



Notice of Annual General Meeting

This is an important document. Please read it carefully.

If you are unable to attend the Annual General Meeting, please complete the proxy form enclosed and return it in accordance with the instructions set out on that form.

Kingston Resources Limited

NOTICE OF 2016 ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Kingston Resource Limited for 2016 will be held at the office of Grant Thornton, Level 17, 383 Kent Street, Sydney, NSW 2000 at 1 pm (Sydney AEST Time) on Wednesday, 30 November 2016. The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

Pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 7.00 pm (Sydney Time) on 28 November 2016.

The terms and abbreviations used in this Notice and Explanatory Statement are defined in the attached Glossary.

AGENDA

BUSINESS

Consideration of Financial Reports of the Directors and Auditors

To receive and consider the Financial Report together with the Directors' Report and the Auditor's Report for the Company and its controlled entities for the year ended 30 June 2016.

Shareholders will be given reasonable opportunity to ask questions about or make comments on the management of the Company.

Resolution 1 – Adoption of Remuneration Report

To consider, and if thought fit, to pass the following Resolution as a **non-binding resolution**:

"To adopt the Remuneration Report as contained in the Company's Annual Financial Report for the financial year ended 30 June 2016."

Resolution 2 – Retirement by Rotation and Re-Election of Director – Mr Stuart Rechner

To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

"Pursuant to Article 7.3 of the Company's Constitution and Listing Rule 14.4 and for all other purposes, Mr Stuart Rechner is re-elected as a Director of the Company."

Resolution 3 – Approval to grant Long Term Incentive Performance Rights to the Company's Managing Director, Mr Andrew Corbett

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of up to 2,144,375 Performance Rights to Mr Andrew Corbett (or his nominee) under the LTI Plan on the terms and conditions set out in the Explanatory Statement."

Resolution 4 – Approval to grant Short Term Incentive Performance Rights to the Company's Managing Director, Mr Andrew Corbett

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the grant of up to 3,216,563 Short Term Incentive Performance Rights to Mr Andrew Corbett (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Resolution 5 - Approval of Issue of Equity Securities for the Purpose of ASX Listing Rule 7.1A

To consider, and if thought fit, to pass the following Resolution as a **special resolution**:

"That for the purposes of Listing Rule 7.1A and for all other purposes, the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the prescribed formula in Listing Rule 7.1A.2, be approved on the terms set out in the Explanatory Statement."

Voting Exclusion Statement

The following voting exclusion statement applies to the Resolutions under the Listing Rules or, where applicable, the provisions of the *Corporations Act*, to the following persons ("**Excluded Persons**"). The Company will disregard any votes on the following Resolutions cast by the following Excluded Persons and Associates of those persons:

Resolution No.	Title	Excluded Persons
1	Adoption of Remuneration Report	A member of the KMP, or a Closely Related Party of the KMP, whose remuneration details are included in the remuneration report for the year ended 30 June 2016.
3	Approval to grant Long Term Incentive Performance Rights to the Company's Managing Director, Mr Andrew Corbett	Any Director who is eligible to participate in the Company's LTI Plan and Associates of those persons.
4	Approval to grant Short Term Incentive Performance Rights to the Company's Managing Director, Mr Andrew Corbett	Mr Andrew Corbett and any of his Associates.
5	Approval of issue of Equity Securities for the purpose of ASX Listing Rule 7.1A	A person (and any Associates of such person) who may participate in the 10% Placement Capacity and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed.

However, the Company need not disregard a vote in relation to Resolutions 1, 3 and 4 if it is cast by:

1. a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
2. the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

A vote may be cast on Resolution 1, 3 and 4 by a KMP or a Closely Related Party of a KMP if:

1. the KMP is acting as proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on these Resolutions as described above; or
2. the KMP is the Chair voting an undirected proxy which expressly authorises the Chair to vote the proxy on a resolution connected with the remuneration of a member of the KMP.

