



KINGSTON RESOURCES LIMITED

ABN 44 009 148 529

Half Yearly Financial Statements

31 December 2015

Contents

	Page No.
➤ Corporate Directory	2
➤ Directors' Report	3
➤ Directors' Declaration	10
➤ Consolidated Statement of Financial Position	11
➤ Consolidated Statement of Profit or Loss and Other Comprehensive Income	12
➤ Consolidated Statement of Cash Flows	13
➤ Consolidated Statement of Changes in Equity	14
➤ Notes to the Financial Statements	15

Corporate Directory

DIRECTORS

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

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

Yafeng Cai CPA
Non-executive Director

COMPANY SECRETARY

Mathew Whyte BCom CPA, FCSA
Company Secretary

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

25-27 Jewell Parade
North Fremantle WA 6159
AUSTRALIA

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Email info@kingstonresources.com.au
Website www.kingstonresources.com.au

AUDITORS

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

SHARE REGISTRY

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

BANKERS

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

SOLICITORS

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

STOCK EXCHANGE

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

ASX CODE

KSN – fully paid ordinary shares
KSNOA – Quoted options exercisable at \$0.07 expiring 30 June 16
KSNA – Unquoted options exercisable at \$0.03 expiring 30 June 19

Directors' Report

Your Directors submit their report for the half year ended 31 December 2015.

DIRECTORS

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

- Jonathan Davies
- Stuart Rechner
- Yafeng Cai
- Mathew Whyte – resigned 21 July 2015
- Barry Bourne – appointed 21 July 2015, retired 20 November 2015

PRINCIPAL ACTIVITIES

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

REVIEW OF OPERATING RESULTS AND OPERATIONS

Operating Results

The net loss after income tax for the half year was \$57,868 (2014: net loss \$172,693).

Review of Operations

The Company holds interests in 12 exploration licences on the Gawler Craton in South Australia. This region hosts several major mineral projects (including the world class Olympic Dam mine). The principle aim of the Company's exploration programs is the discovery of an economic copper deposit.

Tenement	State	Project	Km ²	Ownership
EL 5625	SA	Cootanoorina	508	100%
EL 5487	SA	Cootanoorina East	311	100%
EL 5599	SA	Cootanoorina North	24	100%
EL 4915	SA	Mt Eba	237	100%
EL 5626	SA	Six Mile Hill	296	100%
EL 5498	SA	Six Mile Hill East	540	100%
EL 5591	SA	Six Mile North	131	100%
EL 5379	SA	Sunset Hill	160	100%
EL 5011	SA	Myall Creek	381	50%
EL 5010	SA	Spencer	321	25%
EL 5671	SA	Hiltaba	427	100%
EL 5309	SA	Barney Bore	36	Farm in signed 12/7/15
EL 4933	VIC	Orbost	341	Farm-In signed 27/1/15

