# KSN KINGSTON RESOURCES LIMITED

ACN 009 148 529

# 2015 Annual Financial Report

## For the year ended 30 June 2015

ABN 44 009 148 529

# Contents

# Corporate Directory

| | |
|---|---|
| **DIRECTORS** | **Jonathan Davies** BJuris, LLB (UWA)<br>Non-executive Chairman<br><br>**Stuart Rechner** BSc LLB GAIG GAICD<br>Executive Director<br><br>**Yafeng Cai** CPA<br>Non-executive Director<br><br>**Barry Bourne** BSc (Hons) Geology FAIG MAICD<br>Non-executive Director |
| **COMPANY SECRETARY** | **Mathew Whyte** BCom CPA ICSA FCSA |
| **REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS** | 25-27 Jewell Parade<br>North Fremantle WA 6159<br>AUSTRALIA<br><br>Telephone (08) 9336 6619<br>Email info@kingstonresources.com.au<br>Website www.kingstonresources.com.au |
| **AUDITORS** | Grant Thornton Audit Pty Ltd<br>Chartered Accountants<br>Level 1, 10 Kings Park Road<br>West Perth WA 6005 |
| **SHARE REGISTRY** | Computershare Investor Services Pty Ltd<br>Level 11<br>172 St Georges Terrace<br>Perth WA 6000 |
| **BANKERS** | Australia & New Zealand Banking Group Limited<br>Level 1, 1275 Hay Street<br>West Perth WA 6005 |
| **SOLICITORS & CORPORATE ADVISERS** | Jackson McDonald<br>Level 17<br>225 St Georges Terrace<br>Perth WA 6000 |
| **STOCK EXCHANGE** | Listed on the Australian Securities Exchange<br>The home Exchange is in Perth, Western Australia |
| **ASX CODE** | KSN – fully paid ordinary shares<br>KSNO – listed options exercisable at $0.20 expiring 31 Dec 15<br>KSNAO – listed options exercisable at $0.07 expiring 30 June 16 |

# Directors' Report

The Directors present their report together with the financial report of the Consolidated Entity (or 'Group'), being Kingston Resources Limited ('Kingston" or the "Company') and its subsidiaries, for the financial year ended 30 June 2015 and the independent auditor's report thereon.

## PRINCIPAL ACTIVITIES

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

## OPERATING RESULTS AND REVIEW OF OPERATIONS FOR THE YEAR

### Operating Results

Kingston reported a statutory after tax loss of $2,391,602 (2014: $483,015), which included asset impairment losses of $2,029,690 (2014: Nil). This impairment loss is essentially a non-cash charge to the accounts and is done in accordance with Accounting Standards (AASB 136).

### Review of Operations

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.

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.

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.

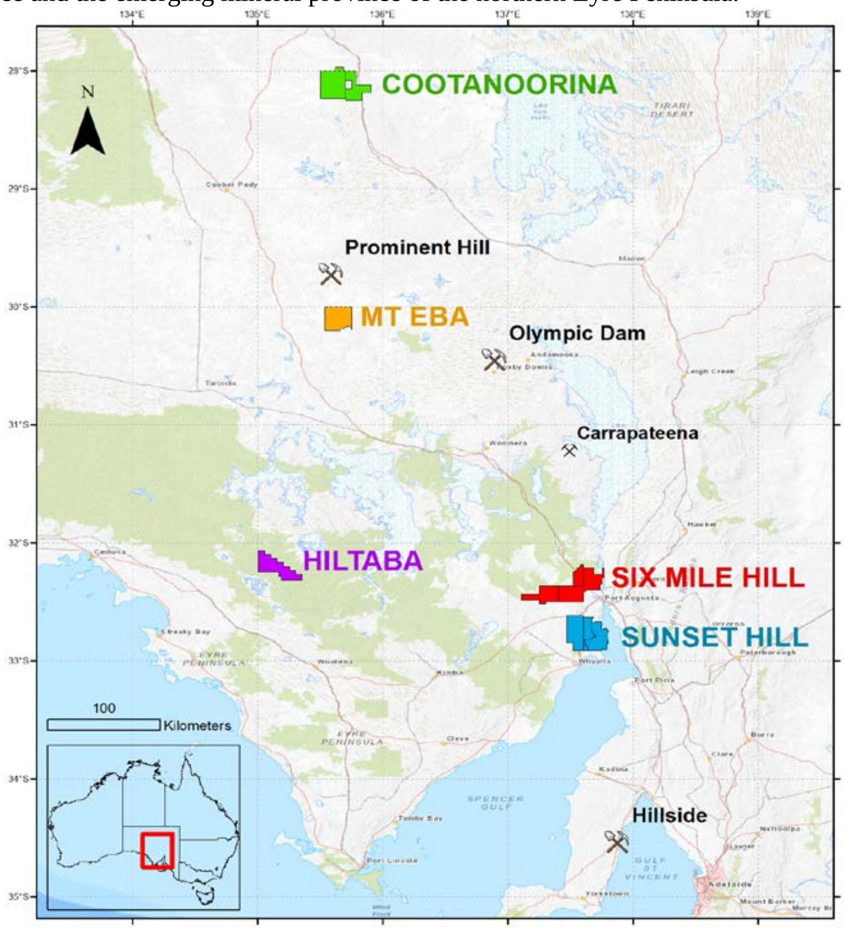


**Figure 1:** The Company's projects and major IOCG mines and deposits of the Gawler Craton, South Australia.

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

| Tenement | State | Project | Km2 | 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 | 161 | 100% |
| EL 5011 | SA | Myall Creek | 381 | 50% |
| EL 5010 | SA | Spencer | 321 | 25% |
| EL 4915 | SA | Mt Eba | 237 | 100% |
| EL 5671 | SA | Hiltaba | 427 | 100% |
| 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$^2$ 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 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 selected.

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

The DET CRC is also deploying world first innovative technologies, including Lab-at-Rig® (XRF geochemistry and XRD mineralogy), AutoSondeTM (downhole geophysical sensing) and the Wireless Sub (rig performance monitoring).

As at the date of this report, the first diamond drillhole at Six Mile Hill was completed on 10 September 2015 at a depth of 1116.8m. Further details are provided in our ASX release of 10 September 2015. Kingston and collaborative partners have collected comprehensive data from technologies developed by the Deep Exploration Technologies Cooperative Research Centre. This data has been used to refine our understanding of the geology and adapt our drill program. The drill rig has mobilised to the next hole of the program.

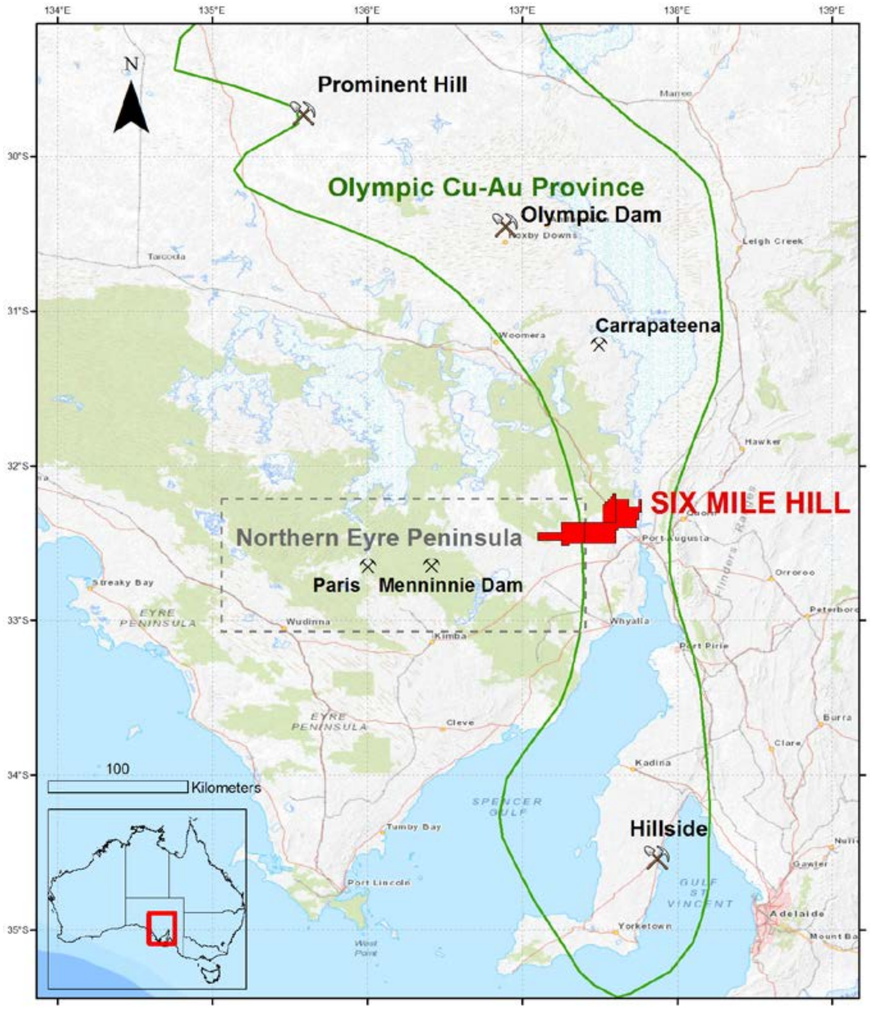


Figure 3: Six Mile Hill project area in relation to mineral provinces and known deposits

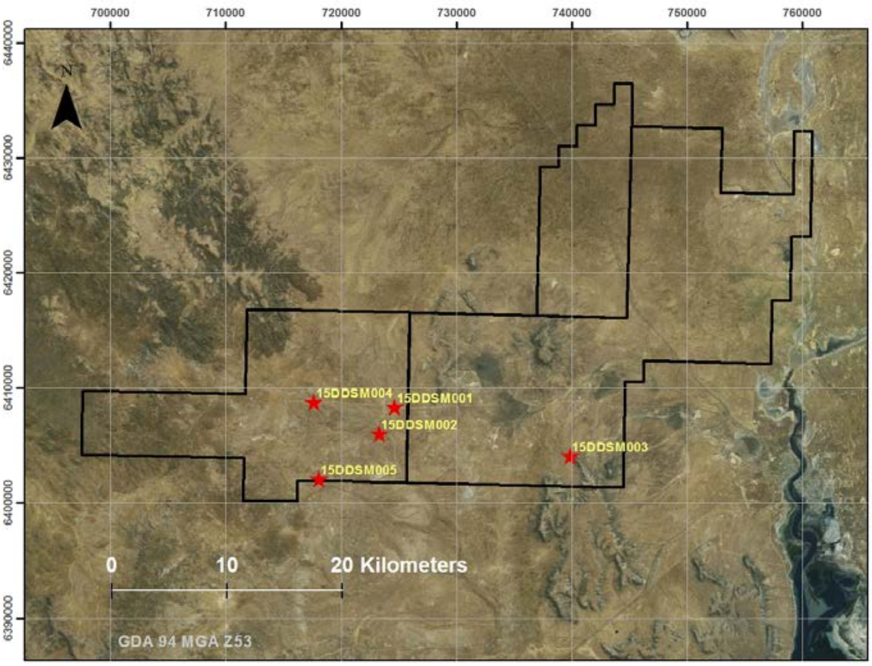


Figure 4: Six Mile Hill collar locations for the Minerals Systems Drilling Program 2015

**Cootanoorina project**

The Cootanoorina project consists of four exploration licences with a total area of 879km$^2$ 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.

