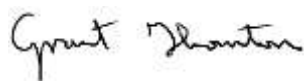
**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Kingston Resources Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

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

Without qualifying our conclusion, we draw attention to Note 2(b) in the financial report which indicates that the consolidated entity incurred a net loss of \$172,693 and net cash outflows from operating activities of \$197,248 during the period ended 31 December 2014. These conditions, along with other matters as set forth in Note 2(b), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P W Warr  
Partner - Audit & Assurance

Perth, 12 March 2015

## **Directors' Declaration**

In the opinion of the Directors:

- (a) the financial statements and the notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position as at 31 December 2014 and the performance for the half year ended on that date of the consolidated entity; and
  - (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) 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 directors' of Kingston Resources Limited made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Board



**Jonathan Davies**  
Chairman  
Perth, Western Australia  
12 March 2015

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## Consolidated Statement of Financial Position

		Consolidated	
		31 December 2014	30 June 2014
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		988,060	724,088
Trade and other receivables		25,007	15,117
Financial assets		27,983	22,364
Other current assets		11,933	-
<b>Total Current Assets</b>		<b>1,052,983</b>	<b>761,569</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		1,144	1,432
Capitalised exploration expenditure	4	5,542,903	5,307,186
<b>Total Non-Current Assets</b>		<b>5,544,047</b>	<b>5,308,618</b>
<b>Total Assets</b>		<b>6,597,030</b>	<b>6,070,187</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		96,717	34,128
<b>Total Current Liabilities</b>		<b>96,717</b>	<b>34,128</b>
<b>Total Liabilities</b>		<b>96,717</b>	<b>34,128</b>
<b>Net Assets</b>		<b>6,500,313</b>	<b>6,036,059</b>
<b>EQUITY</b>			
Issued capital	7	47,330,787	46,732,302
Accumulated losses		(42,183,063)	(42,010,370)
Reserves		1,352,589	1,314,127
<b>Total Equity</b>		<b>6,500,313</b>	<b>6,036,059</b>

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

		Consolidated	
	Note	31 December 2014 \$	31 December 2013 \$
<b>Continuing Operations</b>			
Other revenue	3	7,423	31,502
Administrative expenses		(75,425)	(61,831)
Consultant and legal fees		(65,021)	(104,264)
Depreciation and amortisation expenses	3	(289)	(481)
Director fees		(45,000)	(45,100)
Directors options expense		-	(142,860)
Gain/(Loss) on revaluation of assets at FVTPL		5,619	-
Loss before income tax expense		(172,693)	(323,034)
Income tax expense		-	-
Loss for the period		(172,693)	(323,034)
<b>Other comprehensive income</b>			
Other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive loss for the period</b>		<b>(172,693)</b>	<b>(323,034)</b>
Basic loss per share (cents)		(0.189)	(0.392)
Diluted loss per share (cents)		(0.189)	(0.392)

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

## Consolidated Statement of Cash Flows

		Consolidated	
	Note	31 December 2014	31 December 2013
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Continued Operations</b>			
Interest received		11,218	24,993
Payments to suppliers and employees		(208,466)	(215,658)
<b>NET CASH FLOWS (USED IN) OPERATING ACTIVITIES</b>		<b>(197,248)</b>	<b>(190,665)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for exploration and evaluation		(216,593)	(480,023)
<b>NET CASH FLOWS (USED IN) / PROVIDED BY INVESTING ACTIVITIES</b>		<b>(216,593)</b>	<b>(480,023)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares and options		753,658	-
Capital raising costs		(75,845)	-
<b>NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES</b>		<b>677,813</b>	<b>-</b>
Net increase / (decrease) in cash held		263,972	(670,688)
Cash and cash equivalents at beginning of period		724,088	1,550,481
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>988,060</b>	<b>879,793</b>