Voting by Proxy

The *Corporations Act* now places certain restrictions on the ability of KMP and their Closely Related Parties to vote on resolutions connected directly or indirectly with the remuneration of the Company's KMP. For those reasons, Shareholders who intend to vote by proxy should carefully consider the identity of their proxy and consider appointing someone other than one of the Company's KMP as such proxies may not be able to vote undirected proxies.

If you appoint the Chairman as your proxy by marking the box at **STEP 1** on the Proxy Form, then you are providing express authorisation for the Chairman to vote on all Resolutions in accordance with his intentions as set out in this Notice and the Proxy Form (except where you have indicated a different voting intention by marking the voting boxes at **STEP 2** on the Proxy Form).

This express authorisation acknowledges that the Chairman may exercise your proxy in relation to Resolution 1, 3 and 4 even though it is connected with remuneration of a member of KMP and is a Resolution in respect of which the Chairman of the meeting has an interest. Votes cast by the Chairman on Resolution 1, 3 and 4 other than authorised proxy holder will be disregarded because of his interest in the outcome of the Resolution.

The Chairman intends to vote available proxies in favour of all Resolutions.

Dated this 21st day of October 2016.

By Order of the Board

Anthony Wehby

Non-Executive Chairman and Director

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at the offices of Grant Thornton, Level 17, 383 Kent Street, Sydney, NSW 2000 at 1 pm (Sydney Time) on Wednesday, 30 November 2016.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

Financial Statements and Reports

The *Corporations Act* requires the Company to place its Financial Report, Directors' Report and Auditor's Report for the last financial year before the Annual General Meeting. No resolution is required for this Item, but Shareholders will be given a reasonable opportunity to ask questions and to make comments on the reports and the management and performance of the Company.

The Company's Auditor will also be present at the meeting and Shareholders will be given the opportunity to ask the Auditor questions about the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company and the independence of the Auditor.

The Company's 2016 Annual Report has previously been sent to Shareholders and is available on the Company's website at www.kingstonresources.com.au.

1. Resolution 1 – Adoption of Remuneration Report

In accordance with Section 250R(2) of the *Corporations Act*, the Company must put a resolution that the Remuneration Report be adopted to vote at the Annual General Meeting. The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

The Remuneration Report is the section of the Directors' Report under the heading "Remuneration Report" of the Company's 2016 Annual Report. The Remuneration Report includes all of the information required by Section 300A of the *Corporations Act*, including:

- (i) board policy for determining, or in relation to, the nature and amount (or value, as appropriate) of remuneration of Directors, secretaries and senior managers of the Company;
- (ii) discussion of the relationship between such policy and the Company's performance; and
- (iii) the prescribed details in relation to the remuneration of each Director and certain executives.

The vote on the Resolution for adoption of the Remuneration Report is advisory only and does not bind the Directors or the Company. However, under the *Corporations Act*, if at least 25% of the votes cast on the Resolution at the Annual General Meeting are against adoption of the Remuneration Report, then:

- (i) if comments are made on the Remuneration Report at the Annual General Meeting, the Company's remuneration report for the financial year ending 30 June 2017 will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this; and
- (ii) if, at the Company's 2017 Annual General Meeting, at least 25% of the votes cast on the Resolution for adoption of the Remuneration Report for the 2017 financial year are against its adoption, the Company will be required to put to Shareholders a Resolution proposing that a general meeting ("Spill Meeting") be called to consider the election of Directors of the Company ("Spill Resolution").

The Spill Meeting must be held within 90 days of the date of the 2017 Annual General Meeting. For any Spill Resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it. If a Spill Resolution is passed, all of the Directors (other than the Managing Director and any Director taking office since the Directors resolved to put the Directors' Report to that AGM) will cease to hold office immediately before the end of the Spill Meeting unless re-elected at that meeting.

The Remuneration Report forms part of the Directors' Report which has unanimously been adopted by resolution of the Board. The Directors have resolved in favour of the remuneration report and commend it to Shareholders for adoption.