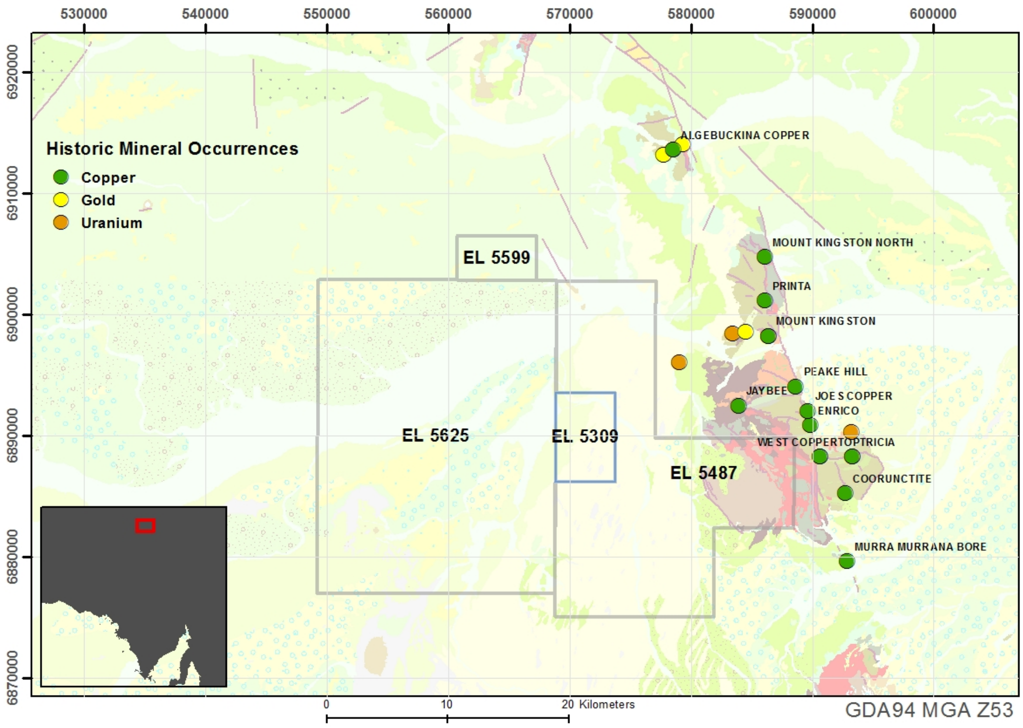


**Figure 5: Cootanoorina Project surface geology and historic mineral occurences.**

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-founding 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.

## FINANCIAL POSITION

At the end of the financial year the consolidated entity had net assets of $4,261,853 (2014: $6,036,059) and $305,741 in cash (2014: $724,088).

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than reported above in the Review of Results and Operations, there were no significant changes in the state of affairs of the Company during the reporting period.

## MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

On 13 July 2015, the Company announced it had entered into a Farm-in / Joint Venture Agreement over Exploration Licence 5309 in the centre of its 100% owned Cootanoorina project in South Australia.

On 13 July the Company issued 916,666 Ordinary Shares at $0.024 per share to satisfy:

- $20,000 part consideration for the Joint Venture Agreement over EL 5309; and
- $2,000 invoice to a media relations firm.

On 21 July 2015, the Company appointed Mr Barry Bourne as a Non-executive Director and accepted the resignation of Mr Mathew Whyte as a Non-executive Director.

On 7 August 2015, the Company issued a rights issue Prospectus which was subsequently withdrawn on 28 August 2015 following the underwriter's termination of an underwriting agreement on 24 August 2015 due to a fall in ASX 200 Index by more than 10%.

On 13 August 2015, the Company received confirmation of registration of its Research and Development activities at its Six Mile Hill project. The Company subsequently lodged its 2015 Tax Return and is expecting a refund in the amount of $197,086.

On 28 August 2015, the Company made a share placement to a number of sophisticated investors to raise $360,000 by the issue of 21,176,472 new fully paid ordinary shares at an issue price of $0.017 per shares and 7,058,823 free attaching unlisted Options exercisable at $0.03 and expiring on 30 June 2019 (Options). Proceeds from the placement will fund the Company's drill programs in South Australia and provide for additional working capital.

Other than the above, there has been no other matter or circumstance which has arisen since 30 June 2015 that has significantly affected or may significantly affect:

a) Kingston Resources Limited's operations in future financial years; or

b) the results of those operations in future financial years; or

c) Kingston Resources Limited's state of affairs in future financial years.

## DIVIDENDS OR DISTRIBUTIONS

No dividends were paid during the financial year and the directors do not recommend the payment of a dividend.

## FUTURE DEVELOPMENTS AND EXPECTED RESULTS

The Group will continue its evaluation of its mineral projects and undertake generative work to identify and potentially acquire new resource projects. Due to the nature of the business, the result is not predictable.

## ENVIRONMENTAL REGULATIONS

The mineral tenements granted to the Company pursuant to the South Australian Mining Act 1971 are granted subject to various conditions which include standard environmental requirements. The Company adheres to these conditions and the directors are not aware of any environmental laws that are not being complied with.

## INFORMATION ON THE DIRECTORS

The directors of the Company at any time during or since the end of the financial year are:

- Jonathan Davies - Chairman (Non-Executive)
- Stuart Rechner - Director (Executive), appointed 23 February 2015
- Yafeng Cai - Director (Non-Executive)
- Barry Bourne - Director (Non-Executive), appointed 21 July 2015
- Mathew Whyte - Director (Non-Executive), resigned 21 July 2015
- Michal Safrata - Director (Non-Executive), re-election defeated on 31 October 2014

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

**Jonathan Davies, Chairman**

| | |
|---|---|
| term of office: | Non-executive Chairman of Kingston Resources Limited since 7 December 2012. |
| skills and experience: | Mr Davies is a Barrister who has been practising for 28 years. He has extensive legal experience in matters that include commercial, mining and corporate law. Mr Davies was awarded the law Society of Western Australia Community Service Award in 2006 and, together with Thomas Percy QC and Malcolm McCusker QC, was awarded the Australian Lawyers Alliance Civil Justice Award in 2007. Mr Davies has had no other directorships in the past 3 years. |

**Stuart Rechner, Executive Director**

| | |
|---|---|
| term of office: | Executive Director of Kingston Resources Limited since 23 February 2015. |
| skills and experience: | Mr Rechner holds degrees in both geology and law from the University of Western Australia and is a graduate member of the Australian Institute of Geoscientists and the Australian Institute of Company Directors. For the past four years, Mr Rechner has worked as a project generation geologist focusing on exploration opportunities in Australia and overseas. For over ten years Mr Rechner was an Australian diplomat responsible for the resources sector with postings to Beijing and Jakarta. Mr Rechner is currently a director of GB Energy Limited (ASX:GBX) since 20 November 2013 and an alternate director of Strategic Energy Limited (ASX:SER) since 12 September 2014. He has held no other listed directorships in the past 3 years. |

**Yafeng Cai, Non-executive Director**

| | |
|---|---|
| term of office: | Non-executive Director of Kingston Resources Limited since 7 December 2012. |
| skills and experience: | Mr Yafeng Cai is a Certified Practicing Accountant and has been the Chief Financial Officer of Yucai Australia Pty Ltd (Yucai) since 2010. Yucai is now a substantial investor in the Company and is ultimately controlled by Soaraway Development. Mr Cai has a broad range of corporate and commercial experience in the Australian business and capital sector within a diverse range of industries. Mr Cai has had no other directorships in the past 3 years. |

**Barry Bourne, Non-executive Director**

| | |
|---|---|
| term of office: | Non-executive Director of Kingston Resources Limited since 21July 2015. |
| skills and experience: | Mr Bourne was previously Chief Geophysicist for Barrick Gold's Global Exploration Group until 2013 and is now a mineral exploration consultant to private and public international exploration groups through Terra Resources Pty Ltd. Mr Bourne has an extensive mineral exploration skill-set built up over a career of more than 20 years with in-country experience in several global mining regions including Papua New Guinea, Eastern and West Africa, South America, Canada and the United States. Mr Bourne was previously a director of Enterprise Metals Limited (ASX:ENT) from 13 May 2014 to 30 April 2015. He has had no other directorships in the past 3 years. |

## COMPANY SECRETARY

Mathew Whyte is a CPA and a Fellow of the Governance Institute of Australia (formerly Chartered Secretaries Australia) and has over 20 years' experience as company secretary for public listed companies. He was appointed Company Secretary on 05 September 2011 and was also a Director of the Company from that date until his resignation on 21 July 2015.

## DIRECTORS' INTEREST

As at the date of this report the relevant interest of each of the Directors, held either directly or indirectly through their associates, in the securities of Kingston Resources Limited are as follows:

| Director | Fully Paid Ordinary Shares (KSN) | Listed Options[1] (KSNO) | Listed Options[2] (KSNOA) | Unlisted Options[3] (KSNAA) |
|---|---|---|---|---|
| Jonathan Davies[4] | 750,000 | - | 2,000,000 | - |
| Stuart Rechner[5] | 40,098,161 | 3,875,000 | 4,224,620 | 2,352,941 |
| Yafeng Cai | - | - | 1,000,000 | - |
| Barry Bourne[6] | 2,295,420 | - | - | - |
| Mathew Whyte[7] | 1,500,000 | - | 2,000,000 | - |
| Michal Safrata[8] | - | - | 1,000,000 | - |

1. KSNO Listed Options exercisable at $0.20 each and expiring on 31 December 2015.
2. KSNOA Listed Options exercisable at $0.07 each and expiring on 30 June 2016.
3. KSNAA Unlisted Options exercisable at $0.03 each and expiring on 30 June 2019.
4. Jonathan Davies holds the specified numbers of Shares and Options as trustee for the Davies Superannuation Trust, of which he is a beneficiary.
5. Stuart Rechner holds a relevant interest in Shares and Options as he is a related party to Mr Anthony Rechner who is a director of Omen Pty Ltd, which is a Substantial Shareholders of Kingston Resources Limited.
6. 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.
7. Held at date of resignation on 21 July 2015
8 Held at date of re-election defeated on 30 October 2014

## MEETINGS OF DIRECTORS

The following table sets out the number of meetings of Kingston Resources Limited's Directors held during the year ended 30 June 2015 and the number of meetings attended by each Director. There were a total of 2 Directors' meetings for the financial year.

In addition throughout the course of the year there were 14 resolutions of directors which were made by unanimous written resolution.

| Director | Number Eligible to Attend | Number Attended |
|---|---|---|
| Jonathan Davies | 2 | 2 |
| Mathew Whyte | 2 | 2 |
| Stuart Rechner | 1 | 1 |
| Michal Safrata | 1 | 1 |
| Yafeng Cai | 2 | 2 |
| Barry Bourne | - | - |

**REMUNERATION REPORT (AUDITED)**

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group for the year ended 30 June 2015 in accordance with the requirements of the Corporations Acts 2001 and its Regulations.

## (a) Key management personnel disclosed in this report

For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including a director (whether executive or otherwise) of the Company.

Details of key management personnel;

| | |
|---|---|
| J Davies | Non-executive Chairman (appointed 7 December 2012) |
| S Rechner | Executive Director (appointed 23 February 2015) |
| Y Cai | Non-executive Director (appointed 7 December 2012) |
| B Bourne | Non-executive Director (appointed 21 July 2015) |
| M Whyte | Company Secretary (appointed 5 September 2011) |

## (b) Remuneration Philosophy

Kingston does not have a formal remuneration policy and has not established a separate remuneration committee. The whole Board takes on the function of the remuneration committee with independent advice sought as required. There was no advice sought during the year. Due to the early stage of development and small size of the Company a separate remuneration committee was not considered to add any efficiency to the process of determining the levels of remuneration for directors and key executives. The Board considers that it is more appropriate to set aside time at a Board meeting each year to specifically address matters that would ordinarily fall to a remuneration committee such as reviewing remuneration, recruitment, retention and termination procedures and evaluating senior executives remuneration packages and incentives.

In addition, all matters of remuneration will continue to be in accordance with the Corporations Act requirement, especially with regard to related party transactions. That is, none of the directors participate in any deliberations regarding their own remuneration or related issues.

Independent external advice is sought from remuneration consultants when required, however no advice has been sought during the period ended 30 June 2015. The Corporate Governance Statement provides further information on the Company's remuneration governance.

## (c) Executive remuneration policy and framework

In determining executive remuneration, the Board aims to ensure that remuneration practices are:

- Competitive and reasonable, enabling the Company to attract and retain key talent;
- Aligned to the Company's strategic and business objectives and the creation of shareholder value;
- Transparent and easily understood; and
- Acceptable to shareholders.

Kingston aims to reward executives with a level and mix of remuneration commensurate with their position and responsibility so as to align the interests of executives with those of shareholders and to ensure total remuneration is competitive by market standards.

The executive director currently receives a consulting fee, part of which may be taken as superannuation and does not receive any other retirement benefits.

The Board reviews executive packages annually by reference to the executive's performance and comparable information from industry sectors and other listed companies in similar industries.

The terms and conditions for the executive director, were approved by the Board and is considered appropriate for the current exploration phase of the Group's development.

Options may be issued to directors subject to approval by Shareholders. All remuneration paid to directors and specified executives is valued at the cost to the Group and expensed. Options are valued using the Black-Scholes methodology.

### (d) Relationship between remuneration and the Group's performance

Emoluments of Directors are set by reference to payments made by other companies of similar size and industry, and by reference to the skills and experience of directors. Fees paid to directors are not linked to the performance of the Group. This policy may change once the exploration phase is complete and the Company is generating revenue. At present the existing remuneration policy is not impacted by the Group's performance including earnings and changes in shareholder wealth (dividends, changes in share price or returns of capital to shareholders). The Board has not set short term performance indicators, such as movements in the Company's share price, for the determination of director emoluments as the Board believes this may encourage performance which is not in the long term interests of the Company and its shareholders.

