

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

Kingston Resources Limited

ABN / ARBN:

44 009 148 529

Financial year ended:

30 June 2015

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

☐ These pages of our annual report:

☒ This URL on our website:

<http://www.kingstonresources.com.au/governance/>

The Corporate Governance Statement is accurate and up to date as at 22 September 2015 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 22 September 2015



Name of Director or Secretary authorising  
lodgement:

Mathew Whyte – Company Secretary

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location] ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	<p>... our board skills matrix:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location] ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location] ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location]	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location]	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

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PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>



Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

## 2015 Corporate Governance Statement

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### Kingston Resources Limited

Kingston's Board of Directors (**Board**) is responsible for the overall corporate governance of the Company, and it recognises the need for the highest standards of ethical behaviour and accountability. It is committed to administering its corporate governance structures to promote integrity and responsible decision making. Accordingly, the Company has, where appropriate, sought to adopt the 'Corporate Governance Principles and Recommendations' (Third Edition) (**ASX Recommendations**) published by the ASX Corporate Governance Council.

The corporate governance principles and practices adopted by the Company may depart from those generally applicable to ASX-listed companies under ASX Recommendations where the Board considers compliance is not appropriate having regard to the nature and size of the Company's business.

The Company sets out below its "if not why not" report in relation to those matters of corporate governance where the Company's practice departs from the ASX Recommendations to the extent that they are currently applicable to the Company. This statement is current as at 22 September 2015 and has been approved by the Board.

The Company's Corporate Governance Policy which sets out its main governance policies is available on the Company's website: [www.kingstonresources.com.au](http://www.kingstonresources.com.au)

### ASX Corporate Governance Principles and Recommendations

**1. Principle 1: Lay a solid foundation for management and oversight – companies should establish and disclose the respective roles and responsibilities of board and management and how their performance is monitored and evaluated**

**1.1 Recommendation 1.1**

A listed entity should disclose:

- (a) the respective roles and responsibilities of its board and management; and
- (b) those matters expressly reserved to the board and those delegated to management.

***Compliance with ASX Recommendation: followed***

The Company has adopted a Board Charter.

Under the Board Charter, the Board is responsible for the overall operation and stewardship of the Company and its subsidiaries and, in particular, is responsible for:

- (a) establishing the Company's corporate level and business level goals and monitoring and implementing strategies to achieve these goals;
- (b) setting the strategic direction and financial objectives of the Company and ensuring appropriate resources are available;
- (c) monitoring and implementation of those policies and strategies and the achievement of those financial objectives;

- (d) reviewing the performance of all Board members and overseeing succession plans for the senior executive team;
- (e) ensuring that the Company has appropriate corporate governance structures in place including standards of ethical behaviour and a culture of corporate and social responsibility;
- (f) ensuring that effective audit, risk and controls are in place to protect the Company's assets;
- (g) monitor the risk management process and strategies;
- (h) to set specific limits of authority for the executive management to commit to new expenditure and enter into new contracts without prior Board approval;
- (i) ensuring that the Board is and remains appropriately skilled to meet the changing needs of the Company;
- (j) monitoring compliance with regulatory requirements (including continuous disclosure);
- (k) review the Board succession plans;
- (l) monitoring ASX and regulatory disclosure requirements;
- (m) monitoring the integrity of reporting including ensuring the preparation of accurate financial reports and statements;
- (n) ensuring effective and timely reporting to various stakeholders; and
- (o) ensuring that the shareholders are informed of all major developments affecting the Company's state of affairs.

A copy of the Board Charter outlining the respective roles and responsibilities of the Board and Management is available at [www.kingstonresources.com.au](http://www.kingstonresources.com.au).

## 1.2 Recommendation 1.2

A listed entity should:

- (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and
- (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.

### ***Compliance with ASX Recommendation: followed***

On 23 February 2015 Mr Stuart Rechner was appointed as Executive Director. On 21 July 2015 Mr Barry Bourne was appointed as Non-executive Director. Mr Rechner and Mr Bourne will be seeking election by shareholders at the 2015 Annual General Meeting. Appropriate background checks were carried out prior to both appointments and all material information relevant to their election will be contained in the Notice of Meeting.

In respect of any future Directors, the Company will continue to conduct specific and appropriate checks of candidates prior to their appointment or nomination for election by shareholders. The Company does not propose to conduct specific checks prior to nominating an existing Director for re-election by shareholders at a general meeting on the basis that this is not considered necessary in the Company's circumstances.

