

30 July 2015

Company Announcements Office  
Australian Securities Exchange  
ASX Ltd  
Level 40, Central Park  
152-158 St Georges Terrace  
PERTH WA 6000

## **RIGHTS ISSUE PROSPECTUS**

Please find attached Kingston Resources Limited ("Company") Prospectus lodged with ASIC today for a pro rata offer of four (4) for five (5) non-renounceable pro rata entitlement offer at an issue price of 2.0 cents per share, with one (1) free attaching option exercisable at 4.0 cents each on or before 30 June 2019 for every two (2) shares issued to raise approximately \$2,349,783 before expenses (**Offer**).

The funds raised will be used to underpin the next phase of exploration and evaluation of the exciting Six Mile Hill Project in South Australia, to undertake drilling at the Cootanoorina project and further evaluate the Hiltaba project as well as for costs of the Offer and for general working capital purposes.

Yours Faithfully  
**Kingston Resources Limited**

Mathew Whyte  
Company Secretary



ACN 009 148 529

## Rights Issue Prospectus

For the non-renounceable pro rata offer of four (4) 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 2.0 cents per New Share, with one (1) free attaching Option exercisable at 4.0 cents each on or before 30 June 2019 for every two (2) New Shares issued to raise approximately \$2,349,783 before costs (**Offer**), and for the offer of the Shortfall to the Offer (**Shortfall Offer**)

The Offer **opens on 12 August 2015** and **closes at 3.00pm Perth time on 24 August 2015**. Valid Applications must be received by the Closing Date.

**Lead Manager**  
Alignment Capital Pty Ltd

### Important Notice

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

The securities offered by this Prospectus should be considered speculative.

# Important information

## Prospectus

This Prospectus is dated 30 July 2015 and was lodged with ASIC on that date. Neither ASIC, ASX nor their officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

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

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

## Electronic prospectus

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

## Risk factors

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

## Overseas Shareholders

No offer is being made to Shareholders with a registered address outside Australia or New Zealand. The distribution of this Prospectus and the Entitlement and Acceptance Form (including electronic copies) outside Australia or New Zealand may be restricted by law. If you come into possession of these documents, you should observe such restrictions and should seek your own advice about such restrictions. Please refer to Section 3.9 for more information.

## Publicly available information

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

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

## Forward looking statements

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

## Accepting the Offer

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

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

## Defined terms

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

## Currency

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

## Reference to time

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

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## Timetable

Event	Date
Announcement of Offer	Thursday, 30 July 2015
Prospectus lodged with ASIC and ASX (Appendix 3B lodged with ASX)	Thursday, 30 July 2015
Notices sent to Securityholders	Monday, 3 August 2015
Ex-date (date from which Shares begin trading without the Rights to participate in the Offer)	Thursday, 6 August 2015
Record Date (to identify Shareholders entitled to participate in the Offer)	Monday, 10 August 2015
Prospectus and Entitlement and Acceptance Forms sent to Eligible Shareholders	Wednesday, 12 August 2015
Offer opens (Opening Date)	Wednesday, 12 August 2015
Last day to extend the Closing Date*	Wednesday, 19 August 2015
Offer closes (Closing Date)*	3.00pm Perth time Monday, 24 August 2015
New Securities quoted on a deferred settlement basis	Tuesday, 25 August 2015
Notice to ASX of Shortfall	Wednesday, 26 August 2015
New Securities issued and despatch of holding statements	Monday, 31 August 2015
Quotation of New Securities on ASX commences	Wednesday, 2 September 2015

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

# Corporate Directory

## Directors

Jonathan Davies  
Non-Executive Chairman

Stuart Rechner  
Executive Director

Barry Bourne  
Non-Executive Director

Yafeng Cai  
Non-Executive Director

## Company secretary

Mathew Whyte

## Registered office

25-27 Jewell Parade  
NORTH FREMANTLE WA 6159

Tel: +61 8 9336 6619

Fax: +61 8 9335 3565

## Solicitors to the Offer

Jackson McDonald  
Level 17  
225 St Georges Terrace  
PERTH WA 6000

## Auditor (for information purposes only)

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

## Lead Manager

Alignment Capital Pty Ltd  
205/207 Bourke Street  
DOCKLANDS VIC 3008

## Underwriter\*

Pinnacle Equities Pty Ltd  
AFSL 300776  
Level 9  
171 La Trobe Street  
MELBOURNE VIC 3000

## Share Registry

Computershare Investor Services Pty Limited  
Level 2  
45 St Georges Terrace  
PERTH WA 6000

Tel: 1300 850 505 or +61 8 9415 4000

Fax: +61 8 9323 2033

## Securities exchange

Australian Securities Exchange  
ASX code – KSN

\* As at the date of this Prospectus, the underwriting of the Offer is conditional on the Underwriter procuring sub-underwriters for all of the securities offered by this Prospectus. Refer to Sections 2.6 and 7.4 for further details.

## **Chairman's letter**

Dear Shareholder

On behalf of the board of Kingston Resources Limited, I am pleased to invite you to invest in the ongoing fortunes of Kingston Resources Limited as we continue exploration for copper in South Australia.

This Prospectus aims to raise a maximum of approximately \$2,349,783 to fund ongoing exploration activities by a pro-rata non-renounceable rights issue of New Shares to Eligible Shareholders on the basis of four New Shares for every five Shares held by Shareholders on the Record Date at an issue price of 2.0 cents per New Share, together with one free attaching New Option for every two New Shares subscribed for and issued.

Capital raised will fund the significant drill programs planned for our key South Australian projects at Six Mile Hill, near Port Augusta, and Cootanoorina, near Oodnadatta. Funds will also be applied to continue to generate new project opportunities and for working capital.

The Company's strong technical capabilities have been significantly boosted by the appointment to the Board of accomplished geophysicist Barry Bourne as Non-Executive Director. Mr Bourne's expertise in geophysics is well respected and his working knowledge offers the Company a unique opportunity to maximise its prospects at priority targets.

The Directors are pleased with the cost efficient execution of exploration to date. In particular, the Company succeeded in winning significant funds from the Government of South Australia which provides leverage to our exploration activities and has enabled us, as a junior explorer to explore like a major.

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

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

Yours faithfully

**Jonathan Davies**  
Chairman

## 1. Investment Overview

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

The goal of Kingston Resources Limited (**Kingston**) is to discover an economic copper deposit in Australia and so add value to the investment of shareholders. Kingston intends to achieve this goal by exploring its tenements and drill testing targets.

In order to maximise the chance of discovery, Kingston strives for the highest levels of technical proficiency and the most efficient and cost effective methods of exploration.

### 1.1 Kingston's Exploration Projects

Kingston's exploration are focused on the ancient Gawler Craton in South Australia in both the world class Olympic Copper-Gold province and the emerging mineral province of the northern Eyre Peninsula.



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

Note Hiltaba is covered by ELA 2015/00063. The exploration licence has been applied for but has not yet been granted.

Kingston holds eight wholly owned tenements and four in joint venture arrangements.