The Board has structured its remuneration arrangements in such a way it believes is in the best interests of building shareholder wealth in the longer term.

The following table shows the net loss, loss per share and share price for the last 3 financial years.*

| | 2015 | 2014 | 2013 |
|---|---|---|---|
| Net Loss | ($2,391,602) | ($483,015) | ($1,919,725) |
| Diluted loss per share (cents/share) | (2.004) | (0.578) | (3.832) |
| Share price at year end (cents) | 2 | 2 | 9 |

*Note the Company underwent a change of nature and scale and a 1:200 Consolidation of Shares approved by shareholders in October 2012. The 2013 The directors do not consider the above measures of performance prior to this event as relevant or comparable.

Long-term incentives (LTI) may be provided to key management personnel in the form of Options over ordinary shares of the Company. LTIs are considered to promote continuity of employment and provide additional incentive to recipients to increase shareholder wealth. Options may only be issued to directors subject to approval by shareholders in general meeting.

During the year there were no unlisted Options issued as LTI . During the 2014 year 6,000,000 Options (ASX:KSNAO) were issued as LTI. The Options are quoted and have an exercise price of $0.07 each and expire on 30 June 2016.

The Options terms had no direct performance requirements, but a premium exercise price at the time of issue and specified time restrictions on the exercise of Options implies incentive for market share price performance. Management and Directors have until 30 June 2016 to exercise the Options before the Options lapse. Options that have vested are not forfeited on resignation or termination. The granting of Options is in substance a performance incentive that allows executives to share the rewards of the success of the Company.

### (e) Non-executive Directors remuneration policy

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms including remuneration, relevant to the office of director.

The Board policy is to remunerate non-executive directors at commercial market rates for comparable companies for their time, commitment and responsibilities.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and is currently set at $150,000 per annum. Fees may also be paid to Non-executive Directors for additional consulting services provided to the Company.

Fees for non-executive directors are not linked to the performance of the Group. Non-executive directors' remuneration may also include an incentive portion consisting of options, subject to approval by Shareholders.

### (f) Voting and comments made at the Company's 2014 Annual General Meeting

Kingston received 79% of "yes" votes (21% of "no" votes) on its remuneration report for the 2014 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

### (g) Remuneration Details for the Year Ended 30 June 2015

The following table of benefits and payments details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Group.

**Table of Benefits and Payments for the Year Ended 30 June 2015**

| | Short-term benefits | Post-employment benefits | Long-term benefits | | | |
|---|---|---|---|---|---|---|
| **Director** | **Salary, fees and leave** | **Superannuation** | **LSL** | **Termination benefits** | **Equity-settled share-based payments - options** | **Total** |
| **Jonathan Davies (Non-executive Chairman)** | | | | | | |
| 2015 | 27,500 | - | - | - | - | 27,500 |
| 2014 | 21,000 | - | - | - | 52,800 | 73,800 |
| **Stuart Rechner (Executive Director) *** | | | | | | |
| 2015 | 94,900 | - | - | - | - | 94,900 |
| 2014 | - | - | - | - | - | - |
| **Yafeng Cai (Non-executive Director) *** | | | | | | |
| 2015 | 27,500 | - | - | - | - | 27,500 |
| 2014 | 21,000 | - | - | - | 26,400 | 47,400 |
| **Mathew Whyte (Non-executive Director & Company Secretary) (resigned as a director 21 July 2015)*** | | | | | | |
| 2015 | 113,900 | - | - | - | - | 113,900 |
| 2014 | 111,000 | - | - | - | 52,800 | 163,800 |
| **Michal Safrata (Non-executive Director) (re-election defeated on 31 October 2014) *** | | | | | | |
| 2015 | 7,500 | - | - | - | - | 7,500 |
| 2014 | 21,000 | - | - | - | 26,400 | 47,400 |
| **Kevin Moriarty (Non-executive Director) (resigned 23 September 2013) *** | | | | | | |
| 2015 | - | - | - | - | - | - |
| 2014 | 6,100 | - | - | - | - | 6,100 |
| **TOTAL** | | | | | | |
| 2015 | 271,300 | - | - | - | - | 271,300 |
| 2014 | 180,100 | - | - | - | 158,400 | 338,500 |

* These Directors were remunerated through their related entities. Refer to Note 21 for details on related party transactions.

**Options Granted to Directors**

No options were granted to Directors during the year During the 2014 year 6,000,000 Options (ASX:KSNAO) were issued as LTI. The Options are quoted and have an exercise price of $0.07 each and expire on 30 June 2016.

## (h) Service Agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. The service agreements specify the components of remuneration, benefits and notice periods.

Stuart Rechner

Mr Rechner was appointed as Executive Director on 23 February 2015. Mr Rechner is remunerated pursuant to the terms and conditions of a consultancy agreement entered into with Diplomatic Exploration Pty Ltd on 30 March 2015. Unless extended for a further period, the current consultancy agreement will expire in March 2017. The agreement may be terminated by either party on the giving on 12 weeks' notice or earlier in the event of a default not remedied within 20 days. Mr Rechner is not entitled to any termination benefits unless paid at the discretion of Directors.

Jonathan Davies

Mr Davies was appointed a Non-executive Director on 7 December 2012. The appointment is contingent upon satisfactory performance and successful re-election by shareholders of the Company as and when required by the Constitution of the Company and the Corporations Act. Mr Davies is not entitled to any termination benefits unless paid at the discretion of Directors.

Yafeng Cai

Mr Cai was appointed a Non-executive Director on 7 December 2012. The appointment is contingent upon satisfactory performance and successful re-election by shareholders of the Company as and when required by the Constitution of the Company and the Corporations Act. Mr Cai is not entitled to any termination benefits unless paid at the discretion of Directors.

Barry Bourne

Mr Bourne was appointed a Non-executive Director on 21 July 2015. The appointment is contingent upon satisfactory performance and successful re-election by shareholders of the Company as and when required by the Constitution of the Company and the Corporations Act. Mr Bourne also receives payment for geological services through Terra Resources Pty Ltd on commercial and arms-length rates. Mr Bourne is not entitled to any termination benefits.

Mathew Whyte

Mr Whyte was appointed as Company Secretary on 5 September 2011 and was also a Director of the Company until his resignation on 21 July 2015. He is renumerated pursuant to a corporate consultant agreement with Mathew Whyte trading as Whypro Corporate Services (ABN 53844 654 790) to act as Company Secretary of the Company. The terms include the fee for the provision of the services (including company secretary) on arms-length rates Subject to the rights of early termination, the agreement shall continue until either party gives one month's notice in writing. There are no termination benefits unless paid at the discretion of Directors.

## (i) Equity Interests of Key Management Personnel

### Options holdings of key management personnel

The number of options over ordinary shares held by each key management personnel of the Group during the 2015 reporting periods are as follows:

| | Balance 01 Jul 14 | Granted | Exercised | Other changes | Vested and exercisable at the end of the year | Vested and un-exercisable at the end of the year |
|---|---|---|---|---|---|---|
| **2015** | | | | | | |
| Stuart Rechner** | - | - | - | - | - | - |
| Jonathan Davies | 2,000,000 | - | - | - | 2,000,000 | - |
| Mathew Whyte | 2,000,000 | - | - | - | 2,000,000 | - |
| Michal Safrata | 1,000,000 | - | - | 1,000,000* | - | - |
| Yafeng Cai | 1,000,000 | - | - | - | 1,000,000 | - |
| Total | 6,000,000*** | - | - | 1,000,000 | 5,000,000 | - |

* Held to the date of re-election defeated

** Stuart Rechner was appointed on 23 February 2015. As at 30 June 2015 Stuart Rechner had a relevant interest in 8,099,620 Options as his father, Anthony Rechner, is a director of Omen Pty Ltd which is a Substantial Shareholder of Kingston.

*** KSNOA Listed Options exercisable at $0.07 each and expiring on 30 June 2016.

| | Balance 01 Jul 13 | Granted | Exercised | Other changes | Vested and exercisable at the end of the year | Vested and un-exercisable at the end of the year |
|---|---|---|---|---|---|---|
| **2014** | | | | | | |
| Jonathan Davies | - | 2,000,000 | - | - | 2,000,000 | - |
| Mathew Whyte | - | 2,000,000 | - | - | 2,000,000 | - |
| Michal Safrata | - | 1,000,000 | - | - | 1,000,000 | - |
| Yafeng Cai | - | 1,000,000 | - | - | 1,000,000 | - |
| Total | - | 6,000,000 | - | - | 6,000,000 | - |

**Share holdings of key management personnel**

The number of ordinary shares in the Company held by each KMP of the Group during the 2015 and 2014 reporting periods are as follows.

| | Balance 01 Jul 14 | Acquired | Received on exercise | Other changes | Held at end of reporting period 30 June 15 |
|---|---|---|---|---|---|
| **2015** | | | | | |
| Jonathan Davies | - | 750,000 | | | 750,000 |
| Stuart Rechner* | - | - | - | 33,039,337* | 33,039,337 |
| Mathew Whyte | - | 1,500,000 | | | 1,500,000 |
| Total | - | 750,000 | - | 33,039,337 | 31,022,266 |

* Stuart Rechner was appointed on 23 February 2015. As at 30 June 2015 Stuart Rechner held a relevant interest in 33,039,337 Shares as his father, Anthony Rechner, is a director of Omen Pty Ltd which is a Substantial Shareholder of Kingston.

| | Balance 01 Jul 13 | Acquired | Received on exercise | Other changes | Held at end of reporting period 30 June 14 |
|---|---|---|---|---|---|
| **2014** | | | | | |
| Kevin Moriarty | 3,030,000 | - | - | (3,030,000) * | - |
| Total | 3,030,000 | - | - | (3,030,000) | - |

* Holding as at date of resignation on 23 September 2013.

### (j) Loans to key management personnel

There were no loans to individuals or members of key management personal during the financial year or the previous financial year.

### (k) Other KMP transactions

There have been no other transactions involving equity instruments other than those described in the tables above. For details of other transactions with KMP, refer to Note 21 Related Party Transactions.

**END OF AUDITED REMUNERATION REPORT**

## SHARE OPTIONS

At the date of this report the unissued ordinary shares of the Company under option are as follows:

| Grant Date | Date of Expiry | Exercise Price | Held at 01 Jul 14 | Issued | Lapsed / Cancelled | Held at 22 Sep 15 |
|---|---|---|---|---|---|---|
| 8 April 13 | 31 Dec 15 | 20 cents | 10,302,500 | - | - | 10,302,500 |
| 29 Jan 13 | 31 Dec 15 | 20 cents | 15,400,000 | - | - | 15,400,000 |
| 23 Dec 14 | 30 Jun 16 | 7 cents | 28,624,769 | - | - | 28,624,769 |
| 28 Aug 15 | 30 Jun 19 | 3 cents | - | 7,058,823 | - | 7,058,823 |

During the year ended 30 June 2014 and 30 June 2015 no ordinary shares in the Company were issued pursuant to the exercise of options. Apart from as described above, there have been no conversions to, calls of, or subscriptions for ordinary shares of issued or potential ordinary shares since the reporting date and before the completion of these financial statements.

No person entitled to exercise an option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

## PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied to any court pursuant to section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

## 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.

## INDEMNITIES GIVEN AND INSURANCE PREMIUMS PAID TO AUDITORS AND OFFICERS

The Company has entered into Deeds of Access, Indemnity and Insurance with each Director.

Under these deeds, the Company has undertaken, subject to the restrictions in the Corporations Act, to:

a) indemnify each Director from certain liabilities incurred from acting in that position under specified circumstances;
b) maintain directors' and officers' insurance cover (if available) in favour of each Director whilst that person maintains such office and for 7 years after the Director has ceased to be a director;
c) cease to maintain directors' and officers' insurance cover in favour of each Director if the Company reasonably determines that the type of coverage is no longer available. If the Company ceases to maintain directors' and officers' insurance cover in favour of a Director, then the Company must notify that Director of that event; and

d) provide access to any Company records which are relevant to the Director's holding of office with the Company, for a period of 7 years after the Director has ceased to be a Director.

During the year, the Company paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all directors and the company secretary.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of the insurance policies is not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

## AUDIT COMMITTEE

The Company is not of a size nor are its financial affairs of such complexity to justify a separate audit committee of the board of directors. All matters that might properly be dealt with by such a committee are the subject of scrutiny at full board meetings.