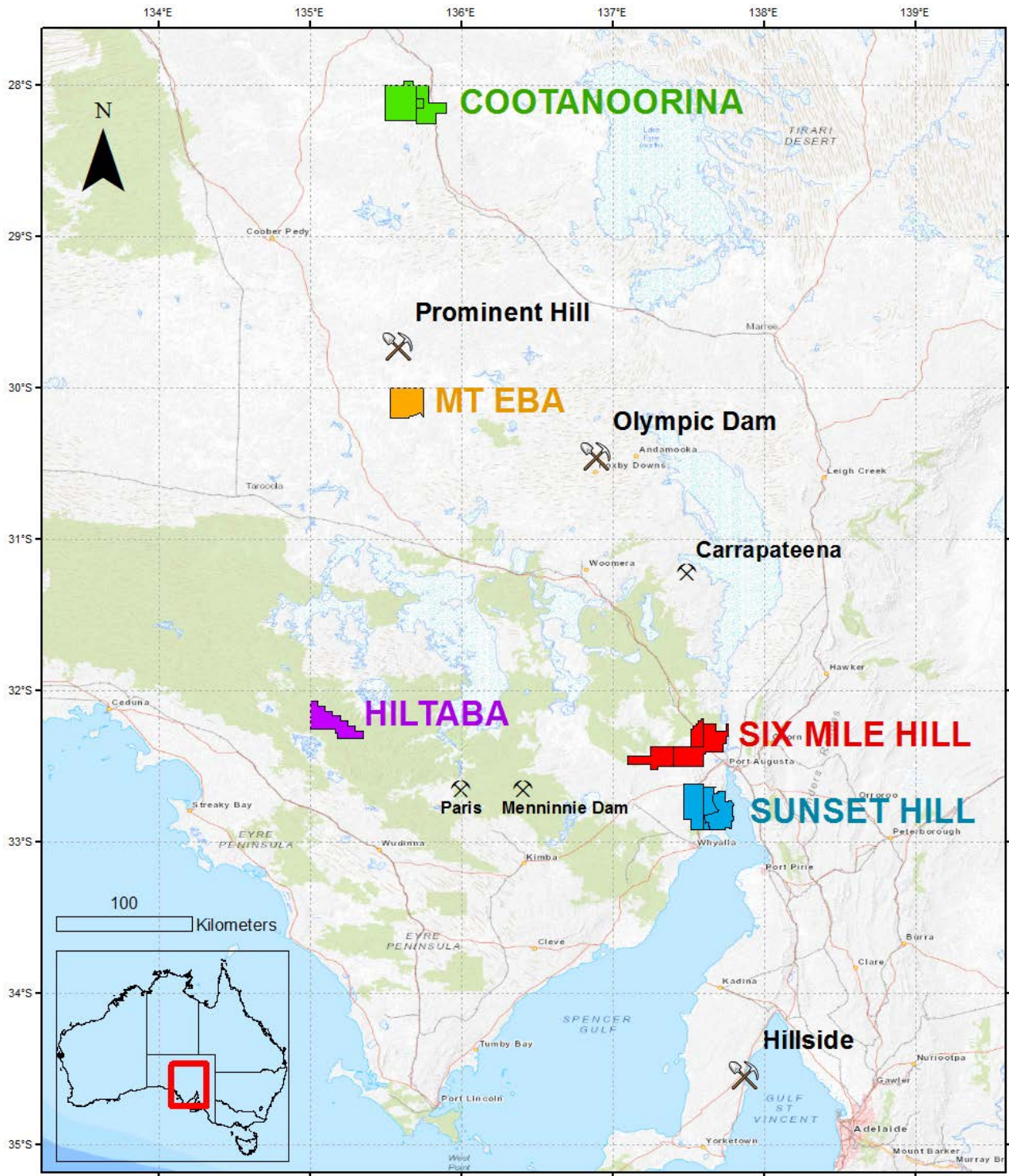


Figure 1: Kingston's projects and significant mines and deposits of the Gawler Craton, South Australia

Six Mile Hill Copper-Gold Project: Drilling Completed

In late October 2015, drilling was completed at Kingston's Six Mile Hill project with four holes drilled for a total of 2787.8m. All holes reached target depth and successfully explained our targeted geophysical anomalies as dense and magnetic mafic units. Detailed petrophysical measurements of the drill core confirm rocks of high density and magnetic susceptibility. None of the holes reached the base of the Gawler Range Volcanics.

Kingston undertook selective geochemical sampling of prospective intervals based on geological logging of the drill core. Assays did not return any significant results. Kingston and collaborative partners will now undertake detailed analysis of pathfinder trace elements in order to utilise geochemical vectoring methods targeting Iron Oxide Copper Gold (IOCG) style alteration.

Following the completion of drilling, a Curtin University / Deep Exploration Technologies Cooperative Research Centre seismic crew deployed to Six Mile Hill to conduct both surface and down-hole (Vertical Seismic Profile) surveys. The object of the surveys is to establish the depth to the base of the Gawler Range Volcanics.

After exposure to the cutting edge technologies and innovative science of the Mineral Systems Drilling Program, Kingston is well placed to advance exploration on the Gawler Craton. Large areas of the Six Mile Hill project remain highly prospective and unexplored, particularly in the northeast of the tenement area. Following detailed analysis of results to date, the focus of exploration will shift to this area.

Government co-funded drilling at Cootanoorina Copper-Gold Project

In April 2015, Kingston was awarded PACE Discovery Drilling co-funding from the Government of South Australia to test a geophysical target at Cootanoorina.

Kingston has identified a NNW trending gravity feature with a coincident magnetic anomaly lying to the west of the Peake and Denison Inlier, beneath younger sedimentary cover (Figure 1). Numerous historic mines and mineral occurrences appear within the outcropping basement rocks to the east of the project area with mineralisation related to NNW trending structures.

Planning is underway to drill test our best geophysical target, CT1.