An opportunity will be provided for discussion of the Remuneration Report at the meeting. In relation to the approval of the Remuneration Report of the Company for 2015, less than 25% of the votes cast on that resolution were against it.

The Chairman intends to vote all available proxies in favour of Resolution 1.

Directors' Recommendation

The Directors recommend that Shareholders vote **in favour** of the adoption of the Remuneration Report.

2. Resolution 2 – Re-Election of Director – Mr Stuart Rechner

Pursuant to Listing Rule 14.4 and Article 7.3(d) of the Company's Constitution there must be an election of directors at each annual general meeting. A director is required to retire from office and is then eligible for re-election. The Director to retire is the one who has held office the longest since the last election to that office, and if two or more directors have held office for the same period of time, the director determined by agreement.

Mr Stuart Rechner retires by rotation at this Meeting and, being eligible, offers himself for re-election.

Mr Rechner was appointed as a Director on 23 February 2015.

Resolution 2 seeks Shareholder approval for the re-election of Mr Stuart Rechner as a Director of the Company.

Details of Mr Rechner's qualifications and experience are contained in the Company's 2016 Annual Report.

Directors' Recommendation

The Directors (other than Mr Rechner who abstains given his personal interest in the Resolution) recommend that Shareholders vote **in favour** of the re-election of Mr Rechner.

3. Resolution 3 and 4 – Approval to grant Long Term Incentive Performance Rights and Short Term Incentive Performance Rights to the Company's Managing Director, Mr Andrew Corbett

Background

The Company seeks Shareholder approval for the grant of:

- (a) up to 2,144,375 Long Term Performance Rights (**LTI Performance Rights**) to the Company's Managing Director, Mr Andrew Corbett under the Company's long term incentive plan (**LTI Plan**) (Resolution 3); and
- (b) up to 3,216,563 Short Term Incentive Performance Rights (**STI Performance Rights**) to the Company's Managing Director, Mr Andrew Corbett (Resolution 4).

The proposed grant of LTI and STI Performance Rights form part of the FY17 remuneration package for Mr Corbett and is intended to:

- (a) provide an appropriate and adequate incentive for Mr Corbett;
- (b) ensure the Company retains the services of Mr Corbett; and
- (c) reinforce the commitment of Mr Corbett as a Director.

Long Term Incentive Performance Rights – Resolution 3

The terms of the LTI Performance Rights proposed to be granted to Mr Corbett, including the conditions on which the LTI Performance Rights may vest, are set out in Schedule 1. The LTI Performance Rights will otherwise be subject to the LTI Plan.

The key terms of the LTI Performance Rights proposed to be issued to Mr Corbett are as follows:

The LTI Performance Rights will be issued for nil consideration.

The LTI Performance Rights automatically vest if the Company achieves a Market Capitalisation greater than \$50 million on or before 30 June 2020.

All LTI Performance Rights that have not vested by 30 June 2020 will automatically lapse and be forfeited.

The unvested LTI Performance Rights of Mr Corbett will automatically lapse and be forfeited if Mr Corbett voluntarily resigns otherwise than to take up employment with a Related Body Corporate of the Company or if he is dismissed from employment for a material breach of his contract of employment, gross negligence or other conduct justifying termination without notice. LTI Performance Rights will not lapse if Mr Corbett ceases employment due to death, permanent disablement, or any other circumstance in which the Board determines the LTI Performance Rights should not lapse.

Each LTI Performance Right entitles Mr Corbett to receive, upon vesting, one Share. The LTI Performance Rights will be unquoted and may not be sold, transferred, mortgaged, pledged, charged, encumbered with a security interest in or over them, or otherwise disposed of without the prior consent of the Board or where such assignment or transfer occurs by force of law. The LTI Performance Rights will not entitle Mr Corbett to receive dividends on Shares before vesting nor will they carry any voting rights.