Tenement	State	Project	Km <sup>2</sup>	Ownership
EL 5626	SA	Six Mile Hill	296	100%
EL 5498	SA	Six Mile Hill East	540	100%
EL 5591	SA	Six Mile Hill North	131	100%
EL 5625	SA	Cootanoorina	508	100%
EL 5487	SA	Cootanoorina East	311	100%
EL 5599	SA	Cootanoorina North	24	100%
EL 5309	SA	Cootanoorina Central	36	Earning in
EL 5379	SA	Sunset Hill	160	100%
EL 5011	SA	Myall Creek	381	50%
EL 5010	SA	Spencer	321	25%
EL 4915	SA	Mt Eba	237	100%
ELA 2015/00063	SA	Hiltaba	427	0% (Applied for 1/6/2015; grant of licence pending)
EL 4933	VIC	Orbost	341	Earning in

**Figure 2: Tenement Schedule.**

### **Six Mile Hill project**

Kingston's flagship exploration project is the Six Mile Hill copper-gold exploration project. Six Mile Hill consists of three exploration licences with a total area of 967km<sup>2</sup> located northwest of Port Augusta.

The Six Mile Hill project area lies on the eastern margin of the Gawler Craton and straddles the boundary between the Olympic Domain (part of the Olympic Copper-Gold province) and the Spencer Domain (part of the emerging mineral province of the northern Eyre Peninsula).

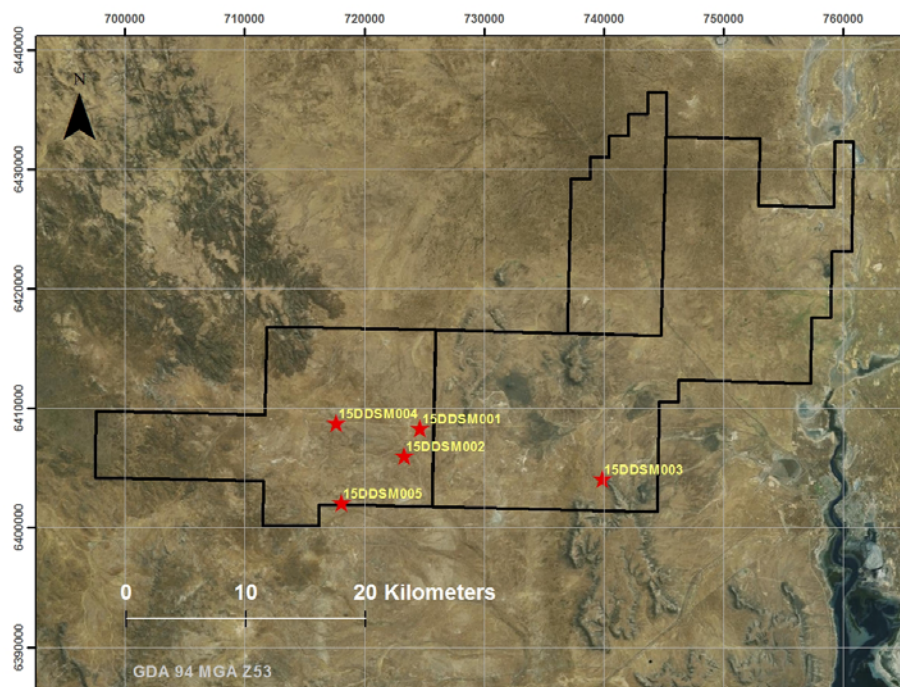
The Olympic Copper-Gold Province has long been recognised as highly prospective for Iron Oxide Copper Gold (IOCG) mineralisation. IOCG mineralisation on the Gawler Craton is related to the Mesoproterozoic ~1590 Ma thermal magmatic event which produced the Hiltaba Granite Suite and co-magmatic Gawler Range Volcanics.

In late 2014, the Six Mile Hill project was selected for the South Australian Government Mineral Systems Drilling Program. The program includes significant cash and in-kind contributions from the Department of State Development and the Deep Exploration Technologies Cooperative Research Centre.





**Figure 3:** Six Mile Hill project area in relation to mineral provinces and known deposits

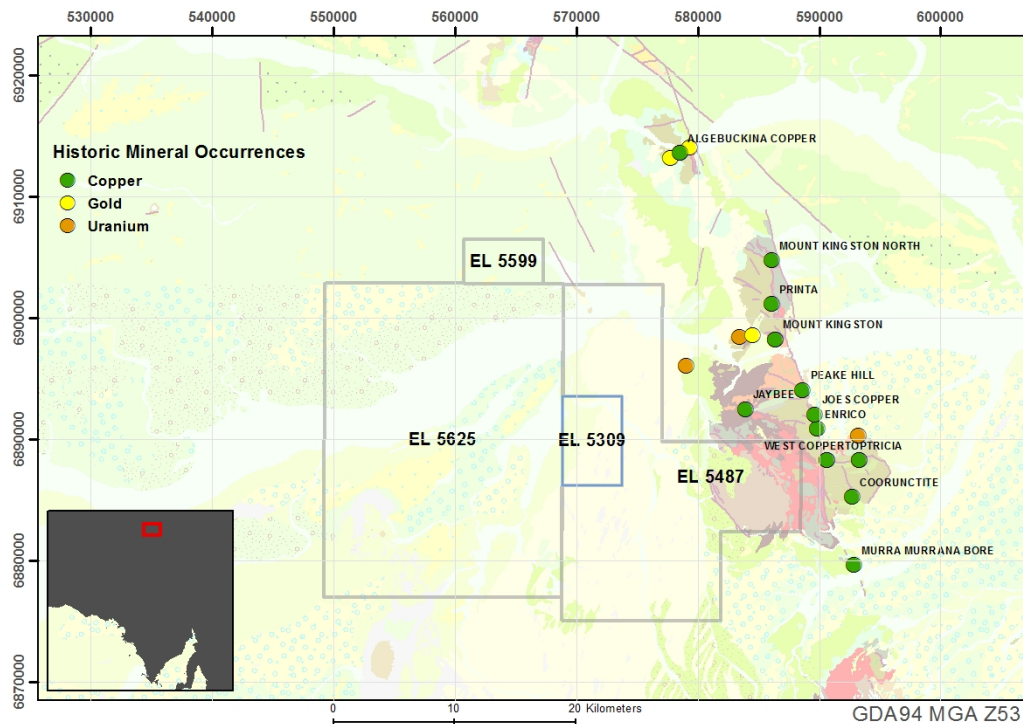


**Figure 4:** Six Mile Hill planned drillholes for the Mineral Systems Drilling Program 2015

## Cootanoorina project

The Cootanoorina project consists of four exploration licences with a total area of 879km<sup>2</sup> located to the south of Oodnadatta on the eastern edge of the Gawler Craton. Three of the tenements are wholly held by Kingston and one (EL 5309) is subject to a joint venture arrangement.

The primary geological feature in the area is the Peake and Denison Inliers, a series of outcropping Proterozoic basement rocks. The outcropping basement rocks host numerous historic mines and mineral occurrences – copper mining occurred during the late 1890s and early 1900s.