As a matter of practice, the Company includes in its notices of meeting a brief biography of each Director who stands for election or re-election. The biography sets out the relevant qualifications and

professional experience of the nominated Director for consideration by shareholders.

### 1.3 **Recommendation 1.3**

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

**Compliance with ASX Recommendation: followed**

The appointment of Non-executive directors is formalised in accordance with the requirements of the Corporations Act 2001, ASX Listing Rules and the Company's Constitution.

On appointment to the Board, all Non-executive Directors enter into written service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms of appointment, including compensation relevant to the office of Director. The Company's Executive Director is engaged pursuant to a consultancy agreement which is summarised in the Remuneration Report within the Annual Report.

### 1.4 **Recommendation 1.4**

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

**Compliance with ASX Recommendation: followed**

The Company Secretary reports directly, and is accountable, to the Board through the Chairman in relation to all matters to do with the proper functioning of the Board. All Directors have unfettered access to the Company Secretary.

The Company Secretary advises and supports the Board members on general governance matters, implements adopted governance procedures, and coordinates circulation of meeting agendas and papers when Board meetings are convened by Directors.

The decision to appoint or remove the Company Secretary is made and approved by the Board.

## 1.5 Recommendation 1.5

A listed entity should:

- (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
- (b) disclose that policy or a summary of it; and
- (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:
- (d) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or
- (e) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

### ***Compliance with ASX Recommendation: partially followed***

The Company has adopted a diversity policy a copy of which can be found on the Company's website: [www.kingstonresources.com.au](http://www.kingstonresources.com.au).

Appointments are made on ability and availability, not necessarily on gender. However, the policy has enabled the Company to engage one woman on staff which comprises approximately 15% of all of the staff, including Directors.

The Company has not fully complied with recommendation 1.5 in setting measurable objectives for achieving gender diversity. The Board continues to monitor diversity across the organisation and is satisfied with the current level of gender diversity within the Company as disclosed above. Due to the small size of the Company, its level of activity and its small number of employees, the Board does not consider it appropriate at this time to formally set measurable objectives for gender diversity.

## 1.6 Recommendation 1.6

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

### ***Compliance with ASX Recommendation: not followed***

The Company does not have in place a formal process for evaluation of the Board, its committees and individual Directors.

The small size of the Board and the nature of the Company's activities make the establishment of a formal performance evaluation strategy unnecessary. Performance evaluation is a discretionary matter for consideration by the entire Board and in the normal course of events the Board will review performance of the management, Directors and the Board as a whole.

**1.7 Recommendation 1.7**

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of its senior executives; and
- (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

***Compliance with ASX Recommendation: not followed***

The Company does not have in place a formal process for evaluation of its key executives.

The Company's comparatively small size and the nature of its activities make the establishment of a formal performance evaluation strategy unnecessary. As with evaluation of Directors, performance evaluation for key executives is a discretionary matter for consideration by the entire Board and in the normal course of events the Board will review performance of the executives and management as a whole.



**2. Principle 2: Structure the Board to add value – a listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively**

**2.1 Recommendation 2.1**

The board of a listed entity should:

- (a) have a nomination committee which:
  - (i) has at least three members, a majority of whom are independent directors; and
  - (ii) is chaired by an independent director,
 and disclose:
  - (iii) the charter of the committee;
  - (iv) the members of the committee; and
  - (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

**Compliance with ASX Recommendation: 2.1(a) not followed, 2.1(b) followed**

The Company does not have a nomination committee.

The full Board, which comprises three Non-Executive Directors and one Executive Director, considers the matters and issues that would otherwise be addressed by a nomination committee. The Board considers that, given the current size and scope of the Company's operations, efficiencies or other benefits would not be gained by establishing a separate nomination committee.

When a new Director appointment is to be made the remaining Board members will seek a candidate that has relevant industry experience, time available to devote to the position of Director and appropriate skills and expertise that will increase or enhance board diversity and effectiveness. Following such an appointment that Director will stand for re-election by Shareholders at the next AGM. The only publicly available policy for the nomination and appointment of Directors is this corporate governance statement.

The Board intends to reconsider the requirement for, and benefits of, a separate nomination committee as the Company's operations grow and evolve.

## 2.2 Recommendation 2.2

A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

### ***Compliance with ASX Recommendation: not followed***

The Company does not currently have a skills or diversity matrix in relation the Board members. The Board considers that such a matrix is not necessary given the current size and scope of the Company's operations. The Board may adopt such a matrix at a later time as the Company's operations grow and evolve.