Regulatory requirements – Resolution 3

Listing Rule 10.14 generally provides that the approval of shareholders is required before a director of a company can acquire securities issued under an employee incentive scheme. Accordingly, in order for Mr Corbett to acquire a beneficial interest in the LTI Performance Rights and any Shares which may be issued on the vesting of LTI Performance Rights, the Company must first obtain Shareholder approval pursuant to Listing Rule 10.14.

Listing Rule 10.15 sets out a number of matters which must be included in a notice of meeting requesting Shareholder approval under Listing Rule 10.14. In accordance with Listing Rule 10.15, the following further information is provided with respect to Resolution 3:

- (a) The LTI Performance Rights will be issued to the Company's Managing Director, Mr Andrew Corbett or his nominee.
- (b) The maximum number of securities that may be acquired by Mr Corbett (pursuant to Resolution 3) is 2,144,375 LTI Performance Rights which may then convert into 2,144,375 Shares if the Performance Hurdles and Vesting Conditions are met.
- (c) The LTI Performance Rights will be granted for no cash consideration.
- (d) The following directors have received securities under the LTI Plan since it was approved by Shareholders on 4 July 2016:

Name of Director	Number of and type of securities	Acquisition price
Mr Andrew Corbett	5 million Long Term Incentive Options	Nil
	10 million Long Term Incentive Performance Rights	Nil
Mr Anthony Wehby	2 million Long Term Incentive Options	Nil
	6 million Long Term Incentive Performance Rights	Nil

- (e) The persons entitled to participate in the LTI Plan are Directors and employees of the Company and its Related Bodies Corporate.
- (f) A voting exclusion statement for Resolution 3 is on page 2 of the Notice of Meeting.
- (g) There are no loans proposed to be granted to Mr Corbett for the grant of the LTI Performance Rights.
- (h) The LTI Performance Rights will be granted as soon as practicable after the Meeting and in any event within 12 months of the Meeting.

The grant of the LTI Performance Rights will confer a financial benefit on Mr Corbett. However, Shareholder approval is not being sought for the purposes of the related party benefit provisions of the Corporations Act (particularly section 208 of the Corporations Act) on the basis that the benefit is considered to constitute reasonable remuneration and, therefore, the exception in section 211 of the Corporations Act applies. Section 211 provides that Shareholder approval is not required for the purposes of section 208 in circumstances where the benefit constitutes remuneration which would be reasonable given the Company's and the related party's circumstances.

Having considered the Company's circumstances and Mr Corbett's position with the Company, the Board other than Mr Corbett considers that the financial benefit conferred by the grant of the LTI Performance Rights to Mr Corbett is reasonable and therefore, the exception in section 211 applies.

Short Term Incentive Performance Rights – Resolution 4

The Company proposes to grant 3,216,563 STI Performance Rights to Mr Andrew Corbett, the Company's Managing Director.

The key terms of the STI Performance Rights proposed to be issued to Mr Corbett are as follows:

The STI Performance Rights will be issued for nil consideration.

The performance and vesting conditions for the STI Performance Rights are as follows:

- (a) Up to 30% of the STI Performance Rights will automatically vest if, the Share price as quoted on ASX at the close of trading on 30 June 2017 is equal to or greater than \$0.028 per Share, in accordance with the below scale:

Share Price	\$0.028	\$0.029	\$0.030	\$0.031	\$0.033	\$0.034	\$0.035	\$0.036	\$0.038
STI Performance Rights proportion vested	6%	9%	12%	15%	18%	21%	24%	27%	30%

- (b) Up to 50% of the STI Performance Rights will vest, at the Board's discretion, upon the achievement of operational performance measures, including the delivery of the Company's Operational Plan for 30 June 2017.
- (c) Up to 20% of the STI Performance Rights will vest, at the Boards discretion, upon the achievement of business development objectives measured against the Company's business development plan by 30 June 2017.

All STI Performance Rights that have not vested by 30 June 2017 will automatically lapse and be forfeited.