## NON AUDIT SERVICES

There were no non-audit services provided during the financial year by the auditor.

## AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required by section 307C of the Corporations Act 2001 is included in this Annual Report. Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

Pursuant to section 298(2) Corporations Act, this Directors' Report:

a) is made in accordance with a resolution of the Directors; and

b) is dated 22 September 2015; and

c) is signed by Mr Jonathan Davies .

JONATHAN DAVIES
Non-executive Chairman
Perth, Western Australia
22 September 2015

Grant Thornton

Level 1
10 Kings Park Road
West Perth WA 6005

Correspondence to:
PO Box 570
West Perth WA 6872

**T** +61 8 9480 2000
**F** +61 8 9322 7787
**E** info.wa@au.gt.com
**W** www.grantthornton.com.au

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Kingston Resources Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

P W Warr
Partner - Audit & Assurance

Perth, 22 September 2015

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

| | Notes | Consolidated Group | |
|---|---|---|---|
| | | 2015<br>$ | 2014<br>$ |
| **Continuing Operations** | | | |
| Other revenue | 2 | 17,236 | 42,095 |
| Consultant and legal fees | | (117,244) | (165,340) |
| Depreciation and amortisation expenses | 3 | (573) | (955) |
| Director fees | | (90,000) | (90,100) |
| Director options expense | | - | (158,400) |
| Loss on revaluation of assets at fair value through profit and loss | | (10,457) | (231) |
| Impairment of exploration expenditure | 3, 22 | (2,029,690) | - |
| Other expenses | | (160,874) | (110,084) |
| Loss before income tax expense | | (2,391,602) | (483,015) |
| Income tax expense | 4 | - | - |
| **Loss for the year** | | (2,391,602) | (483,015) |
| **Other comprehensive income/(loss)** | | | |
| Other comprehensive income/(loss) – net of tax | | - | - |
| **Total comprehensive loss for the year** | | (2,391,602) | (483,015) |
| Basic loss per share (cents) | | (2.004) | (0.578) |
| Diluted loss per share (cents) | | (2.004) | (0.578) |

The accompanying notes form part of these financial statements.

# Consolidated Statement of Financial Position

| | Notes | Consolidated Group | |
|---|---|---|---|
| | | 2015 | 2014 |
| | | $ | $ |
| **Current assets** | | | |
| Cash and cash equivalents | 8 | 305,741 | 724,088 |
| Trade and other receivables | 9 | 37,888 | 15,117 |
| Financial assets | 10 | 11,908 | 22,364 |
| **Total current assets** | | 355,537 | 761,569 |
| **Non-current assets** | | | |
| Property, plant and equipment | 12 | 859 | 1,432 |
| Capitalised exploration expenditure | 22 | 3,930,564 | 5,307,186 |
| **Total non-current assets** | | 3,931,423 | 5,308,618 |
| **Total assets** | | 4,286,960 | 6,070,187 |
| **Current liabilities** | | | |
| Trade and other payables | 14 | 25,107 | 34,128 |
| **Total current liabilities** | | 25,107 | 34,128 |
| **Total liabilities** | | 25,107 | 34,128 |
| **Net assets** | | 4,261,853 | 6,036,059 |
| **Equity** | | | |
| Issued capital | 15 | 47,311,236 | 46,732,302 |
| Accumulated losses | | (44,401,972) | (42,010,370) |
| Reserves | 16 | 1,352,589 | 1,314,127 |
| **Total equity** | | 4,261,853 | 6,036,059 |

The accompanying notes form an integral part of these financial statements.

# Consolidated Statement of Changes in Equity

**Consolidated Group**

| | Issued Capital Ordinary Shares $ | Accumulated Losses $ | Reserves $ | Total Equity $ |
|---|---|---|---|---|
| **Balance at 1 July 2013** | **46,644,934** | **(41,552,420)** | **1,180,792** | **6,273,306** |
| Loss for the year | - | (483,015) | - | (483,015) |
| Total comprehensive loss for the year | 46,644,934 | (42,035,435) | 1,180,792 | (5,790,291) |
| Transactions with shareholders | | | | |
| Issue of share capital | 89,100 | - | - | 89,100 |
| Capital raising costs | (1,732) | - | - | (1,732) |
| Issue of share-based payments | - | - | 158,400 | 158,400 |
| Share-based payments lapsed | - | 25,065 | (25,065) | - |
| **Balance at 30 June 2014** | **46,732,302** | **(42,010,370)** | **1,314,127** | **6,036,059** |
| | | | | |
| **Balance at 1 July 2014** | **46,732,302** | **(42,010,370)** | **1,314,127** | **6,036,059** |
| Loss for the year | - | (2,391,602) | - | (2,391,602) |
| Total comprehensive loss for the year | 46,732,302 | (44,401,972) | 1,314,127 | 3,644,457 |
| Transactions with shareholders | | | | |
| Issue of share capital | 788,589 | - | - | 788,589 |
| Capital raising costs | (209,655) | - | - | (209,655) |
| Issue of share-based payments | - | - | 38,462 | 38,462 |
| **Balance at 30 June 2015** | **47,311,236** | **(44,401,972)** | **1,352,589** | **4,261,853** |

The accompanying notes form an integral part of these financial statements.

# Consolidated Statement of Cash Flows

| | Notes | Consolidated Group | |
|---|---|---|---|
| | | 2015 | 2014 |
| | | $ | $ |
| **Cash flows from operating activities** | | | |
| **Continued operations** | | | |
| Interest received | | 21,031 | 38,527 |
| Payments to suppliers and employees | | (378,533) | (361,552) |
| **Net cash used in operating activities** | 19 | (357,502) | (323,025) |
| **Cash flows from investing activities** | | | |
| Payment for exploration and evaluation | | (643,810) | (590,736) |
| **Net cash used in investing activities** | | (643,810) | (590,736) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares and options | | 754,158 | 89,100 |
| Capital raising costs | | (171,193) | (1,732) |
| **Net cash provided by financing activities** | | 582,965 | 87,368 |
| Net change in cash and cash equivalents held | | (418,347) | (826,393) |
| Cash and cash equivalents at beginning of financial year | | 724,088 | 1,550,481 |
| **Cash and cash equivalents at end of financial year** | 8 | **305,741** | **724,088** |

The accompanying notes form an integral part of these financial statements.

# Notes to the Financial Statements

This financial report includes the consolidated financial statements and notes of Kingston Resources Limited and controlled entities ('Consolidated Group' or 'Group').

For the purpose of preparing the consolidated financial statements, the company is a for-profit entity.

### Note 1: Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated financial statements are presented in the currency of Australian dollars.

### Statement of Compliance

Compliance with Australian Accounting Standards ensures that the financial statements and notes of Kingston Resources Limited and its controlled entities comply with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the directors on 22 September 2015.

### Basis of Preparation

The financial statements have been prepared on an accrual basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

### Third Statement of Financial Position

Two comparative periods are presented for the statement of financial position when the Group:

- i Applies an accounting policy retrospectively;
- ii Makes a retrospectively restatement of items in its financial statements, or
- iii Reclassifies items in the financial statements.

We have determined that only one comparative period for the statement of financial position was required for the current reporting period as the application of the new accounting standards have had no material impact on the previously presented primary financial statements that were presented in the prior year financial statements.

### Significant Accounting Policies

#### a) Principles of Consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2015. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June. A list of controlled entities is contained in Note 11 to the financial statements.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

### b) New Accounting Standards and Interpretations

(i) Changes in accounting policy

The following standards and interpretations have been applied for the first time for entities with years ending 30 June 2015 (unless early adopted):

| Reference | Title | Application date of standard* | Application date for Group* |
|---|---|---|---|
| AASB 2012-3 | *Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities*<br><br>AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. | 1 January 2014 | 1 July 2014 |
| Interpretation 21 | *Levies*<br><br>This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation. | 1 January 2014 | 1 July 2014 |
| AASB 2013-3 | *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*<br>AASB 2013-3 amends the disclosure requirements in AASB 136 *Impairment of Assets*. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. | 1 January 2014 | 1 July 2014 |
| AASB 2013-5 | *Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]*<br><br>These amendments define an investment entity and require that, with limited exceptions, an investment entity does not consolidate its subsidiaries or apply AASB 3 *Business Combinations* when it obtains control of another entity.<br><br>These amendments require an investment entity to measure unconsolidated subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.<br><br>These amendments also introduce new disclosure requirements for investment entities to AASB 12 and AASB 127. | 1 January 2014 | 1 July 2014 |
| AASB 1031 | *Materiality*<br><br>The revised AASB 1031 is an interim standard that cross-references to other Standards and the F*ramework (*issued December 2013) that contain guidance on materiality.<br><br>AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.<br><br>AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031. The amendments are effective from 1 July 2014*. | 1 January 2014 | 1 July 2014 |
| AASB 2013-9 | *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*<br><br>The Standard contains three main parts and makes amendments to a number of Standards and Interpretations.<br><br>Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1.<br><br>Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.<br><br>Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 *Hedge Accounting* into AASB 9 *Financial Instruments*. | ^^ | ^^ |

| Reference | Title | Application date of standard* | Application date for Group* |
|---|---|---|---|
| AASB 2014-1 Part A -Annual Improvements 2010–2012 Cycle | AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) *Annual Improvements to IFRSs 2010–2012 Cycle* and *Annual Improvements to IFRSs 2011–2013 Cycle.*<br><br>Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items:<br><br>► AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'.<br><br>► AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137.<br><br>► AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segment assets to the entity's total assets.<br><br>► AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts.<br><br>► AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 *Related Party Disclosures* for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed. | 1 July 2014 | 1 July 2014 |
| AASB 2014-1 Part A -Annual Improvements 2011–2013 Cycle | Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items:<br><br>► AASB 13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132.<br><br>► AASB 140 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3. | 1 July 2014 | 1 July 2014 |

The adoption of new and amended Standards and Interpretations did not impact the financial position or performance of the Group.

(ii) Accounting Standards issued but not yet effective

The following standards and interpretations have been issued by the AASB but are not yet effective for the period ending 30 June 2015.

| Reference | Title | Summary | Application date of standard* | Application date for Group* |
|---|---|---|---|---|
| AASB 9 | Financial Instruments | AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking ‘expected loss’ impairment model and a substantially-reformed approach to hedge accounting.<br><br>AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments. | 1 January 2018 | 1 July 2018 |

| Reference | Title | Summary | Application date of standard* | Application date for Group* |
|---|---|---|---|---|
| | | **Classification and measurement**<br><br>AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities.<br><br>The main changes are described below.<br><br>**Financial assets**<br><br>a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.<br><br>b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.<br><br>c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.<br><br>**Financial liabilities**<br><br>Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option.<br>Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows:<br>► The change attributable to changes in credit risk are presented in other comprehensive income (OCI)<br>► The remaining change is presented in profit or loss<br><br>AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.<br><br>**Impairment**<br><br>The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.<br><br>**Hedge accounting**<br><br>Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.<br><br>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E. | | |

| Reference | Title | Summary | Application date of standard* | Application date for Group* |
|---|---|---|---|---|
| | | AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014.<br><br>AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after **1 January 2015**. | | |
| AASB 2014-3 | Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11] | AASB 2014-3 amends AASB 11 *Joint Arrangements* to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:<br>(a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and<br>(b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.<br><br>This Standard also makes an editorial correction to AASB 11 | 1 January 2016 | 1 July 2016 |
| AASB 2014-4 | Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138) | AASB 116 *Property Plant and Equipment* and AASB 138 *Intangible Assets* both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.<br><br>The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.<br><br>The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. | 1 January 2016 | 1 July 2016 |
| AASB 15 | Revenue from Contracts with Customers | AASB 15 *Revenue from Contracts with Customers* replaces the existing revenue recognition standards AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations **(**Interpretation *13 Customer Loyalty Programmes*, Interpretation 15 *Agreements for the Construction of Real Estate,* Interpretation 18 *Transfers of Assets from Customers,* Interpretation 131 *Revenue—Barter Transactions Involving Advertising Services* and Interpretation 1042 *Subscriber Acquisition Costs in the Telecommunications Industry*). AASB 15 incorporates the requirements of IFRS 15 *Revenue from Contracts with Customers* issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB).<br><br>AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments).The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:<br>(a) Step 1: Identify the contract(s) with a customer<br>(b) Step 2: Identify the performance obligations in the contract<br>(c) Step 3: Determine the transaction price<br>(d) Step 4: Allocate the transaction price to the performance obligations in the contract | 1 January 2017<br>**Note A** | 1 July 2017<br>**Note B** |