**Figure 5:** Cootanoorina Project surface geology and historic mineral occurrences.

Geophysical modeling by Kingston identified an elongate NW trending gravity feature with a magnetic shell lying to the west of the Peake and Denison Inliers, beneath younger sedimentary cover. In 2014, Kingston conducted detailed ground gravity collection over the project area and identified several gravity features that warranted further investigation. These features were modelled via 3D inversion and priority drill targets have been identified.

In April 2015, the Cootanoorina project has awarded \$70,000 in PACE Discovery Drilling co-funding from the Government of South Australia. Kingston intends to test our best drill targets at Cootanoorina following completion of our upcoming drilling campaign at Six Mile Hill.

### Competent Person's statement

The information in this document that relates to Exploration Results is based on, and fairly represents information and supporting documentation compiled by Mr Barry Bourne, a director of the Company. Mr Bourne is a fellow of the Australian Institute of Geoscientists and a member of the Australian Society of Exploration Geophysicists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Bourne consents to the inclusion in the report of matters based on information in the form and context in which it appears.

## 1.2 Purpose of the Offer

The purpose of the Offer is to raise funds up to \$2,349,783 (based on the number of Shares on issue at the date of this Prospectus). No funds will be raised from the issue of the New Options.

The funds raised from the Offer are planned to be used over the next 18 months in accordance with the table set out below:

Use of funds	Full Subscription (\$)	%
Exploration expenditure	1,568,650	67%
Corporate and administration costs	460,955	20%
Costs of the Offer	190,000	8%
Contingency working capital	130,178	6%
<b>Total</b>	<b>\$2,349,783</b>	<b>100%</b>

### Notes:

1. The table assumes that none of the existing Option holders exercise their Options before the Record Date and participate in the Offer.
2. Refer to section 7.11 of this Prospectus for further details relating to the estimated expenses of the Offer.
3. Corporate and administration costs may be applied to general corporate operational expenses including but not limited to directors' fees, company secretarial and accounting fees, ASX and share registry fees, legal, tax and audit fees, insurance, travel costs and other corporate compliance costs.

Exploration expenditure includes drilling and assays at both the Six Mile Hill and Cootanoorina projects; geophysical surveys at Mt Eba and Hiltaba; mapping and geochemical sampling at Orbost; and Kingston's joint venture contributions to exploration at the Myall Creek and Spencer project.

The information in this table is a statement of present intention as at the date of this Prospectus. The exact amount of funds spent by the Company will depend on many factors that cannot be ascertained at this time. The Board reserves the right to alter the way funds are applied on this basis.

On completion of the Offer the Board believes the Company will have sufficient funds to achieve these objectives. However, to the extent the Offer is not fully subscribed, the Company will make appropriate scale backs to the above allocation of funds and will apply the funds that are raised firstly, towards the expenses of the Offer, and then towards each other item, which will be scaled back on a pro-rata basis once the costs of the Offer have been met.

## 1.3 Key risks

The New Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with the information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for New Securities pursuant to this Prospectus.

The following risks have been identified as being key risks specific to an investment in the Company. These risks have the potential to have a significant adverse impact



on the Company and may affect the Company's financial position, prospects and price of its listed securities.

(a) Reliance on key personnel

The Company's success depends to a significant extent upon its key management personnel, as well as other management and technical personnel including sub-contractors. The Company has a small management team and the loss of any of their services could have an adverse effect on the Company at this stage of its development.

(b) Liquidity & volatility

The Company is a small company in terms of its market capitalisation. Investment in its securities will be regarded as speculative and the Company will have a narrow shareholder base. As a consequence of such, there is a risk, particularly in times of share market turbulence or negative investor sentiment, that there will not be a highly liquid market for the Company's securities or that the price of the Company's securities may decrease considerably. There may be relatively few buyers or sellers of securities on ASX at any given time and the market price may be highly volatile. This may result in Shareholders wishing to sell their securities in the Company in circumstances where they may receive considerably less than the price paid under the Offer (where applicable).

(c) Future capital requirements

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

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

(d) Potential for significant dilution

Upon implementation of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, the number of Shares in the Company will increase by 117,489,128 shares to 264,350,539 Shares. This means that each Share will represent a significantly lower proportion of the ownership of the Company.

(e) Access to Defence Training Area

The ability for the Company and Strategic Energy Resources (Joint Venture partners) to access the Spencer Project and to conduct exploration activities is governed by the Deed of Access with the Commonwealth of Australia (Commonwealth). This deed has a limited initial term which will expire on 12 September 2016. Further, the deed may be terminated by the Commonwealth at any time by written notice. The Company does not have any reason to

believe that the Commonwealth will summarily terminate the deed or will refuse an extension of its term. However, the Company cannot guarantee that that such will not occur and both events would have an adverse effect on the Company's operations.

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

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

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

#### **1.4 The Board**

The Board comprises:

Jonathan Davies – Non-Executive Chairman

Stuart Rechner – Executive Director

Barry Bourne – Non-Executive Director

Yafeng Cai – Non-Executive Director

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

### **2.1 The Offer**

The Company is making a non-renounceable pro rata offer of New Securities to Eligible Shareholders.

Eligible Shareholders are entitled apply for four (4) New Shares for every five (5) Shares held at 5.00pm Perth time on the Record Date at an issue price of 2.0 cents per New Share, with one (1) free attaching Option exercisable at 4 cents each on or before 30 June 2019 for every two (2) New Shares subscribed for and issued. The issue price is payable in full on application.

The Company presently has 146,861,411 Shares and 54,327,269 Options on issue. Based on the number of Shares on issue at the date of this Prospectus, a maximum of 117,489,129 New Shares and 58,744,564 New Options are offered under the Offer to raise up to approximately \$2,349,783 (before costs).

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

The purpose of the Offer and the intended use of the funds raised is set out in Section 4.

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

### **2.2 Non-renounceable offer**

The Offer is non-renounceable. Accordingly, an Eligible Shareholder may not sell or transfer all or part of its Rights under this Offer.

### **2.3 Entitlement and eligibility**

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

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

To apply for New Securities under the Offer, you must complete your Entitlement and Acceptance Form and lodge it with payment for the New Shares by no later than 3.00pm Perth time on the Closing Date. Please see Section 3 for further information about accepting the Offer.

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

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

The Offer will open on 12 August 2015 and will close at 3.00pm Perth time on 24 August 2015. Subject to compliance with the Listing Rules and the *Corporations Act* (as relevant), the Company reserves the right to close the Offer early or to extend the Closing Date.

## **2.5 No minimum subscription**

There is no minimum subscription.

## **2.6 Underwriting and management of the Offer**

Pursuant to an underwriting agreement dated 30 July 2014 (**Underwriting Agreement**), Pinnacle Capital Group Pty Ltd ACN 112 517 905 (**Pinnacle** or **Underwriter**) has agreed to fully underwrite the Offer to the amount of \$2,349,7823, being an underwriting of 117,489,129 Shares, subject to the Underwriter procuring sub-underwriters.

Pinnacle has agreed to subscribe for 100% of the Shortfall.