The unvested STI Performance Rights of Mr Corbett will automatically lapse and be forfeited if Mr Corbett voluntarily resigns otherwise than to take up employment with a Related Body Corporate of the Company or if he is dismissed from employment for a material breach of his contract of employment, gross negligence or other conduct justifying termination without notice. STI Performance Rights will not lapse if Mr Corbett ceases employment due to death, permanent disablement, or any other circumstance in which the Board determines the STI Performance Rights should not lapse.

Each STI Performance Right entitles Mr Corbett to receive, upon vesting, one Share. The STI Performance Rights will be unquoted and may not be sold, transferred, mortgaged, pledged, charged, encumbered with a security interest in or over them, or otherwise disposed of without the prior consent of the Board or where such assignment or transfer occurs by force of law. The STI Performance Rights will not entitle Mr Corbett to receive dividends on Shares before vesting nor will they carry any voting rights.

Regulatory requirements – Resolution 4

Listing Rule 10.11 generally provides that Directors may not be issued any securities in the Company without the approval of Shareholders.

If approval for Resolution 4 is given for the purposes of Listing Rule 10.11 then approval is not required under Listing Rule 7.1.

In accordance with the requirements of Listing Rule 10.11 and 10.13, the following further information is provided to Shareholders to allow them to assess the proposed grant of STI Performance Rights to Mr Corbett:

- i) The STI Performance Rights will be issued to the Company's Managing Director, Mr Andrew Corbett or his nominee.
- ii) The maximum number of securities that may be acquired by Mr Corbett (pursuant to Resolution 4) is 3,216,563 STI Performance Rights which may then convert into 3,216,563 Shares if the Performance Hurdles and Vesting Conditions are met.
- iii) The STI Performance Rights will be granted for nil consideration and no funds will be raised from the grant of STI Performance Rights, or issue of Share upon the vesting of STI Performance Rights.

- iv) The full terms and conditions of the STI Performance Rights to be issued to Mr Corbett are set out in Schedule 2 to this Explanatory Statement.
- v) The STI Performance Rights will be granted as soon as practicable after the Meeting and in any event within 12 months of the Meeting.
- vi) A voting exclusion statement in respect of Resolution 4 is set out on page 2 of the Notice of Meeting.

The grant of the STI Performance Rights will confer a financial benefit on Mr Corbett. However, Shareholder approval is not being sought for the purposes of the related party benefit provisions of the Corporations Act (particularly section 208 of the Corporations Act) on the basis that the benefit is considered to constitute reasonable remuneration and, therefore, the exception in section 211 of the Corporations Act applies. Section 211 provides that shareholder approval is not required for the purposes of section 208 in circumstances where the benefit constitutes remuneration which would be reasonable given the Company's and the related party's circumstances.

Having considered the Company's circumstances and Mr Corbett's position with the Company, the Board other than Mr Corbett considers that the financial benefit conferred by the grant of the STI Performance Rights to Mr Corbett is reasonable and therefore, the exception in section 211 applies.

No Directors' recommendations

The Directors decline making a recommendation to Shareholders in relation to Resolutions 3 and 4 as they either have a material personal interest in the respect of the resolutions or on the basis that the resolutions relate to the remuneration of a Director.

4. Resolution 5 - Approval of issue of Equity Securities for the purpose of ASX Listing Rule 7.1A

Resolution 5 seeks Shareholder approval by way of special resolution for the Company to have the ability to issue Equity Securities pursuant to the 10% Placement Capacity available under ASX Listing Rule 7.1A.

Overview

Listing Rule 7.1A was introduced on 1 August 2012 and allows mid to small cap listed entities to seek Shareholder approval to issue Equity Securities equivalent to an additional 10% of the number of ordinary securities on issue by way of placements over a 12 month period (**10% Placement Capacity**). This is in addition to the 15% permitted under listing rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a Market Capitalisation of \$300 million or less at the time of the AGM. The Company is currently an eligible entity for the purpose of Listing Rule 7.1A. The Board expects that the Company will be an eligible entity as at the date of the AGM. However, if the Company is not eligible, Resolution 4 will be withdrawn.