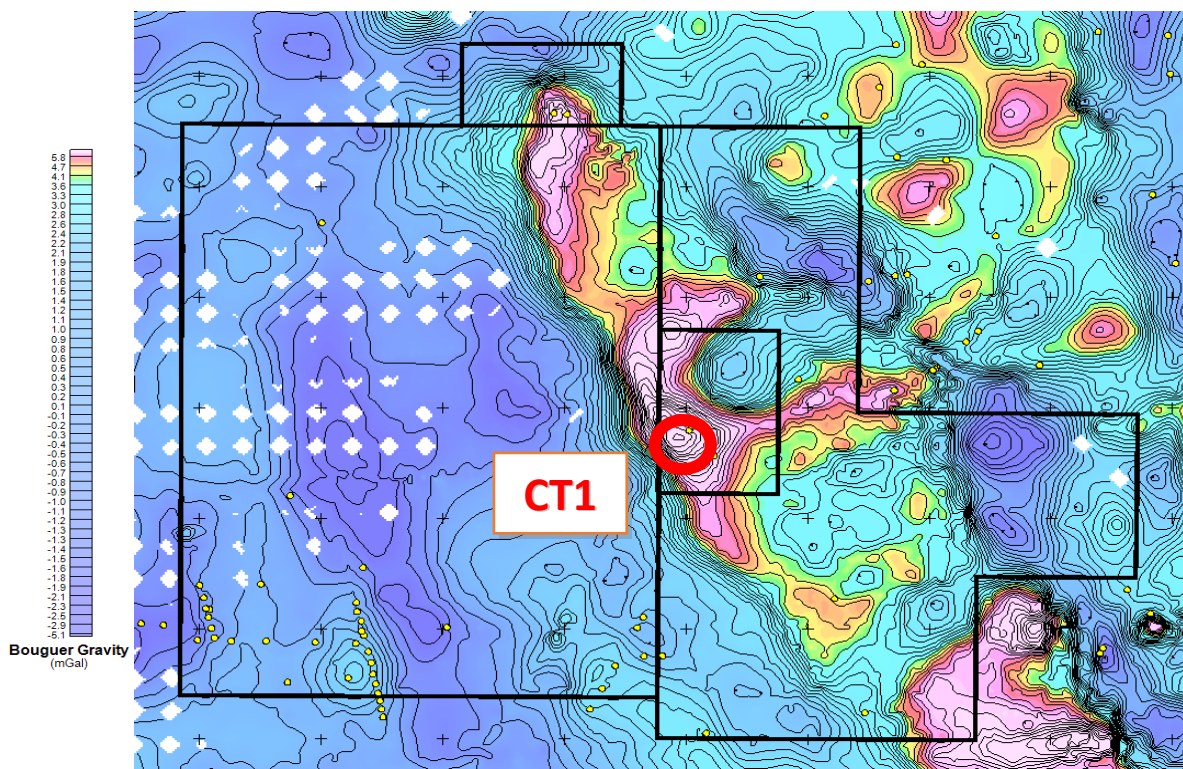


Figure 2: Residual detailed Bouguer gravity (2.67g/cc) with contours (0.33 mGal) and CT1 priority target.

Corporate & financial

In late August, the Company completed a placement to a number of major shareholders of 21.2 million shares at \$0.017 raising to raise a total of \$360,000. The Placement included a one for three free attaching unlisted Option exercisable at \$0.03 and expiring on 30 June 2019.

On 8 October 2015 the Company received a Research and Development ("R&D") tax refund of \$197,167 under the Federal Government's R&D Tax Incentive Scheme. The Company's claim related to R&D activities at the Six Mile Hill project during the period 1 July 2014 to 30 June 2015.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

EVENTS AFTER THE BALANCE DATE

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

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

- (a) is made in accordance with a resolution of the Directors;
- (b) is dated 11 March 2015; and
- (c) is signed by Jonathan Davies.

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

The Auditor's Independence Declaration is set out on page 7 and forms part of the Directors' Report for the half year ended 31 December 2015.

On behalf of the directors



Jonathan Davies
Chairman
Perth, Western Australia
11 March 2016

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10 Kings Park Road
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**Auditor's Independence Declaration
To the Directors of Kingston Resources Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Kingston Resources Limited for the half year ended 31 December 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



P W Warr
Partner - Audit & Assurance

Perth, 11 March 2016

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

We have reviewed the accompanying half-year financial report of Kingston Resources Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Kingston Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

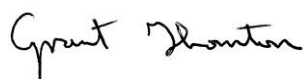
Conclusion

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

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material uncertainty regarding continuation as a going concern

Without qualifying our conclusion, we draw attention to Note 2(b) in the financial report which indicates that the consolidated entity incurred a net loss of \$57,868 and net cash outflows from operating activities of \$35,254 during the period ended 31 December 2015. These conditions, along with other matters as set forth in Note 2(b), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Partner - Audit & Assurance