## 2.3 Recommendation 2.3

A listed entity should disclose:

- (a) the names of the directors considered by the board to be independent directors;
- (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
- (c) the length of service of each director.

### ***Compliance with ASX Recommendation: followed***

The Company has one Directors who satisfy the criteria for independence as outlined in ASX Recommendation 2.3, being Mr Jonathan Davies.

The Board currently comprises the following members:

- (a) Mr Jonathan Davies - Non-executive Chairman

Mr Davies has held this office since 7 December 2012.

The Board (excluding Mr Davies) considers Mr Davies to be independent as he holds a small number of shares and is not involved in the day- to- day management of the Company.

- (b) Mr Stuart Rechner – Executive Director

Mr Rechner has held this office since 23 February 2015.

The Board (excluding Mr Rechner) does not consider Mr Rechner to be independent as he is an executive of the Company and due to his declared relevant interest in shares held by a substantial shareholder Omen Pty Ltd and its associates, which are controlled by his father Mr Anthony Rechner.

- (c) Mr Barry Bourne - Non-executive Director

Mr Bourne was appointed as a Director on 21 July 2015.

The Board (excluding Mr Bourne) does not consider Mr Bourne to be independent as Mr Bourne provides consulting services of technical nature relating to the Company's exploration activities and is therefore due to the small size of the Company's management team is involved in the day-to-day management of the Company..

- (d) Mr Yafeng Cai - Non-executive Director

Mr Cai was appointed as a Director on 7 December 2012.

The Board (excluding Mr Cai) does not consider Mr Cai to be independent as he is a nominee of Yucai Australia Pty Ltd which, together with its associates, are a substantial shareholder of the Company.

## 2.4 Recommendation 2.4

A majority of the board of a listed entity should be independent directors.

### ***Compliance with ASX Recommendation: not followed***

The Board does not comprise a majority of "independent directors" at present.

There is currently one Director who satisfies the criteria for independence for the purposes of ASX Recommendation 2.3, being the Chairman Mr Jonathan Davies. (see paragraph 2.3(a) above).

However, given the size and scope of the Company's operations, the Board considers that it has the relevant experience in the exploration and mining industry and is appropriately structured to discharge its duties in a manner that is in the best interests of the Company and its shareholders from both a long-term strategic and operational perspective.

The Board Charter provides that where practical the Company will endeavour to ensure that it has a majority of independent directors at all times. Accordingly, the Board will consider the appointment of independent Non-executive Directors as suitably qualified candidates are identified and as the size and scale of the Company's operations determine.

## 2.5 Recommendation 2.5

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

### ***Compliance with ASX Recommendation: followed***

The Chairman of the Company, Mr Jonathan Davies, is an independent Director (see paragraph 2.3(a) above) and the roles of Chairman and Executive Director are exercised by different persons.

## 2.6 Recommendation 2.6

A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

### ***Compliance with ASX Recommendation: not followed***

The Company does not currently have a formal induction program for new Directors nor does it have a formal professional development program for existing Directors. The Board does not consider that a formal induction program is necessary given the current size and scope of the Company's operations.

All Directors were generally experienced in exploration and mining company operations, albeit in different aspects (e.g. operations, finance, legal and corporate governance etc), and had listed company experience. Some of the current Directors are also involved, or been involved, in other listed companies. The Board seeks to ensure that all of its members understand the Company's operations, including where practical site visits. Directors also attend, on behalf of the Company and otherwise, technical and commercial seminars and industry conferences which enable them to maintain their understanding of industry matters and technical advancements.

Noting the above, the Board considers that a formal induction program is not necessary given the current size and scope of the Company's operations, though the Board may adopt such a program in the future as the Company's operations grow and evolve.

## 3. Principle 3: Act ethically and responsibly – a listed entity should act ethically and responsibly

### 3.1 Recommendation 3.1

A listed entity should:

- (a) have a code of conduct for its directors, senior executives and employees; and
- (b) disclose that code or a summary of it.

### ***Compliance with ASX Recommendation: followed***

The Board believes that the success of the Company has been and will continue to be enhanced by a strong ethical culture within the organisation.

Accordingly, the Company has established a Corporate Code of Conduct (**Code**) which aims to develop a consistent understanding of, and approach to, the desired standards of conduct and behaviour with which the Directors, officers, managers, employees and consultants of the Company are expected to comply.