Shareholder Approval

The ability to issue Equity Securities under Listing Rule 7.1A is subject to Shareholder approval by way of special resolution at AGM. Approval cannot be sought at any other Shareholder's meeting and Equity Securities issued under the approval (if obtained) must be issued within 12 months after the date of the AGM.

No Equity Securities can be issued under Listing Rule 7.1A before the special resolution is passed. However, if a Listing Rule 7.1A approval has been obtained, securities issued under that rule may be subsequently ratified by Shareholders in accordance with Listing Rule 7.4 to "refresh" an entity's Listing Rule 7.1A additional 10% placement capacity.

Equity Securities

Any Equity Securities issued by the Company under the 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of the Notice the Company has only one class of Equity Securities on issue being Shares.

Formula for calculating the 10% Placement Capacity

The Company may issue Equity Securities during the 12-month period after the date of approval calculated in accordance with the following formula as contained in ASX Listing Rule 7.1A.2:

$$(A \times D) - E$$

A is the number of fully paid ordinary Shares on issue 12 months before the date of issue or agreement to issue:

- plus the number of fully ordinary Shares issued in the 12 months under an exception in Listing Rule 7.2;
- plus the number of partly paid ordinary Shares that became fully paid in the 12 months;
- plus the number of fully paid ordinary Shares issued in the 12 months with approval of Shareholders under Listing Rule 7.1 or 7.4;
- less the number of fully paid ordinary Shares cancelled in the 12 months.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with approval of Shareholders under Listing Rule 7.1 or 7.4.

Additional Disclosure

For the purpose of Listing Rule 7.3A, the following information is provided in relation to the approval of the 10% Placement Capacity:

▪ **Minimum issue price**

The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:

- the date on which the Equity Securities are to be issued; or
- the date on which the price of the Equity Securities is agreed, provided that the issue is then completed within 5 Business Days.

▪ **Risk of dilution**

If the Company issues Equity Securities under the 10% Placement Capacity, there is a risk that the economic and voting power of existing Shareholders will be diluted.

There is also a risk that:

- the market price for the Company's Equity Securities may be significantly lower on the issue date than the date of approval at the AGM; and
- the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the issue date.

The below table shows the risk of dilution to existing Shareholders if the Company issues Equity Securities under the 10% Placement Capacity on the basis of:

- the current market price of Shares and the current number of Shares calculated in accordance with Listing Rule 7.1A(2) variable "A";
- a 50% decrease in the current market price of Shares and a 50% increase in the current number of Shares calculated in accordance with Listing Rule 7.1A(2) variable "A"; and
- a 100% increase in the current market price of Shares and a 100% increase in the current number of Shares calculated in accordance with Listing Rule 7.1A(2) variable "A".

Variable "A" in Listing Rule 7.1A.2		Dilution / Effect		
		\$0.012	\$0.024	\$0.048
		50% decrease in Issue Price	Issue Price	100% increase in Issue Price
Current Issued Capital Variable A=	Shares Issued under LR 7.1A (10%)	66,026,999	66,026,999	66,026,999
660,269,985 Shares	Funds Raised	\$792,324	\$1,584,648	\$3,169,296
50% increase in Current Issued Capital Variable A=	Shares Issued under LR 7.1A (10%)	99,040,498	99,040,498	99,040,498

990,404,978 Shares	Funds Raised	\$1,188,486	\$2,376,972	\$4,753,944
100% increase Current Issued Capital Variable A=	Shares Issued under LR 7.1A (10%)	132,053,997	132,053,997	132,053,997
1,320,539,970 Shares	Funds Raised	\$1,584,648	\$3,169,296	\$6,338,592

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Capacity.
- The table does not show any examples of the dilution that may be caused to a specific Shareholder based on that Shareholder's holding at the date of the AGM.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.
- The table only shows the effect of issues under Listing Rule 7.1A and does not consider the effect of any issues under the 15% placement capacity under Listing Rule 7.1 during the 12 month period or any other issues.
- The Issue Price of the Shares is \$0.24, being the closing price of the Shares on ASX on 11 October 2016.