Perth, 11 March 2016

Directors' Declaration

In the opinion of the Directors:

- (a) the financial statements and the notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2015 and the performance for the half year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors' of Kingston Resources Limited made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Board



Jonathan Davies
Chairman
Perth, Western Australia
11 March 2016

Consolidated Statement of Financial Position

		Consolidated	
		31 December 2015	30 June 2015
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		393,422	305,741
Trade and other receivables		16,870	37,888
Financial assets		12,944	11,908
Other current assets		11,660	-
Total Current Assets		434,896	355,537
Non-Current Assets			
Property, plant and equipment		686	859
Capitalised exploration expenditure	4	4,123,774	3,930,564
Other non-current assets	5	54,732	-
Total Non-Current Assets		4,179,192	3,931,423
Total Assets		4,614,088	4,286,960
LIABILITIES			
Current Liabilities			
Trade and other payables		20,519	25,107
Total Current Liabilities		20,519	25,107
Total Liabilities		20,519	25,107
Net Assets		4,593,569	4,261,853
EQUITY			
Issued capital	8	47,700,820	47,311,236
Accumulated losses		(43,304,113)	(44,401,972)
Reserves		196,862	1,352,589
Total Equity		4,593,569	4,261,853

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Consolidated	
		31 December 2015 \$	31 December 2014 \$
Other revenue	3	23,984	7,423
Administrative expenses		(125,486)	(75,425)
Consultant and legal fees		(91,507)	(65,021)
Depreciation and amortisation expenses	3	(173)	(289)
Director fees		(42,083)	(45,000)
Impairment of exploration expenditure		(20,808)	-
Gain on revaluation of assets at fair value		1,037	5,619
Loss before income tax benefit		(255,036)	(172,693)
Income tax benefit	3	197,168	-
Loss for the period		(57,868)	(172,693)
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period		(57,868)	(172,693)
Basic loss per share (cents)		(0.037)	(0.189)
Diluted loss per share (cents)		(0.037)	(0.189)

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

Consolidated Statement of Cash Flows

	Note	Consolidated	
		31 December 2015	31 December 2014
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Continued Operations			
Interest received		3,762	11,218
Receipts from other income		16,667	-
Research & development rebate		197,168	-
Payments to suppliers and employees		(252,850)	(208,466)
NET CASH FLOWS USED IN OPERATING ACTIVITIES		(35,253)	(197,248)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for exploration and evaluation		(197,984)	(216,593)
Payment for other non-current assets		(30,000)	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(227,984)	(216,593)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options		360,000	753,658
Capital raising costs		(9,082)	(75,845)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		350,918	677,813
Net increase in cash held		87,681	263,972
Cash and cash equivalents at beginning of period		305,741	724,088
CASH AND CASH EQUIVALENTS AT END OF PERIOD		393,422	988,060

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

Consolidated Statement of Changes in Equity

Consolidated

Attributable to the shareholders of Kingston Resources Limited

	Issued Capital					Total
	Ordinary Shares	Listed Options	Other Contributed Equity	Accumulated Losses	Reserves	Equity
	\$	\$	\$	\$	\$	\$
As at 1 July 2014	46,732,302	-	-	(42,010,370)	1,314,127	6,036,059
Loss for the year	-	-	-	(172,693)	-	(172,693)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(172,693)	-	(172,693)
Issue of Shares	767,302	-	-	-	-	767,302
Cost of share issue	(168,817)	-	-	-	-	(168,817)
Share-based payments	-	-	-	-	38,462	38,462
At 31 December 2014	47,330,787	-	-	(42,183,063)	1,352,589	6,500,313
As at 1 July 2015	47,311,236	-	-	(44,401,972)	1,352,589	4,261,853
Loss for the year	-	-	-	(57,868)	-	(57,868)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(57,868)	-	(57,868)
Issue of Shares	398,666	-	-	-	-	398,666
Cost of share issue	(9,082)	-	-	-	-	(9,082)
Share-based payments lapsed	-	-	-	1,155,727	(1,155,727)	-
At 31 December 2015	47,700,820	-	-	(43,304,113)	196,862	4,593,569

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

Notes to the Financial Statements

1. CORPORATE INFORMATION

The financial statements of Kingston Resources Limited for the half year ended 31 December 2015 are authorised for issue in accordance with a resolution of the Directors on 11 March 2016. Kingston Resources Limited is a company incorporated in Australia and limited by shares listed on the ASX.

The nature of the operations and principal activities of the Group are described in Note 6.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The half year financial statements should be read in conjunction with the annual Financial Statements of the Group as at 30 June 2015.