The Underwriter may terminate the Underwriting Agreement if it does not procure to its satisfaction sub-underwriting commitments for the full amount of the Offer prior to the Closing Date. The Underwriter's obligation to underwrite the Offer is therefore effectively conditional upon the Underwriter procuring sub-underwriting commitments for the full amount of the Offer to the Underwriter's satisfaction.

The sub-underwriters will not include any Director or related party of the Company.

For further details of the Underwriting Agreement, please refer to Section 7.4.

Alignment Capital Pty Ltd (**Lead Manager**) has been engaged to act as lead manager to the Offers on certain terms and conditions. The Lead Manager, in conjunction with the Company, will use its best endeavours to place the Shortfall with investors. For further details of the Company's agreement with the Lead Manager, please refer to Section 7.5.

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

All of the New Shares issued under this Prospectus and on the exercise of New Options will be fully paid and will rank equally with existing Shares on issue. Each New Option will be exercisable at 4.0 cents on or before 30 June 2019. A summary of the rights and liabilities attaching to the New Shares and New Options is set out in Section 6.

## **2.8 Shortfall offer**

Any New Shares and New Options not subscribed for under the Offer will form the Shortfall and will be offered under the Shortfall Offer.

The Shortfall Offer is a separate offer under this Prospectus. The issue price of the New Shares forming the Shortfall is 2.0 cents (equal to the issue price under the Offer).

Eligible Shareholders may not apply for additional New Shares forming part of the Shortfall, even if they accept their Rights in full.

The Directors, in conjunction with the Lead Manager, reserve the right to place some or all of the Shortfall at their absolute discretion, subject to the ASX Listing Rules and

any restrictions under applicable law within 3 months of the close of the Offer. The Directors, in conjunction with the Lead Manager, will have discretion as to how to allocate the Shortfall.

The Company will not allocate any New Securities from the Shortfall to any of the substantial Shareholders in excess of their Rights (ie. substantial Shareholders will not be entitled to acquire any Shortfall Shares in addition to subscribing for all of their Rights).

The Company will not allocate Shortfall Shares to the extent that the recipient's voting power would exceed 20%.

The Shortfall Offer will open on Wednesday, 12 August 2015 and close on Monday, 24 August 2015, being the same dates as the Offer. Subject to compliance with the Listing Rules and the Corporations Act (as relevant), the Company reserves the right to close the Offer early or to extend the Closing Date.



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

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

The number of New Shares to which you are entitled is shown on the personalised Entitlement and Acceptance Form accompanying this Prospectus. You may not apply for more New Shares than you are expressed to be entitled to on the Entitlement and Acceptance Form. If you are an Eligible Shareholder you may:

- (a) accept your Rights in full;
- (b) accept part of your Rights and allow the balance to lapse; or
- (c) allow all of your Rights to lapse.

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

If you wish to accept your Rights in full or in part:

- (a) complete the Entitlement and Acceptance Form for the number of New Securities you wish to apply for in accordance with the instructions on the form. Return your completed form together with a cheque for the Application Monies to the Company's Share Registry (see Section 3.4); or; and
- (b) make your payment by the BPay®<sup>1</sup> facility for the number of New Securities you wish to apply for in accordance with the instructions on the Entitlement and Acceptance Form (see Section 3.5).

Your Entitlement and Acceptance Form or BPay® payment must be received by no later than **3.00pm Perth time on the Closing Date**.

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

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

#### **3.3 Allowing your Rights to lapse**

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

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

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<sup>1</sup> Trade mark registered to Bpay Pty Limited ABN 69 079 137 518.

### 3.4 Lodging your Entitlement and Acceptance Form

Unless you are making payment by BPay®, completed Entitlement and Acceptance Forms and accompanying cheques for Application Monies must be mailed to:

Computershare Investor Services Pty Limited  
GPO Box 505  
MELBOURNE VIC 3001

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

Your completed Entitlement and Acceptance Form and cheque or money order must reach the Share Registry by no later than 3.00pm Perth time on the Closing Date.

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

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

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

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

If you have any queries regarding how to complete your Entitlement and Acceptance Form or the Offer, please contact the Offer Information Line on 1300 850 505 (for callers within Australia) or +61 3 9415 4000 (international) from 8.30am to 5.00pm (WST), Monday to Friday.

### 3.5 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you chooses to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that form; and
- (b) if you do not pay for your Rights in full, you are deemed to have taken up your entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

The reference number as shown on an Entitlement and Acceptance Form is used to identify your holding. If you have multiple holdings you will have multiple reference numbers. You must use the reference number shown on each Entitlement and Acceptance Form to pay for each holding separately. Failure to do so may result in

an underpayment. If you pay by BPay® and do not pay for your full Entitlement, the remaining Entitlement will form part of the Shortfall.

**It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 3.00pm Perth time on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.**

Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded by cheque to your registered address as soon as practicable after the Issue Date. No interest will be paid on any application monies received or refunded.

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

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

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

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

Holding statements for New Securities issued under the Offer will be mailed in accordance with the ASX Listing rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares issued under the Shortfall Offer as soon as practical after their issue.

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

### **3.7 No brokerage**

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

### **3.8 Holding of Application Monies**

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

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

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

### 3.9 Excluded Shareholders

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

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

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

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

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

### 3.10 CHESS

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

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

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

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

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

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

### **3.11 Privacy**

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

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

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

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

### **3.12 Taxation implications**

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

## 4. Effect of the Offer

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

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

- (a) increase cash reserves by \$2,349,783 (before the costs of the Offer are paid), assuming full subscription, immediately after completion of the Offer (see Section 4.3);
- (b) increase the number of Shares on issue from 146,861,411 Shares as at the date of this Prospectus to 264,350,540 Shares following completion of the Offer (see Section 4.2); and
- (c) increase the number of Options on issue from 54,327,269 as at the date of this Prospectus to 113,071,833 Options following the completion of the Offer, and then up to 182,571,833 Options as a result of the proposed issue of:
  - (i) 29,500,000 Options to the Lead Manager or its nominees pursuant to the mandate letter between the Company and the Lead Manager (**Mandate Letter**), and the Underwriting Agreement (a portion of which issue is subject to approval of Shareholders at a general meeting of the Company), which Options will be allocated by the Lead Manager to any sub-underwriters of the Offer; refer to Section 7.5 for further details;
  - (ii) 25,000,000 Options to the Lead Manager or its nominees pursuant to the Mandate Letter as a "success fee" payable to the Lead Manager; the issue of these Options is subject to the approval of Shareholders at a general meeting of the Company; refer to Section 7.5 for further details; and
  - (iii) 15,000,000 Options to the Directors and the Company Secretary (these issues being subject to the approval of Shareholders to be sought at a general meeting of the Company).

## 4.2 Effect on capital structure

The capital structure of the Company following completion of the Offer, assuming all Rights are accepted, is set out below.