• **Final issue date**

The final date that the Company can issue Equity Securities under the 10% Placement Capacity is 12 months from the date of the AGM, being 29 November 2017.

The approval under Resolution 4 will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

• **Purpose of the issue**

The Company may seek to issue the Equity Securities for the following purposes:

- cash consideration to be applied to the acquisition of new investments, expenditure associated with exploration, drilling, development of the Company's existing asset base in Western Australia and Northern Territory; or
- non-cash consideration for the acquisition of new resources, assets or investments.

If the Equity Securities are issued for non-cash consideration, the Company will release to the market a valuation of the non-cash consideration which demonstrates that the issue price of the securities complies with Listing Rule 7.1A.3.

• **Allocation policy**

The Company's allocation policy for the issue of Equity Securities pursuant to the 10% Placement Capacity is largely dependent on the prevailing market conditions and the circumstances of the Company at the time of any proposed issue. The time frame over the 12-month period which the Company expects to make placements under the Resolution 4 approval therefore cannot yet be accurately determined.

As at the date of the Notice the Company has not formed an intention to issue securities under a placement pursuant to Listing Rule 7.1A to any particular party. The Company may approach existing Shareholders, a class or group of existing Shareholders, or new investors who have not previously been Shareholders to participate in a placement of Equity Securities.

When determining to issue the 10% Placement Capacity securities the Company will have regard to a range of factors including but not limited to:

- the effect of the issue of Equity Securities on the control of the Company;
- the financial circumstances of the Company;
- whether the raising of funds could be carried out by means of a pro-rata entitlements offer or other similar issue to allow existing Shareholders to participate;
- advice from the Company's corporate, financial and professional advisors;
- whether a placement of Equity Securities to a vendor(s) as non-cash consideration for the acquisition of new resources, assets or investments is the best alternative for the Company.

■ Previous approval

For the purposes of Listing Rule 7.3A.6 the following information is provided.

The Company obtained Shareholder approval for the 10% Placement Capacity at its 2015 Annual General Meeting.

During the 12 months prior to the date of this Notice, the Company issued 492,232,102 equity securities representing 292% of the total number of equity securities on issue 12 months ago (168,037,883 number of shares in issue). None of the equity securities were issued under the Additional Placement Capacity. The details of the equity securities issued are as follows:

Number of Equity Securities Issued	Class of Equity Securities Issued	Name of Person to Whom Equity Securities were Issued	Issue Price	Cash Consideration	Discount
1,041,626 ¹	Ordinary Shares ²	Two Directors, Jonathan Davies and Yafeng Cai, in lieu of cash as approved by shareholders at the AGM on 20 November 2015	\$0.016	Nil	Nil
40,000,000 ³	Ordinary Shares ²	Various Sophisticated Investors	\$0.021	\$840,000	
286,190,476 ³	Ordinary Shares ²	Various Sophisticated Investors	\$0.021	\$6,010,000	
165,000,000 ³	Ordinary Shares ²	Vendors	Nil	Nil	
Total: 492,232,102				Total: \$6,850,000	

¹ Non-Executive Directors; Jonathan Davies and Yafeng Cai each agreed to reduce their remuneration for services to an annualised amount of \$20,000 per annum effective from 1 September 2015. For the remainder of the 2016 financial year they were entitled to \$16,666 each which they agreed to receive as \$8,333 in cash and 520,813 Shares in lieu of cash. Shareholder approval was obtained at the 2015 AGM pursuant to Listing Rule 10.11 for the issue of 1,041,626 Shares to each of the directors. No funds were raised from the issue of shares as they were issued as consideration for the services to be provided by the Directors during the FY16 financial year.