| Reference | Title | Summary | Application date of standard* | Application date for Group* |
|---|---|---|---|---|
| | | (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation<br><br>Currently, AASB 15 is effective for annual reporting periods commencing on or after 1 January 2017. Early application is permitted. (Note A)<br><br>AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. | | |
| AASB 2014-9 | Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements | AASB 2014-9 amends AASB 127 *Separate Financial Statements*, and consequentially amends AASB 1 *First-time Adoption of Australian Accounting Standards* and AASB 128 *Investments in Associates and Joint Ventures*, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.<br><br>AASB 2014-9 also makes editorial corrections to AASB 127.<br><br>AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted. | 1 January 2016 | 1 July 2016 |
| AASB 2014-10 | Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | AASB 2014-10 amends AASB 10 C*onsolidated Financial Statements* and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require:<br><br>(a) a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and<br>(b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.<br><br>AASB 2014-10 also makes an editorial correction to AASB 10.<br><br>AASB 2014-10 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted. | 1 January 2016 | 1 July 2016 |
| AASB 2015-1 | Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle | The subjects of the principal amendments to the Standards are set out below:<br><br>AASB 5 *Non-current Assets Held for Sale and Discontinued Operations:*<br>• Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change.<br><br>AASB 7 *Financial Instruments: Disclosures*:<br>• Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7.<br>• Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 Disclosure–Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional | 1 January 2016 | 1 July 2016 |

| Reference | Title | Summary | Application date of standard* | Application date for Group* |
|---|---|---|---|---|
| | | disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 Interim Financial Reporting when its inclusion would be required by the requirements of AASB 134.<br><br>AASB 119 *Employee Benefits*:<br>• Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level.<br><br>AASB 134 *Interim Financial Reporting*:<br>• Disclosure of information 'elsewhere in the interim financial report' - amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information. | | |
| AASB 2015-2 | Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 | The Standard makes amendments to AASB 101 *Presentation of Financial Statements* arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures. | 1 January 2016 | 1 July 2016 |
| AASB 2015-3 | Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 *Materiality* | The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards. | 1 July 2015 | 1 July 2015 |
| AASB 2015-4 | Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent | The amendment aligns the relief available in AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* in respect of the financial reporting requirements for Australian groups with a foreign parent | 1 July 2015 | 1 July 2015 |

**Note A**: The IASB in its July 2015 meeting decided to confirm its proposal to defer the effective date of IFRS 15 (the international equivalent of AASB 15) from 1 January 2017 to 1 January 2018. The amendment to give effect to the new effective date for IFRS 15 is expected to be issued in September 2015. At this time, it is expected that the AASB will make a corresponding amendment to the effective date of AASB 15.

***** Designates the beginning of the applicable annual reporting period unless otherwise stated.

****** Only applicable to not-for-profit/public sector entities.

^^ The application dates of AASB 2013-9 are as follows:

| | |
|---|---|
| Part A – periods ending on or after 20 Dec 2013 | Application date for the Group: period ending 30 June 2014 |
| Part B - periods beginning on or after 1 January 2014 | Application date for the Group: period beginning 1 July 2014 |
| Part C - reporting periods beginning on or after 1 January 2015 | Application date for the Group: period beginning 1 July 2015 |

The Group has not yet determined the impact of the initial application of the above Standards or Interpretations. These Standards and Interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning on or after the effective date of each pronouncement.

**c)** **Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Current and deferred income tax expense (income) is charged or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive income.

*Current tax*

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and its intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

*Deferred tax*

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

*Tax consolidation*

Kingston Resources Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liability (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Australian Taxation Office that it had formed an income tax consolidated group to apply from 1 July 2003.

**d)** **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable any accumulated depreciation and impairment losses.

*Plant and equipment*

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss on the statement of profit or loss and other comprehensive income.

*Depreciation*

The depreciable amount of all fixed assets is depreciated using the diminishing value method commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable asset are:

| Class of Fixed Assets | Depreciation Rate |
|---|---|
| Office, furniture and equipment | 5-40% |
| Software | 40% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. The gains and losses are included in profit or loss in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**e) Financial Instruments**

*Initial recognition and measurement*

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instrument classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

*Derecognition*

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

*Classification and subsequent measurement*

*Financial assets at fair value through profit and loss*

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in profit or loss in the period in which they arise.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

*Available-for-sale financial assets*

Available-for-sale financial assets include any financial assets that are either designated as such or that are not classified in any of the categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. They are held at fair value with changes in fair value taken through the financial assets reserve directly to other comprehensive income.

*Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantee) are subsequently measured at amortised cost using the effective interest rate method.

*Fair value*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

*Impairment*

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in the financial assets reserve in other comprehensive income.

### f) Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### g) Intangibles

*Patents and trademarks*

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life being 10 years.

*Rights and licences*

Rights and licences are recognised at cost of acquisition. Rights and licences have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Rights and licences are amortised over their useful life being 10 years.

### h) Foreign Currency Transactions and Balances

*Functional and presentation currency*

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

*Transaction and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge in which case they would be recognised in other comprehensive income.

### i) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

*Equity-settled compensation*

The Group operates a share-based compensation plan which includes a share option arrangement. The bonus element over the exercise price of the employee's services rendered in exchange for the grant of options is recognised as an expense in the statement of profit or loss and other comprehensive income, with a corresponding increase to an equity account. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares of the options granted. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions.

### j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

### k) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

### l) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

### m) Exploration and Development Expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

Costs of site restoration are provided over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

### n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**o) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**p) Going Concern**

The consolidated entity has incurred operating losses of $2,391,602 (2014: $483,015) and negative operating cash flows of $357,502 (2014: $323,025) for the year ended 30 June 2015. The consolidated entity's net current asset position as at 30 June 2015 was $330,430 (2014: $727,441).

Since the end of the financial year, on 28 August 2015 the Company completed a placement of shares raising $360,000. On 13 August 2015 the Company received confirmation of registration of its Research and Development activities at its Six Mile Hill project. The Company subsequently lodged its 2015 Tax Return and is expecting a refund in the amount of $197,086. Kingston has also been approved for funding to the level of $70,000 under the SA government PACE Discovery Drilling Program 2015 for its Cootanoorina project.

The financial statements have been prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Directors consider this to be appropriate for the following reasons:

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

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

The directors are in the process of investigating various options for the raising of additional funds which may include but is not limited to an issue of shares, a farm-out of an interest in one or more exploration tenements or the sale of exploration assets where increased value has been created through previous exploration activity. At the date of this financial report, none of the above fund-raising options have been concluded and no guarantee can be given that a successful outcome will eventuate.

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

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

**q) Joint Arrangements**

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. A joint arrangement in which the Group has direct rights to underlying assets and obligations for underlying liabilities is classified as a joint operation.

Investments in associates and joint ventures are accounted for using the equity method. Interests in joint operations are accounted for by recognising the Group's assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Any goodwill or fair value adjustment attributable to the Group's share in the associate or joint venture is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

**Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

*Key estimates – Impairment*

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets.

*Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by management review using Black Scholes or an agreed fair value. The related assumptions are detailed in Note 20. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

*Estimation of useful lives of assets*

The estimation of the useful lives of assets has been based on historical experience and manufacturers' warranties (for plant and equipment). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

*Exploration and evaluation of expenditure*

Costs arising from exploration and evaluation activities are carried forward provided the rights to tenure of the area of the interest are current and such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. Costs carried forward in respect of an area of interest that is abandoned are written off in the year in which the decision to abandon is made. The carrying value of the capitalised exploration and evaluation expenditure is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

The Group has applied AASB 6 Exploration for and Evaluation of Mineral Resources.

*Impairment*

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

An impairment exists when the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount. The asset or cash generating unit is then written down to the recoverable amount. Any impairment losses are recognised in profit or loss on the statement of profit or loss and other comprehensive income.

| | Consolidated Group | |
|---|---|---|
| | 2015 $ | 2014 $ |
| **2. REVENUE** | | |
| **Other revenue** | | |
| Interest from: | | |
| Other unrelated persons | 17,236 | 42,095 |
| Total interest | 17,236 | 42,095 |

| | Consolidated Group | |
|---|---|---|
| | 2015 $ | 2014 $ |
| **3. RESULT FOR THE YEAR** | | |
| **Depreciation and amortisation of non-current assets** | | |
| Depreciation of: | | |
| - plant and equipment | 573 | 955 |
| Total depreciation and amortisation | 573 | 955 |
| **Impairments** | | |
| Impairment of exploration expenditure – Note 22 | 2,029,690 | - |
| Total impairments | 2,029,690 | - |

## 4. INCOME TAX

**(a) Income tax recognised in profit and loss**

The prima facie tax expense (benefit) on operating result is reconciled to the income tax provided in the statement of profit or loss and other comprehensive income as follows:

| | Consolidated Group | |
|---|---|---|
| | 2015 $ | 2014 $ |
| Accounting loss before income tax | (2,391,602) | (483,015) |
| Income tax benefit calculated at 30% | (717,481) | (144,904) |
| Non-deductible expenses | 48,339 | 132 |
| Movement in unrecognised temporary differences | 520,472 | (236,104) |
| Unused tax losses and temporary differences not recognised as deferred tax assets | 148,670 | 380,876 |
| Income tax expense (benefit) | - | - |

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

**(b) Unrecognised deferred tax balances**

The following deferred tax assets and liabilities have not been brought to account:

| | Consolidated Group | |
|---|---|---|
| | 2015 | 2014 |
| | $ | $ |
| **Deferred Tax Assets (at 30%)** | | |
| Losses available for offset against future taxable | 904,106 | 478,249 |
| Provision for expenses | 4,500 | 5,100 |
| Capital raising costs | 58,057 | 8,776 |
| Impairment | 1,664,369 | 1,247,778 |
| Legal fees | 16,181 | 28,501 |
| | 2,647,213 | 1,768,404 |

| | Consolidated Group | |
|---|---|---|
| | 2015 | 2014 |
| | $ | $ |
| **Deferred Tax Liabilities (at 30%)** | | |
| Mineral Exploration | 212,569 | 212,156 |
| | 212,569 | 212,156 |

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the company can utilise the benefits from.

The potential deferred tax assets will only be obtained if:

(i) the company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised in accordance with Division 170 of the Income Tax Assessment Act 1997;

(ii) the company continues to comply with the conditions for deductibility imposed by the law; and

(iii) no changes in tax legislation adversely affect the company in realising the benefits.

The carry-forward losses prior to the acquisition of Fleurieu Mines and the capital raising have been lost due to the group not meeting the continuity of ownership test and the same business test.

**Tax Consolidation**

Effective 1 July 2003, for the purposes of income taxation, the Company and its 100% wholly-owned subsidiaries formed a tax consolidated group; the head entity of the tax consolidated group is Kingston Resources Limited.

## 5. INTERESTS OF KEY MANAGEMENT PERSONNEL

**(a) Key management personnel compensation**

Key management personnel (KMP) remuneration has been included in the Remuneration Report section of the Directors' Report.

The totals of remuneration paid to KMP of the Group during the 2015 and 2014 reporting periods are as follows.

| | Consolidated Group | |
|---|---|---|
| | 2015 | 2014 |
| | $ | $ |
| Short-term employee benefits | 271,300 | 180,100 |
| Equity-settled share-based payments - options | - | 158,400 |
| Total | 271,300 | 338,500 |

## 6. AUDITOR REMUNERATION

Grant Thornton Audit Pty Ltd
Remuneration of the auditor of the Company for:

| | | |
|---|---|---|
| - auditing or reviewing the financial statements | 24,633 | 31,180 |
| - non-audit services | - | - |
| Total | 24,633 | 31,180 |

| | Consolidated Group | |
|---|---|---|
| | 2015 $ | 2014 $ |
| **7. LOSS PER SHARE** | | |
| (a) Basic loss per share (cents per share) | (2.004) | (0.578) |
| (b) Diluted loss per share (cents per share) | (2.004) | (0.578) |
| (c) Weighted average number of ordinary shares on issue used in the calculation of basic loss per share | 119,319,253 | 83,576,376 |
| (d) Loss used in calculation of basic loss per share | ($2,391,602) | ($483,015) |

There are no dilutive potential ordinary shares as the exercise of options to ordinary shares would have the effect of decreasing the loss per ordinary share and would therefore be non-dilutive.

| | Consolidated Group | |
|---|---|---|
| | 2015 $ | 2014 $ |
| **8. CASH & CASH EQUIVALENTS** | | |
| Cash at bank and in hand | 9,635 | 25,864 |
| Short-term deposits | 296,106 | 698,224 |
| Total | 305,741 | 724,088 |

Cash at bank earns interest at floating rates based on daily deposit rates. The carrying amounts of cash and cash equivalents represent fair value. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rate at 2.8% per annum (2014: 4.36%).

| | Consolidated Group | |
|---|---|---|
| | 2015 $ | 2014 $ |
| **9. TRADE AND OTHER RECEIVABLES** | | |
| **Current** | | |
| Other receivables | 37,888 | 15,117 |
| Total current trade and other receivables | 37,888 | 15,117 |

**Credit Risk – Trade and Other Receivables**

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than those receivables specifically provided for as mentioned within this note. The class of assets described as Other Receivables is considered to be the main source of credit risk related to the Group.