Shares	Full subscription
Shares on issue at the date of this Prospectus	146,861,411
New Shares issued under the Offer	117,489,129
<b>Total Shares on issue at completion of the Offer</b>	<b>264,350,540</b>

**Note:** This table assumes that no Options are exercised before the Record Date.

Options	Full subscription
Options currently on issue at the date of this Prospectus	
<ul style="list-style-type: none"> <li>Quoted Options (KSNO) exercisable at \$0.20 each expiring 31 December 2015</li> </ul>	25,702,500
<ul style="list-style-type: none"> <li>Quoted Options (KSNOA) exercisable at \$0.07 each expiring 30 June 2016</li> </ul>	28,624,769
<b>Total</b>	<b>54,327,269</b>
New Options offered pursuant to the Offer	
<ul style="list-style-type: none"> <li>Quoted Options exercisable at \$0.04 each expiring 30 June 2019</li> </ul>	58,744,564
New Options proposed to be issued to the Lead Manager or its nominees pursuant to the Mandate Letter and the Underwriting Agreement <sup>1</sup>	
<ul style="list-style-type: none"> <li>Quoted Options exercisable at \$0.04 each expiring 30 June 2019</li> </ul>	29,500,000
New Options proposed to be issued to the Lead Manager or its nominees pursuant to the Mandate Letter <sup>2</sup>	
<ul style="list-style-type: none"> <li>Quoted Options exercisable at \$0.07 each expiring 30 June 2016</li> </ul>	25,000,000
New Options proposed to be issued to the Directors and Company Secretary <sup>2</sup>	
<ul style="list-style-type: none"> <li>Quoted Options exercisable at \$0.04 each expiring 30 June 2019</li> </ul>	15,000,000
<b>Total Options on issue at completion of the Offer</b>	<b>182,571,833</b>

**Notes:**

1. The issue of these Options is not part of the Offer and the issue of a portion of them is subject to the approval of Shareholders at a general meeting of the Company.
2. The issue of these Options is not part of the Offer and is subject to the approval of Shareholders at a general meeting of the Company.



### 4.3 Pro forma statement of financial position

Set out below is:

- (a) the unaudited consolidated statement of financial position of the Company as at 30 June 2015; and
- (b) the unaudited pro forma consolidated statement of financial position of the Company as at 30 June 2015 incorporating the effect of the Offer assuming full subscription.

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

The pro forma statement of financial position has been prepared on the basis that there are no material movements in the assets and liabilities of the Company between 30 June 2015 and the completion of the Offer except for:

- at full subscription, the issue of 117,489,129 New Shares at 2.0 cents each to raise \$2,349,783; and
- estimated costs of the Offer of \$190,000.

No allowance has been made for expenditure incurred in the normal course of business from 30 June 2015 to the Closing Date.

	UNAUDITED	Pro-Forma
	30-Jun-15 \$	30-June-15 \$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	305,741	2,465,524
Other current assets	70,899	70,899
<b>TOTAL CURRENT ASSETS</b>	<b>376,640</b>	<b>2,536,423</b>
<b>NON-CURRENT ASSETS</b>		
Other	859	859
Exploration	5,952,056	5,952,056
<b>TOTAL NON-CURRENT ASSETS</b>	<b>5,952,915</b>	<b>5,952,915</b>
<b>TOTAL ASSETS</b>	<b>6,329,555</b>	<b>8,489,338</b>
<b>CURRENT LIABILITIES</b>		
Trade & other payables	3,754	3,754
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,754</b>	<b>3,754</b>
<b>TOTAL LIABILITIES</b>	<b>3,754</b>	<b>3,754</b>
<b>NET ASSETS</b>	<b>6,325,801</b>	<b>8,485,584</b>



<b>EQUITY</b>		
Issued capital	47,311,236	49,471,019
Accumulated losses	(42,338,024)	(42,338,024)
Reserve	1,352,589	1,352,589
<b>TOTAL EQUITY</b>	<b>6,325,801</b>	<b>8,485,584</b>

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

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

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

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

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

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

#### 4.5 Details of substantial shareholders

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

Shareholder	Shares	Interest
Omen Pty Ltd	33,039,337	22.50%
Yucai Australia Pty Ltd	22,865,675	15.57%
Manhattan Capital Pty Ltd	16,721,049	11.39%
Mr Mark Anthony Muzzin	8,423,680	5.74%
<b>Total</b>	<b>81,049,741</b>	<b>55.19%</b>

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

The Company will not allocate any New Securities from the Shortfall to any of the substantial Shareholders. Consequently, the voting power of each of the substantial Shareholders cannot increase as a result of the Offers.

The potential change to the voting power of each of the substantial Shareholders assuming different scenarios under the Offer are shown in the table below.

Voting power of substantial Shareholders				
Name	At date of Prospectus	At completion of Offer		
		100% take up	50% take up	0% take up
Omen Pty Ltd	22.50%	22.50%	17.50%	12.50%
Yucal Australia Pty Ltd	15.57%	15.57%	12.11%	8.65%
Manhattan Capital Pty Ltd	11.39%	11.39%	8.86%	6.33%
Mr Mark Anthony Muzzin	5.74%	5.74%	4.46%	3.19%

The percentage voting power at completion of Offer in this table is calculated on the basis that the relevant substantial Shareholder accepts its Rights at the specified level, and that all other New Securities offered under this prospectus are taken up by other Eligible Shareholders.

“100% take up” assumes that the relevant substantial Shareholder accepts all of its Rights and all other Eligible Shareholders accept 100% of their Rights.

“50% take up” assumes that the relevant substantial Shareholder accepts 50% of its Rights and all other Eligible Shareholders accept 100% of their Rights.

“0% take up” assumes that the relevant substantial Shareholder accepts none of its Rights and all other Eligible Shareholders accept 100% of their Rights.

#### 4.6 Effect of Offers on control of the Company

As at the date of this Prospectus, the Company has 146,861,411 Shares and 54,327,269 Options 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 117,489,128 New Shares under the Offer and after the allocation of the Shortfall will have 264,350,539 Shares on issue.

If all of the Eligible Shareholders under the Offer accept their Rights in full, then the Entitlements 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 as indicated in the table in Section 4.5.

## **5. Risk factors**

### **5.1 Introduction**

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

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

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

### **5.2 Company specific risks**

Please refer to Section 1.3 for risks that have been identified as being key risks specific to an investment in the Company.

### **5.3 Industry specific risks**

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

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

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

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

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

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

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

(b) Exploration, geological and development risks

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

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

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

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

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

- geological and climatic conditions;
- operational and technical risks (as outlined in Section 7.3(d));
- changes in laws, regulations and government policy; and

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

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

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

(c) Resource estimates

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

(d) Operational & technical risks

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

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

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

(e) Commodity price fluctuations

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

Factors that may affect the price of commodities include:

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

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

(f) Exchange rate fluctuations

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

(g) Environmental risks

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

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

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

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

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

(h) Tenure risks

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

(i) Native title and heritage risks

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

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

(j) Joint venture & contract risk

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

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

(k) Competition

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



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

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

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

(a) General economic conditions

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

(b) Equity market conditions

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

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

(c) Changes in government policy & legislation

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

(d) Commercialisation risks

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

(e) No profit to date and limited operating history

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

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

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

(f) Investment risk

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

(g) Insurance

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

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

(h) Other

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

## 6. Rights and liabilities attaching to New Securities

### 6.1 New Shares

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

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

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

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

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

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

- the law permits it;
  - the law requires it; or
  - the transfer is a transfer of restricted securities (as defined in Listing Rule 19.12) which is, or might be, in breach of the ASX Listing Rules or any escrow agreement entered into by the Company in respect of those restricted securities.
- (f) **Further increases in capital:** Subject to the Constitution, the *Corporations Act* and the Listing Rules, Shares in the Company are under the control of the Directors, who may allot or dispose of all or any of the Shares to such persons, and on such terms, as the Directors determine.