The Code sets out the Company's policies on various matters, including the following:

- (a) conflicts of interest – in accordance with the Corporations Act and the Constitution, each Director is required to keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company, and where the Board believes a significant conflict exists, the Director concerned will not be present at the Board meeting whilst the matter is being considered;

- (b) fair trading and dealing;
- (c) health, safety and environment;
- (d) employment practices; and
- (e) bribes and facilitation payments.

The Code also outlines the procedure for reporting any breaches of the Code.

In addition to their obligations under the Corporations Act in relation to inside information, all Directors, employees and consultants have a duty of confidentiality to the Company in relation to confidential information they possess.

In fulfilling their duties, each Director dealing with corporate governance matters may obtain independent professional advice at the Company's expense, subject to prior approval of the Chairman, whose approval will not be unreasonably withheld.

A copy of the Code is available at the Company's website: [www.kingstonresources.com.au](http://www.kingstonresources.com.au).

#### 4. Principle 4: Safeguard integrity in corporate reporting.

##### 4.1 Recommendation 4.1

The board of a listed entity should:

- (a) have an audit committee which:
  - (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
  - (ii) is chaired by an independent director, who is not the chair of the board, and disclose:
    - (iii) the charter of the committee;
    - (iv) the relevant qualifications and experience of the members of the committee; and
    - (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

#### **Compliance with ASX Recommendation: 4.1(a) not followed, 4.1(b) followed**

The Company does not have an audit committee.

The role of the audit committee is undertaken by the full Board, which comprises three Non-executive Directors and one Executive Director.

The Board has charged the Company Secretary with preparing the annual and half yearly reports.

These reports are subsequently audited by the Company's auditors, Grant Thornton Audit Pty Ltd. The Company Secretary also compiles the information and prepares the Company's quarterly financial reports.

All Company reports are reviewed by the Board before they are finalised and the Directors are given the opportunity to question and consider the veracity of the information in the reports. The Board is given the opportunity to meet with the Company auditor separately and prior to the final sign-off of the half yearly and final annual accounts.

The Company Secretary and the Executive Director are required to periodically state in writing to the Board that the Company's financial report presents a true and fair view of the Company's financial position and that results are reported in accordance with relevant accounting standards.

The Board considers that, given the current size and scope of the Company's operations and that only one Director holds an executive position in the Company, efficiencies or other benefits would not be gained by establishing a separate audit committee at present.

As the Company's operations grow and evolve, the Board will reconsider the appropriateness of forming a separate audit committee.

*External auditor*

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. It is the auditor's policy to rotate engagement partners on listed companies at least every five years.

#### 4.2 **Recommendation 4.2**

The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

***Compliance with ASX Recommendation: followed***

As a matter of practise, the Company obtains declarations from its Executive Director and Company Secretary before its financial statements are approved substantially in the form referred to in ASX Recommendation 4.2.

#### 4.3 **Recommendation 4.3**

A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

***Compliance with ASX Recommendation: followed***

In accordance with the Company's Communications Policy, the auditor's lead engagement partner (or his delegate) will be present at the Annual General Meeting to answer questions from shareholders about the conduct of the audit and the preparation and content of the auditor's

report.

The senior representative of the Auditors attended the Company's 2014 Annual General Meeting. There were no questions from shareholders about the conduct of the audit and the preparation and content of the auditor's report for year ended 30 June 2014.

**5. Principle 5: Make timely and balanced disclosure – a listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities**

**5.1 Recommendation 5.1**

A listed entity should:

- (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and
- (b) disclose that policy or a summary of it.

***Compliance with ASX Recommendation: followed***

The Company is a “disclosing entity” pursuant to section 111AR of the Corporations Act and, as such, complies with the continuous disclosure requirements of Chapter 3 of the ASX Listing Rules and section 674 of the Corporations Act. Subject to the exceptions contained in the ASX Listing Rules, the Company is required to disclose to ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company is committed to observing its disclosure obligations under the Corporations Act and its obligations under the ASX Listing Rules. All relevant information provided to ASX will be posted on the Company’s website.

The Company has adopted a Continuous Disclosure Policy, the purpose of which is to:

- (a) ensure that the Company, as a minimum, complies with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules and, as much as possible, seeks to achieve and exceed best practice;
- (b) provide shareholders and the market with timely, direct and equal access to information issued by the Company; and
- (c) promote investor confidence in the integrity of the Company and its securities.

In the Company’s current stage of development, matters of crucial importance arise regularly. The Executive Director will discuss significant issues with Board members who jointly will make a decision on the timely release of factual and balanced information concerning the Company’s activities.