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

## Consolidated Statement of Changes in Equity

**Consolidated**

**Attributable to the shareholders of Kingston Resources Limited**

	<b>Issued Capital</b>					<b>Total</b>
	<b>Ordinary Shares</b>	<b>Listed Options</b>	<b>Other Contributed Equity</b>	<b>Accumulated Losses</b>	<b>Reserves</b>	<b>Equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>As at 1 July 2013</b>	<b>46,644,934</b>	<b>-</b>	<b>-</b>	<b>(41,552,420)</b>	<b>1,180,792</b>	<b>6,273,306</b>
Total comprehensive loss for the period	-	-	-	(323,034)	-	(323,034)
Director options issued	-	-	-	-	142,860	142,860
Share-based payments lapsed	-	-	-	25,065	(25,065)	-
<b>At 31 December 2013</b>	<b>46,644,934</b>	<b>-</b>	<b>-</b>	<b>(41,850,389)</b>	<b>1,298,587</b>	<b>6,093,132</b>
<b>As at 1 July 2014</b>	<b>46,732,302</b>	<b>-</b>	<b>-</b>	<b>(42,010,370)</b>	<b>1,314,127</b>	<b>6,036,059</b>
Total comprehensive loss for the period	-	-	-	(172,693)	-	(172,693)
Issue of Shares	767,302					767,302
Cost of share issue	(168,817)					(168,817)
Share-based payments	-	-	-	-	38,462	38,462
<b>At 31 December 2014</b>	<b>47,330,787</b>	<b>-</b>	<b>-</b>	<b>(42,183,063)</b>	<b>1,352,589</b>	<b>6,500,313</b>

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

## Notes to the Financial Statements

### 1. CORPORATE INFORMATION

The financial statements of Kingston Resources Limited for the half year ended 31 December 2014 are authorised for issue in accordance with a resolution of the Directors on 12 March 2015. Kingston Resources Limited is a company incorporated in Australia and limited by shares listed on the ASX.

The nature of the operations and principal activities of the Group are described in note 5.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half year financial statements do not include all of the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half year financial statements should be read in conjunction with the annual Financial Statements of the Group as at 30 June 2014.

It is also recommended that the half year financial statements be considered together with any public announcements made by the Kingston Resources and its controlled entities during the half year ended 31 December 2014 and up to the date of this report in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

#### a) Basis of Preparation

These general purpose financial statements for the interim half year reporting period ended 31 December 2014 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The interim financial statements are intended to provide users with an update on the latest annual financial statements of Kingston Resources Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that these financial statements be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2014, together with any public announcements made during the half year and up to the date of this report.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

From 1 July 2014 the consolidated entity has adopted all Australian Accounting Standards and Interpretations effective for annual periods beginning on or before 1 July 2014. The adoption of new and amended standards and interpretations had no impact on the financial position or performance of the consolidated entity.

The consolidated entity has not elected to early adopt any new standards or amendments that are issued but not yet effective.

#### **AASB 11 Joint Arrangements**

AASB 11 supersedes AASB 131 Interests in Joint Ventures and Interpretation 113 Jointly Controlled Entities – Non-Monetary-Contributions by Venturers. It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, AASB 131's option of using proportionate consolidation for joint ventures has been eliminated. AASB 11 now requires the use of the equity accounting method, which is currently used for investments in associates.



The Group's only joint arrangement within the scope of AASB 11 is its exploration joint arrangements with Strategic Energy Resources Limited, which was accounted for using the proportionate consolidation method under AASB 131. Management has reviewed the classification of this joint arrangement in accordance with AASB 11 and has concluded that it is a joint operation, and as such, the proportionate consolidation method can continue to be applied, whereby the cash calls that the group makes under these joint arrangements continue to be recognised as capitalised exploration expenditure. As such there are no effects on the statement of financial position and statement of profit or loss and other comprehensive income as a result of this change.

**b) Going Concern**

The consolidated entity has incurred operating losses of \$172,693 (2013: \$323,034) and negative operating cash flows of \$197,248 (2013: \$190,665) for the half year ended 31 December 2014.

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. The Directors consider this to be appropriate for the following reasons:

- the ability to vary the consolidated entity's cost structure and in turn the levels of cash outflow dependent on timing of its exploration activities;
- the demonstrated ability to obtain funding through equity issues as required.

However, the ability of the consolidated entity to continue as a going concern will be dependent on the consolidated entity raising additional capital within 12 months.

The Directors will evaluate a range of funding options including further equity issues to enable it to continue to meet its obligations as and when they fall due. The Directors are confident of obtaining additional funding based on the alternatives being explored, but note that this has not been secured at the date of this report.

Taking into account the current cash reserves of the Company and the points noted above, the Directors are confident the Company has adequate resources to continue in its main business activity for the foreseeable future.

