

8 September 2015

Dear Shareholder,

I write to provide you with an update following the events of last week.

As you know, Kingston withdrew its Rights Issue on 28 August 2015. A few days earlier, on 24 August, the Underwriters terminated the underwriting agreement due to a fall in the S&P ASX 200 Index by more than 10 per cent. In accordance with correct practice, the termination of the underwriting agreement necessitated the withdrawal of the Rights Issue.

The timing of the turn in the market and the withdrawal of the Rights Issue was disappointing to all of us. The Rights Issue was to provide additional capital for Kingston's ongoing activities, including exploration at Six Mile Hill (in conjunction with the South Australian Government) and drilling at Cootanoorina.

Following the withdrawal of the Rights Issue, a number of Kingston's major shareholders stepped forward with additional funding by means of a placement detailed in our announcement of 28 August 2015. This placement has ensured ample resources to complete drilling at Six Mile Hill and we are grateful to these shareholders for their swift action and continued support.

The Board did consider following up the placement with a revised rights issue on the same terms. However, when balancing all the factors and given the prevailing market, the Board does not consider a revised rights issue would be in the best interests of the Company for the time being. A revised offer would be unlikely to raise significant capital in the present climate. We do think it wise to call a General Meeting in the near future to ratify share placements and refresh our placement capacity.

We are a pro-active board. We have initiated a series of cost control measures to reduce outgoings. Directors have reduced their fees and agreed to take 50% payment in shares; our Executive Director will continue to waive Directors fees. Operational staff will reduce salaries by approximately 25%.

Kingston continues to advance its exploration program. The drilling program at Six Mile Hill is nearing completion of the first hole and we will announce the results following receipt of assays. The Board is excited about our future work and thanks you for your ongoing support.

Yours faithfully,

Jonathan Davies
Chairman