The following table details the Group's trade and other receivables exposed to credit risk with ageing analysis and impairment provided thereon. Amounts are considered to be "past due" when the debt has not been settled within the terms and conditions agreed.

| | | | Past due but not impaired (days overdue) | | | | |
|---|---|---|---|---|---|---|---|
| | **Gross amount** | **Past due and impaired** | **<30** | **31 - 60** | **61 - 90** | **> 90** | **Within initial trade terms** |
| | **$** | **$** | **$** | **$** | **$** | **$** | **$** |
| **Consolidated Group 2015** | | | | | | | |
| Other receivables | 37,888 | - | - | - | - | - | 37,888 |
| Total | 37,888 | - | - | - | - | - | 37,888 |
| **2014** | | | | | | | |
| Other receivables | 15,117 | - | - | - | - | - | 15,117 |
| Total | 15,117 | - | - | - | - | - | 15,117 |

| | Consolidated Group | |
|---|---|---|
| | 2015 | 2014 |
| | $ | $ |
| **10. FINANCIAL ASSETS** | | |
| **Financial assets at fair value through profit and loss:** | | |
| **At fair value** | | |
| Shares in listed entities | 11,908 | 22,364 |
| | 11,908 | 22,364 |

Financial assets at fair value through profit and loss consist of investments in ordinary shares, and therefore have no fixed maturity or coupon rate.

(i) Listed shares

The fair value of listed shares has been determined directly by reference to published price quotations in an active market.

There are no individually material investments.

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. A loss on revaluation of assets at FVTPL of $10,457 (2014: $231) was recognised during the year.

## 11. CONTROLLED ENTITIES

| Name | Country of Incorporation | Principal Activity | Beneficial Percentage Interest Held By Economic Entity | |
|---|---|---|---|---|
| | | | 2015 % | 2014 % |
| Universal Rare Earths Pty Ltd | Australia | Mineral exploration | 100 | 100 |
| Fleurieu Mines Pty Ltd | Australia | Mineral exploration | 100 | 100 |
| Westernx Pty Ltd | Australia | Mineral exploration | 100 | 100 |
| U Energy Pty Ltd | Australia | Mineral exploration | 100 | 100 |

## 12. PROPERTY, PLANT AND EQUIPMENT

| | Consolidated Group | |
|---|---|---|
| | 2015 $ | 2014 $ |
| Computing plant and equipment – at cost | 258,290 | 258,290 |
| Closing balance | 258,290 | 258,290 |
| Accumulated depreciation | | |
| Opening balance | 256,858 | 255,903 |
| Depreciation for the year | 573 | 955 |
| Closing balance – accumulated depreciation | 257,431 | 256,858 |
| Net book value – computing plant and equipment | 859 | 1,432 |
| | | |
| Office, furniture and equipment – at cost | 20,211 | 20,211 |
| Closing balance | 20,211 | 20,211 |
| Accumulated depreciation | | |
| Opening balance | 20,211 | 12,882 |
| Depreciation for the year | - | 419 |
| Impairment | - | 6,910 |
| Closing balance – accumulated depreciation | 20,211 | 20,211 |
| Net book value – office, furniture and equipment | - | - |
| | | |
| Software – at cost | 377,863 | 377,863 |
| Closing balance | 377,863 | 377,863 |
| Accumulated depreciation | | |
| Opening balance | 377,863 | 376,618 |
| Depreciation for the year | - | 253 |
| Impairment | - | 992 |
| Closing balance – accumulated depreciation | 377,863 | 377,863 |
| Net book value – software | - | - |
| | | |
| **Total property, plant and equipment, net** | **859** | **1,432** |

| | **Computing, plant and equipment** | **Office, furniture and equipment** | **Software** | **Total** |
|---|---|---|---|---|
| | **$** | **$** | **$** | **$** |
| **(a) Movements in carrying amounts** | | | | |
| Balance at 1 Jul 14 | 1,432 | - | - | 1,432 |
| Depreciation expense | (573) | - | - | (573) |
| Balance at 30 Jun 15 | 859 | - | - | 859 |
| | | | | |
| Balance at 1 Jul 13 | 2,387 | - | - | 2,387 |
| Depreciation expense | (955) | - | - | (955) |
| Balance at 30 Jun 14 | 1,432 | - | - | 1,432 |

| | **Consolidated Group** | |
|---|---|---|
| | 2015 | 2014 |
| | $ | $ |
| **13. INTANGIBLE ASSETS** | | |
| **Goodwill on acquisition** | | |
| Opening balance | 0 | 999 |
| Write off | - | (999) |
| Closing balance | - | - |
| Total intangible assets | - | - |
| | | |
| **14. TRADE AND OTHER PAYABLES** | | |
| Trade payables – unsecured | 10,107 | 11,797 |
| Other payables and accruals | 15,000 | 22,331 |
| Total | 25,107 | 34,128 |

Given the short term nature of these amounts, their carrying value approximates their fair value.

| | Consolidated Group | | | |
|---|---|---|---|---|
| | 30 June 2015 | | 30 June 2014 | |
| | Number of Fully Paid Ordinary Shares | $ | Number of Fully Paid Ordinary Shares | $ |
| **15. ISSUED CAPITAL** | | | | |
| **(a) Movements in contributed equity for the year** | | | | |
| Balance at the beginning of the year | 89,780,828 | 46,732,302 | 82,355,828 | 46,644,934 |
| - Ordinary shares at 0.015 cents on 24 November 2014 | 876,250 | 13,144 | - | - |
| - Ordinary shares at 0.014 cents on 16 December 2014 | 33,682,589 | 471,555 | - | - |
| - Ordinary shares at 0.014 cents on 23 December 2014 | 20,185,908 | 282,603 | - | - |
| - Ordinary shares at 0.015 cents on 25 February 2015 | 379,170 | 5,687 | - | - |
| - Ordinary shares at 0.015 cents on 23 March 2015 | 548,333 | 8,225 | - | - |
| - Ordinary shares at 0.015 cents on 29 May 2015 | 491,667 | 7,375 | - | - |
| Shares issued during the previous financial year: | | | | |
| - Ordinary shares at 0.012 cents on 2 May 2014 | - | - | 7,425,000 | 89,100 |
| Less capital raising costs | - | (209,655) | - | (1,732) |
| Total contributed equity | 145,944,745 | 47,311,236 | 89,780,828 | 46,732,302 |

The company has authorised share capital amounting to 145,944,745 fully paid ordinary shares of no par value. At shareholders' meetings each fully paid ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

| | Consolidated Group | | | |
|---|---|---|---|---|
| | 30 June 2015 | | 30 June 2014 | |
| | Number of Options | $ | Number of Options | $ |
| **(b) Listed Options** | | | | |
| Listed options (ASX code: KSNOA) | 28,624,769 | - | - | - |
| Listed options (ASX code: KSNO) | 25,702,500 | - | 10,302,500 | |
| Total listed options | 54,327,269 | - | 10,302,500 | - |
| **Movements in listed options for the year** | | | | |
| **Listed options (ASX code: KSNOA)** | | | | |
| Balance at the beginning of the year | - | - | - | - |
| Listed options issued during the financial year: | 28,624,769 | - | - | - |
| Total listed options | 28,624,769 | - | - | - |
| **Listed options (ASX code: KSNO)** | | | | |
| Balance at the beginning of the year | 10,302,500 | - | 10,302,500 | - |
| Quotation granted during the financial year | 15,400,000 | - | - | - |
| Total listed options | 25,702,500 | - | 10,302,500 | - |

Option holders do not have any right, by virtue of the option, to vote, to participate in dividends or to the proceeds on winding up of the Company.

During the financial year no fully paid ordinary share were issued as a result of the exercise of options. No ordinary shares have been issued since the end of the financial year as a result of the exercise of options.

**(c) Options**

(i) For information relating to the Company's employee and consultant option scheme, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year end, refer to Note 20 Share-based Payments.

(ii) For information relating to share options issued to key management personnel during the financial year, refer to the Directors' Report.

**(d) Capital Management**

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing its financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management debts levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

The gearing ratios for the year ended 30 June 2015 and 30 June 2014 are as follows:

| | **Consolidated Group** | |
|---|---|---|
| | 2015<br>$ | 2014<br>$ |
| Total borrowings | 25,107 | 34,128 |
| Less cash and cash equivalents | (305,741) | (724,088) |
| Net debt | (280,634) | (689,960) |
| Total equity | 4,261,853 | 6,036,059 |
| Total capital | 3,981,219 | 5,346,099 |
| Gearing ratio (Net debt / Total equity) | (6.58%) | (11.43%) |

## 16. RESERVES

**(a) Share-based Payment Reserve**

The share-based payment reserve records items recognised as expenses on valuation of unlisted employee and consultant option incentive scheme options. Refer to Note 20 Share-based Payments for further details.

## 17. COMMITMENTS AND CONTINGENCIES

The Group has certain obligations to perform minimum exploration work and to expend minimum amounts of money on such work on mining tenements. These obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the Group. These commitments have not been provided for in the financial report. Due to the nature of the Group's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature and amount of future expenditure beyond the next year. Expenditure may be reduced by seeking exemption from individual commitments, by relinquishing of tenure or by new joint venture arrangements. Expenditure may be increased when new tenements are granted or joint venture agreements amended. The minimum expenditure commitment on the tenements is:

| | Consolidated Group | |
|---|---|---|
| | 2015<br>$ | 2014<br>$ |
| Not Later than one year | 805,000 | 598,000 |
| Later than one year and less than five years | 710,000 | 95,000 |

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

## 18. SEGMENT REPORTING

The group has identified that it has no operating segments disaggregated within the consolidated entity. This has been determined based on the fact that the board of directors (chief operating decision makers) assesses performance of the consolidated entity with no further review at a disaggregated level.

The group operates in one segment being Exploration and Evaluation of Minerals in Australia. Thus, segmented disclosures are not required.

## 19. CASH FLOW INFORMATION

### (a) Reconciliation to Statement of Cash Flows

For the purposes of the Statement of Cash Flows, cash and cash equivalents are as reported above.

| | Consolidated Group | |
|---|---|---|
| | 2015<br>$ | 2014<br>$ |
| **Reconciliation of Loss from Ordinary Activities to Net Cash Flows from Operating Activities** | | |
| Loss for the year | (2,391,602) | (483,015) |
| Non-cash flows in loss | | |
| Depreciation | 573 | 955 |
| Director option | - | 158,400 |
| Impairment of exploration expenditure | 2,029,690 | - |
| Reclassify GST to projects | 25,000 | - |
| Revaluation of assets at FVTPL | 10,457 | 231 |
| Changes in assets and liabilities | | |
| Decrease/(increase) in trade & other receivables | 3,795 | (3,569) |
| Decrease in prepayments | - | 1,837 |
| Decrease) in trade payables | (1,517) | (12,299) |
| (Decrease)/increase in other payables & accruals | (33,898) | 14,435 |
| Net cash flows from operating activities | (357,502) | (323,025) |

### (b) Non-cash Investing Activities

There were no non-cash investing activities during the year.

## 20. SHARE-BASED PAYMENTS

(i) Share options are granted to employees and directors of the Company, or any Associated Body Corporate of the Company.

The following employee share-based payment arrangements existed at 30 June 2015.

The number and weighted average exercise prices of share options is as follows:

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | Number of Options | Weighted Average Exercise Price $ | Number of Options | Weighted Average Exercise Price $ |
| Outstanding at the beginning of the period | 6,000,000 | $0.07 | 25,000 | $5.00 |
| Issued during the period | - | - | 6,000,000 | $0.07 |
| Expired during the period | - | - | (25,000) | $5.00 |
| Outstanding at year-end | 6,000,000 | $0.07 | 6,000,000 | $0.07 |
| Exercisable at year-end | 6,000,000 | $0.07 | 6,000,000 | $0.07 |

There were no options granted to directors during the year.

(ii) Other share-based payments granted to third parties.