It is also recommended that the half year financial statements be considered together with any public announcements made by the Kingston Resources and its controlled entities during the half year ended 31 December 2015 and up to the date of this report in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

a) Basis of Preparation

These general purpose financial statements for the interim half year reporting period ended 31 December 2015 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The interim financial statements are intended to provide users with an update on the latest annual financial statements of Kingston Resources Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that these financial statements be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2015, together with any public announcements made during the half year and up to the date of this report.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report, with the addition of a policy to account for research and development tax credits as follows:

Research and development tax credits

The consolidated group recognises tax credits from research and development tax credits when it is probable that the economic benefits associated with the transaction will flow to the entity. At this stage, the entity has determined this to be upon receipt of the credit. The transaction is considered an income tax benefit.

From 1 July 2015 the consolidated entity has adopted all Australian Accounting Standards and Interpretations effective for annual periods beginning on or before 1 July 2015. The adoption of new and amended standards and interpretations had no impact on the financial position or performance of the consolidated entity.

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

b) Going Concern

The consolidated entity has incurred operating losses of \$57,868 (2014: \$172,693) and negative operating cash flows of \$35,254 (2014: \$197,248) for the half year ended 31 December 2015.

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

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

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

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

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

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

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

3. LOSS FOR THE PERIOD

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

Other revenue

	<u>31 December 2015</u> \$	<u>31 December 2014</u> \$
Interest from bank	3,762	7,423
Funding from state	20,222	-
Total revenue	<u>23,984</u>	<u>7,423</u>

Income tax benefit

Research and development rebate	197,168	-
	<u>197,168</u>	<u>-</u>

	<u>31 December 2015</u>	<u>31 December 2014</u>
	<u>\$</u>	<u>\$</u>
Expenses		
Depreciation and amortisation on non-current assets		
Depreciation of:		
- plant and equipment	173	289
Total depreciation and amortisation	<u>173</u>	<u>289</u>

4. EXPLORATION AND EVALUATION ACTIVITIES

Exploration and Evaluation Costs	<u>4,123,774</u>	<u>3,930,564</u>
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Reconciliation of Carrying amount

Opening Balance	3,930,564	5,307,186
Expenditure incurred during the year	214,018	653,068
Impairment	(20,808)	(2,029,690)
Closing Balance	<u>4,123,774</u>	<u>3,930,564</u>

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

5. OTHER NON-CURRENT ASSET

The Group completed step 1 of a joint venture arrangement by making cash deposits and share issuances to its joint venture partner. The Group has yet to gain an interest in the tenement of which the joint venture is predicated on. Obtaining an interest is pending future investment in exploration and expenditure under the arrangement. Given that the Group does not have an interest at this point in time, the stage 1 contributions are considered a non-current asset valued at the fair value of the contributions made on the date of distribution.

6. SEGMENT INFORMATION

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

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

7. 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	2014
	\$	\$
Not Later than one year	805,000	1,138,000
Later than one year and less than five years	570,000	635,000

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

8. ISSUED CAPITAL

	31 December 2015	30 June 2015
	\$	\$
a) Ordinary shares		
169,079,509 fully paid ordinary shares		
(30 June 2015: 145,944,745)	47,700,820	47,311,236
Movements in contributed equity for the period		
Balance at the beginning of the financial year	47,311,236	46,732,302
Shares issued during the previous financial year:		
- 876,250 on 24 November 2014	-	13,144
- 33,682,589 on 16 December 2014	-	471,555
- 20,185,908 on 23 December 2014	-	282,603
- 379,170 on 25 February 2015	-	5,687
- 548,333 on 23 March 2015	-	8,225
- 491,667 on 29 May 2015	-	7,375
Shares issued during the current financial year:		
- 916,666 on 13 July 2015	22,000	-
- 21,176,472 on 28 August 2015	360,000	-
- 1,041,626 on 20 November 2015	16,666	-
Less capital raising costs	(9,082)	(209,655)
Total contributed equity	47,700,820	47,311,236

9. SHARE BASED PAYMENTS

On 13 July 2015, the Company issued 833,333 shares in lieu of \$20,000 pursuant to the Barney Bore Exploration Joint Venture Agreement. In addition 83,333 shares were issued in lieu of \$2,000 pursuant to an agreement for payment for media relations services provided to the Company.

On 20 November 2015, the Company issued 1,041,626 fully paid ordinary shares at a deemed issue price of \$0.016 per share issued as consideration of director remuneration in lieu of cash as approved at the Annual General Meeting.

10. EVENTS SUBSEQUENT TO REPORTING DATE

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