Should the Company and consolidated entity not achieve the matters set out above, there is significant uncertainty whether the Company and consolidated entity will continue as a going concern and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts nor the amounts or classification of liabilities that might be necessary should the Company and consolidated entity not be able to continue as a going concern.

**3. LOSS FOR THE PERIOD**

	<u>31 December 2014</u> \$	<u>31 December 2013</u> \$
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
<b>Other revenue</b>		
Interest from:		
Other unrelated persons	7,423	31,502
Total interest	<u>7,423</u>	<u>31,502</u>
<b>Expenses</b>		
<b>Depreciation and amortisation on non current assets</b>		
Depreciation of:		
- plant and equipment	289	481
- software	-	-
Total depreciation and amortisation	<u>289</u>	<u>481</u>

**4. EXPLORATION AND EVALUATION ACTIVITIES**

	<b>31 December 2014</b>	<b>30 June 2014</b>
	<b>\$</b>	<b>\$</b>
Exploration and Evaluation Costs	5,542,903	5,307,186
<b>Reconciliation of Carrying amount</b>		
Opening Balance	5,307,186	4,734,804
Expenditure incurred during the year	235,717	572,382
Closing Balance	5,542,903	5,307,186

The Directors have reviewed all exploration projects for indicators of impairment in light of approved budgets. Where substantive expenditure on further exploration is neither budgeted nor planned, or the period for which the Company has the right to explore will expire in the near future and is not expected to be renewed, the area of interest has been written down to nil pending the outcome of any future farm out arrangement.

**5. SEGMENT INFORMATION**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The group operates in one segment being Exploration and Evaluation of Minerals in Australia.

**6. 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 of 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 the tenements is:

	<b>Consolidated Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Not Later than one year	1,138,000	555,000
Later than one year and less than five years	635,000	598,000

The Company has a \$5,000 credit card facility.

**7. ISSUED CAPITAL**

	<b>31 December 2014</b>	<b>30 June 2014</b>
	<b>\$</b>	<b>\$</b>
<b>a) Ordinary shares</b>		
144,525,575 fully paid ordinary shares (30 June 2014: 89,780,828)	47,419,220	46,732,304
<b>Movements in contributed equity for the period</b>		
Balance at the beginning of the financial year	46,732,302	46,644,934
Shares issued during the previous financial year:		
- 7,425,000 on 2 May 2014	-	89,100
Shares issued during the current financial year:		
- 876,250 on 24 November 2014	13,144	-
- 33,682,589 on 16 December 2014	471,555	-
- 20,185,908 on 23 December 2014	282,603	-
Less capital raising costs	(168,817)	(1,732)
Total contributed equity	47,330,787	46,732,302
<b>b) Listed Options</b>		
10,302,500 listed options (ASX code: KSNO) * (30 June 2014: 10,302,500)	-	-
28,624,769 listed options (ASX code: KSNAO) ** (30 June 2014: 6,000,000)	-	-
Total listed options	-	-

There were no movements of Listed Options KSNO or KSNAO for current or comparative periods.

\* Listed options (KSNO) issued during the 2013 financial year were free-attaching to ordinary shares issued, therefore were issued for nil value.

\*\* Quotation for the 28,624,769 options (KSNAO) occurred on 12 January 2015. These were issued for nil value.

**8. SHARE BASED PAYMENTS**

During the period the following options were granted:

<b>Grant date</b>	<b>Expiry date</b>	<b>Grant date fair value</b>	<b>Exercise price</b>	<b>Number issued</b>	<b>Vesting date</b>
		<b>\$</b>	<b>\$</b>		
23-Dec-14	30-Jun-16	0.0017	0.07	22,624,769	Immediate

The assessed fair value of the options was determined using a quoted or agreed fair value. Terms of the CPS Underwriting Agreement deems the value of each Option at \$0.0017 each payable in cash if the Company was unable to obtain Shareholder approval to issue the Options. As shareholder approval was obtained on 23 December 2014 the options were issued rather than a cash payment.

**9. EVENTS SUBSEQUENT TO REPORTING DATE**

On 12 January 2015, the Company sought quotation for 28,624,769 (KSNAO) options.

The Company announced on 27 January 2015 that it had executed a farm-in agreement with Dakota Minerals Limited (ASX: DKO) for the Orbost project EL4933 in eastern Victoria.

On 23 February 2015, the Company announced the appointment of Mr Stuart Rechner as an Executive Director.

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