During the period the following options were granted:

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

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

During the previous year 15,400,000 options exercisable at 20 cents and expiring 31 December 2015 were issued to third parties as approved by shareholders on 29 January 2013. The issue was paid to brokers and advisors in consideration for services provided in relation to the prospectus issue. The value of the share-based payment issue is $1,152,726.

The number and weighted average exercise prices of the share-based options is as follows:

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | Number of Options | Weighted Average Exercise Price $ | Number of Options | Weighted Average Exercise Price $ |
| Outstanding at the beginning of | 15,400,000 | $0.20 | 15,400,000 | $0.20 |
| Issued during the period | 22,624,769 | $0.07 | - | - |
| Outstanding at year-end | 38,024,769 | $0.12 | 15,400,000 | $0.20 |
| Exercisable at year-end | 38,024,769 | $0.12 | 15,400,000 | $0.20 |

There were no options exercised during the year ended 30 June 2015 (2014: nil).

## 21. RELATED PARTY TRANSACTIONS

### (a) Key Management Personnel

Key management personnel compensation and transactions have been included in the Remuneration Report section of the Directors' Report and Note 5 Key Management Personnel.

## (b) Directors' Interest

As at 30 June 2015 the relevant interest of each of the Directors, held either directly or indirectly through their associates, in the securities of Kingston Resources Limited are as follows:

| Director | Fully Paid Ordinary Shares (KSN) | Listed Options[1] (KSNO) | Listed Options[2] (KSNOA) |
|---|---|---|---|
| Jonathan Davies[3] | 750,000 | - | 2,000,000 |
| Stuart Rechner[4] | 33,039,337 | 3,875,000 | 4,224,620 |
| Yafeng Cai | - | - | 1,000,000 |
| Mathew Whyte[5] | 1,500,000 | - | 2,000,000 |
| Michal Safrata[6] | - | - | 1,000,000 |

1. KSNO Listed Options exercisable at $0.20 each and expiring on 31 December 2015.
2. KSNOA Listed Options exercisable at $0.07 each and expiring on 30 June 2016.
3. Jonathan Davies holds the specified numbers of Shares and Options as trustee for the Davies Superannuation Trust, of which he is a beneficiary.
4. Stuart Rechner holds a relevant interest in Shares and Options as he is a related party to Mr Anthony Rechner who is a director of Omen Pty Ltd, which is a Substantial Shareholders of Kingston Resources Limited.
5. Held at date of resignation on 21 July 2015
6. Held at date of re-election defeated on 30 October 2014

## (c) Other transactions with related parties

1) During the period $27,500 (2014: $21,000) was paid or payable to J Davies for directors fees.

2) During the period $94,900 (2014: nil) was paid or payable to S Rechner for geological services as follows:
(a) $51,200 (2014: nil) paid though Diplomatic Exploration Pty Ltd.
(b) $48,500 (2014: nil) paid through Lupine Consulting.

3) During the period $42,898 (2014: nil) was paid or payable to Terra Resources Pty Ltd, a related party of B Bourne for geological services. Shares valued at $34,431 were also issued to Terra Resources Pty Ltd in lieu of cash payment for services provided.

4) During the period $27,500 (2014: $21,000) was paid or payable to Cai Shi Pty Ltd , a related party of Y Cai, for director fees.

5) During the period $113,900 (2014: $111,000) was paid or payable to Whypro Corporate Services, a related party of M Whyte, as follows:
(a) $27,500 (2014: $21,000) for director fees.
(b) $86,400 (2014: $90,000) for company secretarial and corporate administration fees.

6) During the period $7,500 (2014: $21,000) was paid or payable to Pulpart Pty Ltd, a related party of M Safrata, for director fees.

7) During the period $nil (2014: $6,100) was paid or payable to Towarnie Geosciences, a related party of K Moriarty, for director fees.

## 22. CAPITALISED EXPLORATION EXPENDITURE

| | Notes | Consolidated Group | |
|---|---|---|---|
| | | 2015 | 2014 |
| | | $ | $ |
| Opening Balance | | 5,307,186 | 4,734,804 |
| Additions | | 653,068 | 572,382 |
| Impairment of assets | | (2,029,690) | - |
| Total exploration expenditure capitalised | | 3,930,564 | 5,307,186 |

A review  of the Group's exploration assets was undertaken at the end of the financial year and directors decided to impair the carrying value of capitalised exploration expenditure in the amount of $2,029,690. Major impairment expenses related to:

1) Spencer exploration project (EL 5010) where the drilling program undertaken by the JV partners did not provide further viable exploration or development opportunities and as such costs associated with this campaign have been impaired. An impairment expense of $808,094 was recorded against this project; and

2) Mount Morgan's (EL 5101 & 4679) and Yalamboo (EL 4524) projects which were relinquished during the year accounting for $869,829 and $349,067 of the total impairment expense respectively.

**Interests in Joint Ventures**

The parent entity has entered into the following unincorporated joint operations:

| Joint Operations Project | Percentage Interest | Principal Exploration Activities |
|---|---|---|
| Spencer | 25% | IOCG |
| Myall Creek | 50% | IOCG |
| Cootanoorina Central | Earning In | IOCG |
| Orbost | Earning In | IOCG |

The joint operations are not separate legal entities but are contractual arrangements between the participants for sharing costs and output and do not in themselves generate revenue and profit.  Exploration expenditure is the only asset of the joint operations.

## 23. FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise receivables, payables, FVTPL financial assets, cash and short-term deposits.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Company uses different methods to measure and manage different types of risks to which it is exposed. These included monitoring levels of exposure to interest rate and market forecasts for interest rate. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks are summarised below.

### (a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents, trade and other receivables and FVTPL financial assets.  The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount net of any provisions for these assets as disclosed in the statement of financial position and notes to the financial statements.

The Group has adopted a policy of only dealing with creditworthy counter parties as a means of mitigating the risk of financial loss from defaults. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit evaluations including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the Board. These risk limits are regulatory monitored. The Group does not require collateral in respect of financial assets.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. At the reporting date there were no significant concentrations of credit risk. Refer to Note 9 for further information on impairment of financial assets that are past due.

**(b) Liquidity risk**

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management. The Group manages the liquidity risk by maintaining adequate cash reserves, and by continuously monitoring forecast and actual cash flows while matching the maturity profiles of financial assets and liabilities.

The table below lists the financial liability and financial asset maturity analysis.

\

**(c) Interest rate risk**

The Group's current exposure to the risk of changes in market interest rates relate primarily to cash assets rates. The Group does not account for fixed rate financial assets and liabilities at fair value through profit or loss.

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit / (loss) and equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. The Group's main interest rate risk arises from cash and cash equivalents with variable interest rates.

| | Consolidated Group | |
|---|---|---|
| | 2015<br>$ | 2014<br>$ |
| **Financial assets** | | |
| Cash and cash equivalents | 305,741 | 724,088 |
| | 305,741 | 724,088 |
| **Impact on post tax profit / (loss) and equity** | | |
| + 2% in interest rate | 6,115 | 14,482 |
| - 2% in interest rate | (6,115) | (14,482) |

**(d) Foreign currency risk**

The Group is not exposed to significant financial risks from movements in foreign exchange rates.

There are no financial assets and no liabilities denominated in foreign currencies. The Group does not participate in any type of hedging transactions or derivatives. Therefore, no sensitivity analysis is required.

**(e) Price risk**

The Group's exposure to commodity and equity securities price risk is minimal. Equity securities price risk arises from investments in equity securities. In order to limit this risk the Group diversifies its portfolio in accordance with limits set by the Board. The majority of the equity investments are of a high quality and are publicly traded on the ASX.

The price risk for both listed and unlisted securities is immaterial in terms of a possible impact on profit and loss or total equity and as such a sensitivity analysis has not been completed.

**(f) Fair value**

For the financial assets and liabilities disclosed in this note, the fair value approximates their carrying value.

The aggregate fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial statements.

| | | 2015 | | 2014 | |
|---|---|---|---|---|---|
| | Footnote | Net Carrying Value $ | Fair Value $ | Net Carrying Value $ | Fair Value $ |
| **Consolidated Group** | | | | | |
| **Financial assets** | | | | | |
| Cash and cash equivalents | (i) | 305,741 | 305,741 | 724,088 | 724,088 |
| Trade and other receivables | (i) | 37,888 | 37,888 | 15,117 | 15,117 |
| Financial assets at fair value | (ii) | 11,908 | 11,908 | 22,364 | 22,364 |
| **Total financial assets** | | 355,537 | 355,537 | 761,569 | 761,569 |
| **Financial liabilities** | | | | | |
| Trade and other payables | (i) | 25,107 | 25,107 | 34,128 | 34,128 |
| **Total financial liabilities** | | 25,107 | 25,107 | 34,128 | 34,128 |

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.

(ii) For financial assets at fair value through profit and loss, closing quoted bid prices at the end of the reporting period used. These listed investments are included within level 1 of the hierarchy of financial assets.

## 24. PARENT COMPANY INFORMATION

| | Parent Entity | |
|---|---|---|
| | 2015 $ | 2014 $ |
| **Assets** | | |
| Current assets | 343,629 | 733,818 |
| Non-current assets | 3,934,235 | 5,317,924 |
| Total assets | 4,277,864 | 6,051,742 |
| **Liabilities** | | |
| Current liabilities | 25,107 | 34,128 |
| Total liabilities | 25,107 | 34,128 |
| **Equity** | | |
| Issued capital | 47,311,238 | 46,732,305 |
| Accumulated losses | (44,411,070) | (42,028,818) |
| **Reserves** | | |
| Share-based payments | 1,352,589 | 1,314,127 |
| Total equity | 4,252,757 | 6,017,614 |
| **Financial performance** | | |
| Loss for the year | (2,382,252) | (447,577) |
| Other comprehensive income / (loss) | - | - |
| Total comprehensive loss | (2,382,252) | (447,577) |

**Contingent liabilities**

The parent company has a $5,000 contingent liability being a credit card limit.

**Contractual commitments**

There is no contractual commitments for the parent entity during the financial year. Refer to note 17 for exploration commitments.

## 25. SUBSEQUENT EVENTS

On 13 July 2015, the Company announced it had entered into a Farm-in / Joint Venture Agreement over Exploration Licence 5309 in the centre of its 100% owned Cootanoorina project in South Australia.

On 13 July the Company issued 916,666 Ordinary Shares at $0.024 per share to satisfy:

- $20,000 part consideration for the Joint Venture Agreement over EL 5309; and
- $2,000 invoice to a media relations firm.

On 21 July 2015, the Company appointed Mr Barry Bourne as a Non -executive Director and accepted the resignation of Mathew Whyte as a Non –executive Director.

On 7 August 2015, the Company issued a rights issue Prospectus which was subsequently withdrawn on 28 August 2015 following the underwriter's termination of an underwriting agreement on 24 August 2015 due to a fall in ASX 200 Index by more than 10%.

On 13 August 2015 the Company received confirmation of registration of its Research and Development activities at its Six Mile Hill project. The Company subsequently lodged its 2015 Tax Return and is expecting a refund in the amount of $197,086.

On 28 August 2015, the Company made a share placement to a number of sophisticated investors to raise $360,000 by the issue of 21,176,472 new fully paid ordinary shares at an issue price of $0.017 per shares and 7,058,823 free attaching unlisted Options exercisable at $0.03 and expiring on 30 June 2019 (Options). Proceeds from the placement will fund the Company's drill programs in South Australia and provide for additional working capital.

Other than the above, there has been no other matter or circumstance which has arisen since 30 June 2015 that has significantly affected or may significantly affect:

a) Kingston Resources Limited's operations in future financial years; or
b) the results of those operations in future financial years; or
c) Kingston Resources Limited's state of affairs in future financial years.

# Directors' Declaration

The Directors of the Company declare that:

1. In the opinion of the Directors of the Company:

   (a) the financial statements and notes set out on page 18 to 51, and the Remuneration disclosures that are contained in page 10 to 14 of the Remuneration Report in the Directors' Report, are in accordance with the Corporations Act 2001, including:

      (i) giving true and fair view of the Group's financial position as at 30 June 2015 and of its performance, for the financial year ended on that date;

      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

      (iii) complying with International Financial Reporting Standards as disclosed in Note 1.

   (b) the remuneration disclosures that are contained in page 10 to 14 of the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures.

   (c) the directors have been given the declaration required by s295A of the Corporations Act 2001 by the persons undertaking the roles of Executive Director and Company Secretary.

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.