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

- (g) **Variation of rights attaching to Shares:** The rights attaching to the Shares of a class (unless otherwise provided by their terms of issue) may only be varied by a special resolution passed at a separate general meeting of the holders of those Shares of that class, or in certain circumstances, with the written consent of the holders of at least seventy-five percent (75%) of the issued Shares of that class.
- (h) **General meeting:** Each holder of Shares will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Constitution, the *Corporations Act* and the Listing Rules.

## 6.2 New Options

- (a) **Entitlement:** Each New Option entitles the holder to subscribe for one (1) Share.
- (b) **Exercise Price:** Each New Option has an exercise price of \$0.04 (**Exercise Price**).
- (c) **Expiry Date:** Each New Option may be exercised at any time before 5.00pm (Perth time) on 30 June 2019 (**Expiry Date**). Any Underwriter Option not exercised by the Expiry Date will automatically expire.
- (d) **Transferability:** Subject to the holder of a New Option (**Option Holder**) complying with any applicable provisions of the *Corporations Act*, the New Options are transferable.
- (e) **Quotation of New Options:** Subject to the number of Options of the same class as the New Options and the number of holders of those Options complying with Condition 6 of Listing Rule 2.5, the Company will apply for quotation of the New Options on ASX.
- (f) **Quotation of Shares issued on exercise:** If admitted to the official list of ASX at the time, the Company will apply for official quotation of the Shares issued on the exercise of the New Options.

- (g) **Participation in new issues:** The Option Holder is not entitled to participate in any new issue to existing Shareholders unless they have exercised their New Options before the eligibility date for determining entitlements to the new issue of securities and participate as a result of holding Shares. The Company must give the Option Holder notice of the proposed terms of the issue or offer in accordance with the Listing Rules.
- (h) **Participation in bonus issues :** If the Company makes a bonus issue of Shares or other securities to Shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and a Share has not been issued in respect of an New Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the New Option is exercisable is increased by the number of Shares which the Option Holder would have received if the Option Holder had exercised the New Option before the record date for determining entitlements to the issue.
- (i) **Reconstruction of capital:** If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Option Holder (including the number of New Options to which the Option Holder is entitled to and the Exercise Price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (j) **Change in exercise price:** Any calculations or adjustments which are required to be made will be made by the Company's Board of Directors and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option Holder. The Company will, within a reasonable period, give to the Option Holder notice of any change to the Exercise Price of any New Options held by the Option Holder or the number of Shares which the Option Holder is entitled to subscribe for on exercise of an New Option.
- (k) **Exercise Notice:** To exercise a New Option, the Option Holder must give the Company or its share registry, at the same time:
  - (i) a written exercise notice (in the form approved by the Board of the Company from time to time) specifying the number of New Options being exercised and Shares to be issued ( **Exercise Notice** ); and
  - (ii) payment of the Exercise Price for the New Options the subject of the Exercise Notice, by way of bank cheque or by other means of payment approved by the Company.
- (l) **Timing of issue of Shares on exercise:** Within ten (10) days after receiving an Exercise Notice for exercise of New Options and payment by the Option Holder of the Exercise Price, the Company will issue the Option Holder the number of Shares specified in the Exercise Notice.
- (m) **Shares issued on exercise:** Subject to the Company's Constitution, all Shares issued on the exercise of New Options will rank in all respects (including rights relating to dividends) pari passu with the existing Shares at the date of issue.

## **7. Additional information**

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

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

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

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

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

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

The Company has lodged the following announcements with ASX since the lodgement of the Company’s 2015 annual financial report on 26 September 2015:

<b>Date</b>	<b>Description of ASX Announcements</b>
22/07/2015	Appendix 3Z Final Director's Interest Notice
22/07/2015	Appendix 3X Initial Director's Interest Notice
21/07/2015	Appointment of Director - Mr Barry Bourne
17/07/2015	Quarterly Activities Report & Appendix 5B
13/07/2015	Notice of Issue of Shares and Appendix 3B
13/07/2015	Joint Venture Agreement Expands Cootanoorina Project Area
07/07/2015	Open Letter to Shareholders
07/07/2015	Video Interview with Executive Director
26/06/2015	Mineral Systems Drilling Program agreements signed
18/06/2015	KSN Investor Presentation June 2015
12/06/2015	Change of Share Registry Address
29/05/2015	Issue of Shares to Consultant for Services & Appendix 3B
28/04/2015	Quarterly Activities Report & Appendix 5B
14/04/2015	Further SA State Government Support for Kingston
13/04/2015	Kingston Presentation at SAREIC 2015

09/04/2015	Six Mile Hill Exploration Update - April 2015
27/03/2015	Release of Securities from Escrow & Appendix 3B
23/03/2015	Issue of Shares to Consultant for Services & Appendix 3B
13/03/2015	Half Year Financial Statements 31 December 2014
25/02/2015	Notice of Issue of Shares to Consultant for Services
23/02/2015	Appendix 3X - Initial Director's Interest Notice
23/02/2015	Appointment of Executive Director
19/02/2015	Completion of Unmarketable Share Sale Facility
30/01/2015	Quarterly Activities Report & Appendix 5B
27/01/2015	Executes Farm In Agreement for Orbost Project in Victoria
27/01/2015	DKO:Executes Agreement to Fund Exploration at Orbost Project
12/01/2015	Appendix 3B - Quotation of Options KSNAO
24/12/2014	Change in substantial holding
24/12/2014	Appendix 3Y - Change of Director's Interest
24/12/2014	Appendix 3Y - Change of Director's Interest
24/12/2014	Change of Interest of Substantial Holder
24/12/2014	Form 604 - Change of Interest of Substantial Holder
23/12/2014	Shares and Options Issued Pursuant to Prospectus
23/12/2014	Letter to Unmarketable Parcel Holders
23/12/2014	Results of EGM
19/12/2014	Share Sale Facility of Unmarketable Parcels
16/12/2014	Shares Issued Pursuant to Prospectus
12/12/2014	Rights Issue Closure and Shortfall Notification
05/12/2014	SA State Government Support for Kingston
24/11/2014	Notice of EGM to be held 23 December 2014
24/11/2014	Notice of Issue of Shares to Consultant for Services
19/11/2014	Supplementary Prospectus dated 19 November 2014
19/11/2014	Trading Halt
18/11/2014	Investor Presentation
18/11/2014	Underwriting of Rights Issue
07/11/2014	Investor Presentation
06/11/2014	Notice to Ineligible Shareholders of Entitlement Offer
06/11/2014	Notice to Eligible Shareholders of Entitlements Offer
04/11/2014	Letters to Option-holders