Presentations that are made to analysts or investors are posted on the Company’s website. If the presentations contain information that has not previously been announced to ASX that could have a material effect on the share price, the presentation is released to the ASX before the presentation is delivered.

A copy of the Continuous Disclosure Policy is available at the Company’s website: [www.kingstonresources.com.au](http://www.kingstonresources.com.au)



**6. Principle 6: Respect the rights of security holders – A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively**

**6.1 Recommendation 6.1**

A listed entity should provide information about itself and its governance to investors via its website.

***Compliance with ASX Recommendation: followed***

Information on the Company's corporate governance, including copies of its various corporate governance policies and charters, is available at [www.kingstonresources.com.au](http://www.kingstonresources.com.au).

Information is conveyed to shareholders via the annual report, quarterly reports and other announcements which are delivered to the Australian Securities Exchange and posted on the Company's website.

**6.2 Recommendation 6.2**

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

***Compliance with ASX Recommendation: followed***

The Company has adopted a Communications Policy, the purpose of which is to facilitate the effective exercise of shareholders' rights by communicating effectively with shareholders, giving shareholders ready access to balanced and understandable information about the Company and its corporate strategies and making it easy for shareholders to participate in general meetings of the Company.

A copy of the Company's Communications Policy is available at [www.kingstonresources.com.au](http://www.kingstonresources.com.au).

**6.3 Recommendation 6.3**

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

***Compliance with ASX Recommendation: followed***

In accordance with the Communications Policy, the Company supports shareholder participation in general meetings and seeks to provide appropriate mechanisms for such participation. As a matter of practise, in its notices of meeting, the Company encourages those shareholders who cannot attend general meetings in person to appoint proxies on their behalf.

The Company's Shareholder Communications Policy sets out the Company's procedures in relation to shareholder participation.

Mechanisms for encouraging and facilitating shareholder participation will be reviewed regularly to encourage the highest level of shareholder participation.

#### 6.4 Recommendation 6.4

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

***Compliance with ASX Recommendation: followed***

The Company considers that communicating with shareholders by electronic means is an efficient way to distribute information in a timely and convenient manner.

In accordance with the Shareholder Communication Policy, the Company has, as a matter of practise, provided new shareholders with the option to receive communications from the Company electronically and the Company encourages them to do so. Existing shareholders are also encouraged to request communications electronically.

The Company provides a hard copy of the annual report to only those shareholders who have specifically elected to receive a printed hard copy.

**7. Principle 7: Recognise and manage risk – a listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework**

**7.1 Recommendation 7.1**

The board of a listed entity should:

- (a) have a committee or committees to oversee risk each of which:
  - (i) has at least three members, a majority of whom are independent directors; and
  - (ii) is chaired by an independent director,
 and disclose,
  - (iii) the charter of the committee;
  - (iv) the members of the committee; and
  - (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

**Compliance with ASX Recommendation: 7.1(a) not followed, 7.1(b) followed**

The Company does not have a separate risk management committee.

The role of the risk management committee is undertaken by the full Board, which comprises three Non-executive Directors and one Executive Director.

The Board considers that, given the current size and scope of the Company's operations and that only one Director holds an executive position in the Company, efficiencies or other benefits would not be gained by establishing a separate risk management committee at present.

As the Company's operations grow and evolve, the Board will reconsider the appropriateness of forming a separate risk management committee.

Section 7 of the Company's Corporate Governance plan sets out the Company's risk management review and internal compliance and control procedures. The greatest risk, of course, is the low probability of success for minerals exploration.

The Board's considers that its collective experience will enable accurate identification of the principal risks that affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

The Board will review assessments of the effectiveness of risk management and internal compliance and control on an annual basis.

## 7.2 Recommendation 7.2

The board or a committee of the board should:

- (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
- (b) disclose, in relation to each reporting period, whether such a review has taken place.

### ***Compliance with ASX Recommendation: not followed***

As the Board has responsibility for the monitoring of risk management it has not required a formal report regarding the material risks and whether those risks are managed effectively. The Board believes that the Consolidated Group is currently effectively communicating its significant and material risks to the Board and its affairs are not of sufficiently complexity to justify the implementation of a more formal system for identifying, assessing, monitoring and managing risk in the Company. As at the date of this statement, the company has not disclosed the fact that these reviews have been undertaken, but the Company intends to do so on an annual basis going forward.