**JONATHAN DAVIES**
Non-Executive Chairman
Perth, Western Australia
22 September 2015

Level 1
10 Kings Park Road
West Perth WA 6005

Correspondence to:
PO Box 570
West Perth WA 6872

**T** +61 8 9480 2000
**F** +61 8 9322 7787
**E** info.wa@au.gt.com
**W** www.grantthornton.com.au

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

## Report on the financial report

We have audited the accompanying financial report of Kingston Resources Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

## Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

## Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Independence**

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

**Auditor's opinion**

In our opinion:

a the financial report of Kingston Resources Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2015 and of their performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

**Emphasis of matter**

Without qualifying our opinion, we draw attention to Note 1(p) in the financial report which indicates that the consolidated entity incurred a net loss of $2,391,602 during the year ended 30 June 2015 and cash outflows of $357,502 from operating activities. These conditions, along with other matters as set forth in Note 1(p), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

**Report on the remuneration report**

We have audited the remuneration report included in pages 10 to 14 of the directors' report for the year ended 30 June 2015. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

**Auditor's opinion on the remuneration report**

In our opinion, the remuneration report of Kingston Resources Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

P W Warr
Partner - Audit & Assurance

Perth, 22 September 2015

**CORPORATE GOVERNANCE STATEMENT**

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such Kingston Resources Limited has adopted the third edition of the Corporate Governance Principles and Recommendations which was released by the ASX Corporate Governance Council and became effective for financial years beginning on or after 1 July 2014.

The Company's Corporate Governance Statement for the financial year ending 30 June 2015 was approved by the Board on 22 September 2015. The Corporate Governance Statement can be located on the Company's website www.kingstonresources.com.au

The following additional information is provided in compliance with the requirements of ASX Limited.

## 1. SHAREHOLDER INFORMATION

### 1.1 Distribution of Ordinary Shares and Listed Options at 17 September 2015

| Distribution | No. of Shareholders (ASX code – KSN) | No. of Listed Option Holders (ASX code - KSNOA) | No. of Listed Option Holders (ASX code - KSNO) |
|---|---|---|---|
| 1-1,000 | 132 | 0 | 0 |
| 1,001-5,000 | 112 | 0 | 0 |
| 5,001-10,000 | 32 | 0 | 6 |
| 10,001-100,000 | 198 | 30 | 40 |
| 100,001 – and over | 106 | 20 | 22 |
| **Total** | **580** | **50** | **68** |

### 1.2 Holders Holding Less Than a Marketable Parcel of the Quoted Equity Securities at 17 September 2015

1. 391 shareholders held less than a marketable parcel of the Company’s fully paid ordinary shares at a price of $0.012.
2. 37 option holders held less than a marketable parcel (less than $500) of the Company’s quoted Options (KSNOA- expiring 30/6/16 and exercisable at $0.07) at a price of $0.001 per unit.
3. 24 option holders held less than a marketable parcel (less than $500) of the Company’s quoted Options (KSNO- expiring 31/12/15 and exercisable at $0.20) at a price of $0.01 per unit.

### 1.3 The Names of the 20 Largest Holders of the Quoted Equity Securities at 17 September 2015

Contributed Equity (ASX code – KSN)

| | Name | Holding | % |
|---|---|---|---|
| 1. | Omen Pty Ltd | 25,757,889 | 15.33 |
| 2. | Soaraway Development Pty Ltd | 19,151,256 | 11.40 |
| 3. | Mr Robert Raymond Roget & Mrs Marina Roget <Lilybrook S/F A/c> | 12,295,725 | 7.32 |
| 4. | Yucai Australia Pty Ltd | 10,773,250 | 6.41 |
| 5. | EERC Australasia Pty Ltd <Super Fund A/c> | 8,823,201 | 5.25 |
| 6. | Mr Mark Anthony Muzzin | 7,198,680 | 4.28 |
| 7. | Manhattan Capital Pty Ltd | 6,000,000 | 3.57 |
| 8. | Alitime Nominees Pty Ltd <Honeyham Family A/C> | 5,418,698 | 3.22 |
| 9. | Tangram Pty Ltd | 4,717,071 | 2.81 |
| 10. | Richsham Nominees Pty Ltd | 3,529,412 | 2.10 |
| 11. | Intercorp Pty Ltd | 2,392,500 | 1.42 |
| 12. | Terra Resources Pty Ltd | 2,295,420 | 1.37 |
| 13. | Focem Pty Ltd <Towarnie Superfund A/C> | 2,030,000 | 1.21 |
| 14. | Melbourne Capital Limited | 2,000,000 | 1.19 |
| 15. | Rising fast Holdings Pty Ltd <Tout Family A/C> | 1,880,000 | 1.12 |
| 16. | Netwealth Investments Limited <Super Services A/C> | 1,851,928 | 1.10 |
| 17. | Miningnut Pty Ltd | 1,800,000 | 1.07 |
| 18. | Blackwall Investments Pty Ltd | 1,674,200 | 1.00 |
| 19. | Mr Mathew Whyte + Mrs Sarah Whyte <Secret Harbour S/F A/C> | 1,500,000 | 0.89 |
| 20. | HSBC Custody Nominees Australia Limited | 1,231,503 | 0.73 |
| | | **122,320,733** | **72.79** |

### 1.4 The Names of the 20 Largest Listed Options Holders at 17 September 2015

**Contributed Equity (ASX code – KSNO)**

| | Name | Holding | % |
|---|---|---|---|
| 1. | Melbourne Capital Limited | 6,000,000 | 23.34 |
| 2. | Yucai Australia Pty Ltd | 4,000,000 | 15.56 |
| 3. | EERC Australasia Pty Ltd <Super Fund A/c> | 2,875,000 | 11.19 |
| 4. | Mr Robert Raymond Roget & Mrs Marina Roget <Lilybrook S/F A/c> | 2,875,000 | 11.19 |
| 5. | Mr Ashley Seller | 2,000,000 | 7.78 |
| 6. | Mr Garry Crole | 1,150,000 | 4.47 |
| 7. | Intercorp Pty Ltd | 1,000,000 | 3.89 |
| 8. | Unrandom Pty Ltd <Unrandom A/C> | 500,000 | 1.95 |
| 9. | Sixth Erra Pty Ltd <Staff Super Fund A/c> | 400,000 | 1.56 |
| 10. | Kram Nominees Pty Ltd | 375,000 | 1.46 |
| 11. | Kabila Investments Pty Limited | 350,000 | 1.36 |
| 12. | Ayman Muhor Investments Pty Ltd <Ayman Muhor Investment A/c> | 250,000 | 0.97 |
| 13. | EERC Australasia Pty Ltd <Super Fund A/c> | 250,000 | 0.97 |
| 14 . | Mr Michael E Hayden & Mrs Lorraine H Hayden <Hayden Super Fund A/c> | 250,000 | 0.97 |
| 15. | Omen Pty Ltd | 250,000 | 0.97 |
| 16. | Mr Anthony Rechner | 250,000 | 0.97 |
| 17. | Sixth Erra Pty ltd <The I Collie Family A/c> | 250,000 | 0.97 |
| 18. | Tangram Pty Ltd | 250,000 | 0.97 |
| 19. | Mr John Hermann & Mrs Pamela Herrmann <J & P Herrman Super Fund A/c> | 225,000 | 0.88 |
| 20. | DMH Enterprises Pty Ltd <DMH Superannuation Fund A/c> | 150,000 | 0.58 |
| | | **23,650,000** | **92.01** |

### 1.5 The Names of the 20 Largest Listed Options Holders at 17 September 2015

**Contributed Equity (ASX code – KSNOA)**

| | Name | Holding | % |
|---|---|---|---|
| 1. | Mr Nicolas Terranova | 5,000,000 | 17.47 |
| 2. | Omen Pty Ltd | 3,293,567 | 11.51 |
| 3. | Mr David Neesham+ Mrs Pamela Neesham <DC&PC Neesham Super A/C> | 2,500,000 | 8.73 |
| 4. | Soaraway Development Pty Ltd | 2,400,900 | 8.39 |
| 5. | Mr Jonathan Adam Davies <Davies Super Fund A/C> | 2,000,000 | 6.99 |
| 6. | Mr Mathew Josph Whyte+ Mrs sarah Louise Whyte <M&S Whyte Family A/C> | 2,000,000 | 6.99 |
| 7. | Ellaz Pty Ltd <The Ripper Family A/C> | 1,208,865 | 4.22 |
| 8. | Mr Giancarlo Spiteri | 1,100,000 | 3.84 |
| 9. | Cai Shi Pty Ltd | 1,000,000 | 3.49 |
| 10. | Pulpart Pty Ltd | 1,000,000 | 3.49 |
| 11. | Overland Corner West Pty Ltd <Devaux Family A/C> | 820,000 | 2.86 |
| 12. | Mr Rohan Charles Edmondson + Mrs Fionnuala Catherine Edmondson <RF Edmondson Superfund A/C> | 800,000 | 2.79 |
| 13. | Tangram Pty Ltd | 603,155 | 2.11 |

| | | | |
|---|---|---|---|
| 14 . | Jaguar Investments Pty Ltd | 400,000 | 1.40 |
| 15. | Mr Raymond Ernest Stevenson | 350,384 | 1.22 |
| 16. | Mr Ariel Edward King | 300,000 | 1.05 |
| 17. | Lozin Must Investments Pty Ltd | 300,000 | 1.05 |
| 18. | EERC Australasia Pty Ltd <Super Fund A/c> | 276,751 | 0.97 |
| 19. | Richsham Nominees Pty Ltd | 200,000 | 0.70 |
| 20. | Solequest Pty Ltd | 200,000 | 0.70 |
| | | **25,753,622** | **89.97** |

**1.6 Substantial Shareholders at 17 September 2015**

The names of the substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

Omen Pty Ltd – 40,098,161 fully paid ordinary shares

Yucai Australia Pty Ltd – 22,865,675 fully paid ordinary shares

Manhattan Pty Ltd – 16,721,049 fully paid ordinary shares

**1.7 Number of Holders of Each Class of Securities at 17 September 2015**

As at 17 September 2015, the Company had 168,037,883 fully paid ordinary shares held by 580 individual shareholders holders and:
- 25,702,500 listed options (ASX code – KSNO) held by 68 individual option holders.
- 28,624,769 listed options (ASX code – KSNOA) held by 50 individual option holders.
- 7,058,823 unlisted options (ASX code – KSNAA) held by 4 individual option holders.

**1.7 Voting Rights**

The company's share capital is of one class with the following voting rights:

**Ordinary shares**

a) each shareholder entitled to vote, may vote in person or by proxy, attorney or representative;

b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held, or in respect of which he / she is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

**2. COMPANY SECRETARY**

Mathew Whyte BCom CPA FGIA

**3. REGISTERED OFFICE**

The address of Kingston Resources Limited's registered office and principal administrative office is 25-27 Jewell Parade, North Fremantle WA 6159, Australia. The Company's telephone number is ( +61 8 ) 9336 6619.

**4. SHARE REGISTRY**

The address of Kingston Resources Limited's share registry, Computershare Investor Services Pty Ltd is Level 11, 172 St. Georges Terrace, Perth WA 6000, Australia. Computershare Investor Services Pty Ltd's telephone number 1300 787 272.

## 5. STOCK EXCHANGE LISTING

The Company's shares and options are listed on the Australian Securities Exchange Limited. The home exchange is the Australian Securities Exchange (Perth).

## 6. UNQUOTED AND RESTRICTED SECURITIES

The Company has 7,058,823 unlisted Options exercisable at $0.03 and expiring on 30 June 2019 unquoted and no restricted securities as at 17 September 2015.

## 7. A REVIEW OF OPERATIONS AND ACTIVITIES

A review of operations and activities for the reporting period is located in the Directors' Report.

## 8. ON MARKET BUY BACK

The Company does not currently have an on market buy back in operation.

## 9. TENEMENT SCHEDULE

| Tenement | State | Project | Km2 | 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 | 161 | 100% |
| EL 5011 | SA | Myall Creek | 381 | 50% |
| EL 5010 | SA | Spencer | 321 | 25% |
| EL 4915 | SA | Mt Eba | 237 | 100% |
| EL 5671 | SA | Hiltaba | 427 | 100% |
| EL 4933 | VIC | Orbost | 341 | Earning in |

## 10. USE OF FUNDS SINCE RE-INSTATEMENT TO OFFICIAL QUOTATION

The Company was reinstated to Official Quotation on ASX on 16 April 2013 following its compliance with ASX Listing Rule 11.1.3. In accordance with ASX Listing Rule 4.10.19 the Company now confirms it has used the cash and assets in a form readily convertible to cash that it had at the time of reinstatement in a way consistent with its business objectives.