04/11/2014	KSN - Rights Issue Prospectus 4/11/2014
04/11/2014	Lodgement of Rights Issue Prospectus & Appendix 3B
04/11/2014	Appendix 3Z - Final Director's Interest Notice - M Safrata
31/10/2014	September 2014 Quarterly Activities Report & Appendix 5B
31/10/2014	Results of AGM
31/10/2014	Presentation at 2014 AGM
30/10/2014	Exploration Update - October 2014
30/09/2014	Notice of AGM on 31 October 2014
26/09/2014	Annual Report to Shareholders

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

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

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

- (a) the annual financial report of the Company for the financial year ended 2014, being the annual financial report of the Company most recently lodged with ASIC before the issue of this Prospectus; and
- (b) any documents used to notify ASX of information relating to the Company in the period from lodgement of the annual financial report referred to in paragraph (a) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the *Corporations Act*.

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

### **7.3 Litigation**

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

### **7.4 Underwriting Agreement**

Under the Underwriting Agreement, Pinnacle Equities Pty Ltd has agreed to fully underwrite the Offer to the amount \$2,349,783, being an underwriting of 117,489,129 Shares and representing 100% of the Offer.

The Underwriter may terminate the Underwriting Agreement if it does not procure to its satisfaction sub-underwriting commitments for the full amount of the Offer prior to the Closing Date. The Underwriter's obligation to underwrite the Offer is therefore effectively conditional upon the Underwriter procuring sub-underwriting commitments for the full amount of the Offer to the Underwriter's satisfaction.



## **Fees payable to Pinnacle**

The Company will pay Pinnacle:

- (a) an underwriting fee of \$93,991.30 plus GST (4% of the underwritten amount of \$2,349,782.58); and
- (b) a management fee of \$46,995.65 plus GST (2% of the underwritten amount of \$2,349,782.58).

## **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; or
  - (ii) with the consent of Pinnacle;
- (b) without the consent of Pinnacle, alter its capital structure or amend its Constitution other than as proposed in the Prospectus and this Supplementary Prospectus;
- (c) without the consent of Pinnacle, 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 Pinnacle.

## **Warranties**

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

## **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) **(Sub Underwriting)**: the Underwriter does not prior to the Closing Date secure to its satisfaction sufficient commitments from sub-underwriters.
- (b) **(Shareholder approval of Options to Lead Manager)**: the Company does not prior to the Closing Date make reasonable attempts to release a notice of meeting for Shareholder approval of the issue of Options referred to in Section 7.5 below;
- (c) **(Share price)**: the closing price of Shares traded on the ASX under the ASX code of "KSN" over three consecutive Business Days is 30% or more less than 2.0 cents per Share; and
- (d) **(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.

## 7.5 Lead Manager Agreement

Alignment Capital Pty Ltd (**Lead Manager**) has been mandated to act as lead manager to the Offers on certain terms and conditions.

The Lead Manager is entitled to:

- (a) a management fee of 2% (excluding GST) of the amount raised by the Offers; and
- (b) a selling fee of 4% (excluding GST) of the amount raised by the Offers,

payable by the Underwriter from the fees payable by the Company to the Underwriter.

In addition to the management fee and the selling fee, the Company must issue to the Lead Manager or its nominee:

- (a) 29,500,000 Options exercisable at \$0.04 each expiring 30 June 2019 (**Sub-Underwriter Options**); these Options will be on the same terms as the New Options (refer Section 6.2); pursuant to the Underwriting Agreement these Options are to be allocated by the Lead Manager to sub-underwriters of the Offer; and
- (b) if the Offers are fully subscribed, upon quotation of all Securities issued pursuant to the Offers, 25,000,000 Options exercisable at \$0.07 each expiring 30 June 2016, being the Options of the same class the Company's quoted options with ASX code "KSNOA" (**Lead Manager Options**).

The Lead Manager Options constitute a "success fee" payable to the Lead Manager as a part of the fee payable to it by the Company in respect of the Offers. The Lead Manager Options will only be issued to the Lead Manager if the Offers are fully subscribed, and only upon quotation of all Securities issued pursuant to the Offers.

The issue of a portion of the Sub-Underwriter Options and all of the Lead Manager Options are subject to Shareholder approval for the purposes of the Listing Rules 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 the relevant number of Sub-Underwriter Options and the Lead Manager Options, the Company must pay the Underwriter or its nominee the sum of \$0.0068 (0.68 cents) for each Underwriter Option and pay to the Lead Manager or its nominee the sum of \$0.0001 (0.01 cents) for each Lead Manager Option that the Company is unable to issue under its capacity under ASX Listing Rule 7.1.

Following the issue of each of the Sub-Underwriter Options and the Lead Manager Options to the Lead Manager or its nominee, the Company will apply for those Options to be quoted on the ASX. Application for quotation of the Sub-Underwriter Options will only be made if 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.

## 7.6 Market price of shares

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

	Price	Date
Highest	\$0.03	26 June 2015
Lowest	\$0.014	22 May 2015
Latest	\$0.023	30 July 2015

## 7.7 Interests of Directors

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

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

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

## 7.8 Consultancy agreement with Diplomatic Exploration Pty Ltd

By agreement between Diplomatic Exploration Pty Ltd (ACN 604 389 844) (**Diplomatic**) and the Company dated 30 March 2015, the Company has retained Diplomatic to provide to the Company geological consulting services with the aim of finding an economic mineral deposit, including:

- (a) selection of project areas and pegging of exploration licences;
- (b) compilation and analysis of historic exploration;
- (c) planning, conduct and supervision of exploration activities;
- (d) preparation of technical reports; and
- (e) evaluation of opportunities.

Mr Stuart Rechner, an Executive Director of the Company, is a director and shareholder of Diplomatic.

The Company is required to pay Diplomatic a monthly fee of \$800 per day plus GST for the services it provides.

Diplomatic may also be paid a fee of \$950 per day plus GST for senior exploration management services provided to the Company with the Company's prior agreement.

The Company must reimburse all reasonable expenses incurred by Diplomatic in providing services to the Company, including software and data management expenses, and training or transport as may be agreed with the Company from time to time.

## 7.9 Security holding interests of Directors

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

Director	Shares	Options <sup>1</sup>
Jonathan Davies <sup>2</sup>	750,000	2,000,000
Stuart Rechner	28,722,266 <sup>3</sup>	Nil
Barry Bourne	2,295,420 <sup>4</sup>	Nil
Yafeng Cai	Nil	1,000,000

### Notes:

1. Unlisted Options exercisable at \$0.07 each and expiring on 30 June 2016.
2. Jonathan Davies holds the specified numbers of Shares and Options as trustee for the Davies Superannuation Trust, of which he is a beneficiary.
3. Stuart Rechner holds a relevant interest in 25,757,889 Shares as his father, Anthony Rechner, is a director of Omen Pty Ltd; he holds a relevant interest in 2,164,377 Shares as Anthony Rechner is a director of EERC Australasia Pty Ltd; he holds a relevant interest in 400,000 Shares as Anthony Rechner is a director of Tangram Pty Ltd; he holds a relevant interest in 400,000 Shares as Anthony Rechner is the registered holder of those Shares.
4. Barry Bourne holds a relevant interest in the specified number of Shares as a result of being a director of Terra Resources Pty Ltd, which is the registered holder of those Shares.