## 7.3 Recommendation 7.3

A listed entity should disclose:

- (a) if it has an internal audit function, how the function is structured and what role it performs; or
- (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

### ***Compliance with ASX Recommendation: 7.3(a) not followed, 7.3(b) followed***

The Company does not currently have an internal audit function. This function is undertaken by the full Board.

The Company has adopted internal controls procedures including:

- a) identification of key risks;
- b) managing activities within budgets and operational plans;
- c) approval of all invoices by the Executive Director or in his absence the Chairman before payment.
- d) regular visits to the Company's exploration project areas to review the geological practices including the environmental and safety aspects of the Company's operations.
- e) Continuous internal monitoring of the Company's tenement portfolio to ensure renewal of its tenement assets.
- f) Appraisal procedures and due diligence requirements, both geological and legal, for potential

acquisitions, divestments and or joint ventures.

- g) Reliance on auditor reviews and senior management declarations.

The Board considers that an internal audit function is not currently necessary given the current size and scope of the Company's operations and that only one Director holds an executive position in the Company.

As the Company's operations grow and evolve, the Board will reconsider the appropriateness of adopting an internal audit function.

#### 7.4 Recommendation 7.4

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

#### ***Compliance with ASX Recommendation: followed***

The Company's primary operation of mineral exploration and development is speculative in nature and has inherent risks. It is subject to various economic, environmental and social sustainability risks, which may materially impact the Company's ability to operate and to generate value for shareholders. These include:

- (a) **Exploration:** The success of the Company depends on the delineation of economically mineable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities. The actual costs of exploration may materially differ from those estimated by the Company.
- (b) **Title risks:** All exploration leases held either by the Company or through its subsidiaries. The Company has in place internal tenement management and monitoring to ensure continuity of its tenement assets.
- (c) **Future capital requirements:** The Company will need to raise funding for exploration activities and working capital from time to time. However, there is no guarantee that appropriate or adequate funding will be available.
- (d) **Commodity price fluctuations:** The Company's future revenue will depend upon demand and commodity prices and in particular for copper and gold.
- (e) **Exchange rate fluctuations:** International prices of most commodities are denominated in United States dollars, whereas the income and expenditure of the Company, whilst operating on Australian projects, will be in Australian currency. This will expose the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar, subject to any currency hedging the Company may undertake. The exchange rate is affected by numerous factors beyond the control of the Company, including international markets, interest rates, inflation and the general economic outlook.
- (f) **Environmental risks:** The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's proposed activities are expected to have an

impact on the environment, particularly if advanced exploration or mine development proceeds. Such impact can give rise to substantial costs for environmental rehabilitation, damage, control and losses.

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

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

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

- (g) **Securities market conditions:** As with all securities markets, the price of the Company's shares and other securities is subject to fluctuations in the market.

## 8. **Principle 8: Remunerate fairly and responsibly – companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear**

### 8.1 **Recommendation 8.1**

The board of a listed entity should:

- (a) have a remuneration committee which:
  - (i) has at least three members, a majority of whom are independent directors; and
  - (ii) is chaired by an independent director,
 and disclose:
  - (iii) the charter of the committee;
  - (iv) the members of the committee; and
  - (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

#### ***Compliance with ASX Recommendation: 8.1(a) not followed, 8.1(b) followed***

The Company has not established a separate remuneration committee and does not have a formal remuneration policy in place.

The role of the remuneration committee is undertaken by the full Board. The Board considers that, given its current size and that only one Director holds an executive position in the Company, efficiencies or other benefits would not be gained by establishing a separate remuneration committee.

The Company sets out the remuneration paid or provided to Directors and key management personnel annually in the remuneration report contained within the Company's annual report to shareholders.

The maximum aggregate remuneration payable to Non-Executive Directors is \$150,000 was approved by the shareholders at the 2014 Annual General Meeting in accordance with the Company's Constitution. The Company's Non-executive Directors have been paid well below this threshold to preserve the Company's cash reserves.

As the Company's operations grow and evolve, the Board will reconsider the appropriateness of forming a separate remuneration committee.

## 8.2 Recommendation 8.2

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

### ***Compliance with ASX Recommendation: followed***

The Company's policies and practices regarding the remuneration of Executive and Non-Executive Directors and other senior executives is set out in the Remuneration Report contained in the Company's Annual Report for each financial year.

## 8.3 Recommendation 8.3

A listed entity which has an equity-based remuneration scheme should:

- (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- (b) disclose that policy or a summary of it.

### ***Compliance with ASX Recommendation: not applicable***

The Company does not have an equity-based remuneration scheme.