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

## 7.10 Remuneration of Directors

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

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

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

Director	Financial year to 30 June 2015 Total (\$)	Financial year to 30 June 2014 Total (\$)
Jonathan Davies	27,500	21,000
Stuart Rechner <sup>1</sup>	96,290	-
Barry Bourne <sup>2</sup>	77,855	14,967
Yafeng Cai	27,500	21,000
Mathew Whyte <sup>3</sup>	113,900	111,000

Michael Safrata <sup>4</sup>	7,500	21,000
Kevin Moriarty <sup>5</sup>	-	6,100

**Notes:**

1. Remuneration received by Stuart Rechner includes amounts paid to Stuart Rechner, through Diplomatic Exploration Pty Ltd (ACN 604 389 844) and Simon Savage trading as Lupine Consulting (ABN 44 636 760 760) for geological services provided to the Company during the relevant period.
2. Remuneration received by Barry Bourne includes amounts paid to Barry Bourne, through Terra Resources Pty Ltd (ACN 167 649 014) for geological services provided to the Company during the relevant period.
3. Mathew Whyte resigned from the Board on 21 July 2015. Remuneration received by Mathew Whyte includes amounts paid to Mathew Whyte, trading as Whypro Corporate Services ABN 53 844 654 790, for services provided to the Company (including company secretarial services) during the relevant period.
3. Michael Safrata ceased to be a director of the Company at the conclusion of the Company's Annual General Meeting on 31 October 2014.
4. Kevin Moriarty resigned from the Board on 23 September 2013.

## 7.11 Expenses of the Offer

Assuming that all Rights are accepted, the total cash expenses of the Offer are estimated to be approximately \$190,000. These costs include ASIC lodgement fee, ASX fees, legal expenses, nominee fees and expenses, postage and printing totalling \$49,013 and underwriting and management costs of approximately \$140,987.

## 7.12 Interests of experts and advisers

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

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

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

Alignment Capital Pty Ltd is the Lead Manager to the Offers and will be paid such fees and issued Options as are outlined at Section 7.5. In the period two (2) years prior to the date of this Prospectus, Alignment Capital Pty Ltd has provided underwriting services to the Company and has received fees totalling \$3,500 (plus GST) for those services.

Pinnacle Equities Pty Ltd is the Underwriter to the Offer and will be paid such fees as are outlined at Section 7.4. In the period two (2) years prior to the date of this Prospectus, Pinnacle Equities Pty Ltd has not been paid any fee or remuneration by the Company.

Jackson McDonald has acted as solicitors to the Company in relation to the Offer and legal due diligence enquiries in respect of the Company and is entitled to be paid

approximately \$12,500 (plus GST) in respect of these services. In addition, Jackson McDonald has provided other legal services to the Company in the period two (2) years prior to the date of this Prospectus and has been paid, or is entitled to be paid, fees totalling approximately \$54,802 (plus GST) for those other services.

### **7.13 Consents and liability statements**

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

Alignment Capital Pty Ltd has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as the Lead Manager.

Pinnacle Equities Pty Ltd has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as the Underwriter.

Computershare Investor Services Limited has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as the Share Registry in the form and context in which it is named.

Each of Jackson McDonald, Alignment Capital Pty Ltd, Pinnacle Equities Pty Ltd and Computershare Investor Services Pty Ltd:

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

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

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

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

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



Jonathan Davies  
Director

for and on behalf of the Company

Dated: 30 July 2015



## 9. Glossary of Terms

<b>Applicant</b>	A person who makes an Application.
<b>Application</b>	A valid application for New Securities offered under this Prospectus.
<b>Application Monies</b>	The monies payable by Applicants in respect of Applications.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.
<b>ASX Settlement</b>	ASX Settlement Pty Ltd ACN 008 504 532.
<b>ASX Settlement Rules</b>	The settlement rules of ASX Settlement.
<b>Board</b>	The board of Directors.
<b>Business Day</b>	Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.
<b>Closing Date</b>	The closing date of the Offer as set out in the timetable at page ii.
<b>Company</b>	Kingston Resources Limited ACN 009 148 529.
<b>Competent Person</b>	Has the meaning set out in the JORC Code 2012.
<b>Computershare</b>	Computershare Investor Services Pty Ltd, the Company's registry.
<b>Constitution</b>	The constitution of the Company.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).
<b>Director</b>	A director of the Company as at the date of this Prospectus.
<b>Eligible Shareholder</b>	A Shareholder with a registered address in Australia or New Zealand on the Record Date.
<b>Entitlement and Acceptance Form</b>	The entitlement and acceptance form accompanying this Prospectus.
<b>Excluded Shareholder</b>	A Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand.
<b>IOCG</b>	Iron oxide copper-gold.
<b>IOCG(U)</b>	Iron oxide copper-gold (uranium).

<b>JORC Code 2012</b>	The 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.
<b>Lead Manager</b>	Alignment Capital Pty Ltd ACN 167 124 754.
<b>Listing Rules</b>	The listing rules of ASX.
<b>Mandate Letter</b>	The mandate letter between the Company and the Lead Manager dated 30 July 2015.
<b>New Option</b>	The Options offered under this Prospectus.
<b>New Shares</b>	The Shares offered under this Prospectus.
<b>New Securities</b>	New Shares and New Options.
<b>Offer</b>	The offer of New Shares and New Options under this Prospectus.
<b>Offers</b>	The Offer and the Shortfall Offer, or either one of those offers as the case may be.
<b>Option</b>	An option to subscribe for a Share.
<b>Optionholder</b>	A registered holder of an Option.
<b>Privacy Act</b>	<i>Privacy Act 1988</i> (Cth).
<b>Prospectus</b>	This prospectus.
<b>Record Date</b>	The date for identifying Shareholders entitled to participate in the Offer as set out in the timetable at page ii.
<b>Rights</b>	The number of New Securities that an Eligible Shareholder may apply for under the Offer determined by the number of Shares held on the Record Date.
<b>Securityholder</b>	A Shareholder and/or an Optionholder.
<b>Share</b>	A fully paid ordinary share in the capital of the Company.
<b>Share Registry</b>	The Company's registry, Computershare Investor Services Limited.
<b>Shareholder</b>	A registered holder of a Share.
<b>Shortfall</b>	The number of New Shares not applied for under the Offer before the Closing Date.
<b>Shortfall Offer</b>	The offer of Shortfall Shares and New Options under this Prospectus.
<b>Underwriter or Pinnacle</b>	Pinnacle Equities Pty Ltd ACN 112 517 905.