² Ordinary Shares are fully paid ordinary shares in the capital of the Company with full entitlements to participate in dividends and to vote in meetings.

³ On 13 May 2016, the Company announced that it had entered into an agreement (Binding Terms Sheet) for the acquisition of interests in a portfolio of lithium-prospective tenements in Western Australia and Northern Territory, to be effected by the acquisition of all of the shares in Slipstream WANT Pty Ltd (Slipstream) from Vendors (refer ASX Announcement 13 May 2016). Completion of the transaction was subject to various conditions, including:

- the placement of 40,000,000 shares to various sophisticated investors to raise \$840,000 (Tranche 1); and
- the placement of 286,190,476 shares to various sophisticated investors to raise \$6,010,000 (Tranche 2)

The issue of 165,000,000 was issued to the Vendors at completion of the transaction (refer ASX Announcement 8 July 2016).

After allowing for existing cash reserves, the Company has spent approximately \$1.45 million of the cash consideration (\$6,850,000) received from the issue of the equity securities. The funds have been used for the acquisition of lithium exploration assets and associated raising costs, exploration expenditure, and corporate and administration expenditure.

■ Voting exclusion statement

A voting exclusion statement is set out on page 2 of this Notice.

As at the date of this Notice, the Company does not yet know, nor has it formed an intention in relation to how it will decide, which parties it may approach to participate in any issue that may ultimately be made.

Directors' Recommendation

The Directors recommend that Shareholders vote **in favour** of the 10% Placement Capacity.

KINGSTON RESOURCES LIMITED

ACN 009 148 529

Instructions for Completing 'Appointment of Proxy' Form

1. A member entitled to attend and vote at an Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, each proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, both holders must sign.
3. Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the *Corporations Act*. Section 127 of the *Corporations Act* provides that a company may execute a document without using its common seal if the document is signed by:
 - 3.1. 2 directors of the company;
 - 3.2. a director and a company secretary of the company; or
 - 3.3. for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the *Corporations Act*, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who signs the document or witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid Proxy Form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as the Proxy Form.
6. You can direct your proxy how to vote on each Resolution by completing **STEP 2** on the Proxy Form.
7. If you appoint the Chairman as your proxy by marking the box in **STEP 1** on the Proxy Form then you are providing express authorisation for the Chairman to vote on all Resolutions in accordance with his intentions as set out in this Notice and the Proxy Form (except where you have indicated a different voting intention by marking the voting boxes in **STEP 2** on the Proxy Form).

This express authorisation acknowledges that the Chairman may exercise your proxy in relation to Resolution 1 even though this Resolution is connected with remuneration of a member of KMP is a Resolution in respect of which the Chairman of the meeting has an interest.

Votes cast by the Chairman on Resolution 1 other than as authorised proxy holder will be disregarded because of his interest in the outcome of the Resolution.

The Chairman intends to vote available proxies in favour of all Resolutions.

8. If you appoint a KMP other than the Chairman at **STEP 1**, and do not complete **STEP 2**, your vote will not be counted in respect of Resolution 1.
9. To vote by proxy please sign the enclosed Proxy Form and return:
 - (a) by mail to Kingston Resources Limited, 3 Spring Street, Sydney, NSW 2000;
 - (b) by facsimile to the Company on facsimile number +61 2 8249 4001; or
 - (c) by hand to Kingston Resources Limited, 3 Spring Street, Sydney NSW 2000.

so that it is received not later than 1 pm (Sydney Time) on 28 November 2016.

Proxy Forms received later than this time will be invalid.

GLOSSARY

In this Notice of Meeting:

\$ means Australian Dollars

10% Placement Capacity means the Company's ability under Listing Rule 7.1A to issue Equity Securities up to 10% of its issued share capital by way of placements over a 12-month period after the AGM.

AGM, General Meeting or Meeting means the Annual General Meeting of Shareholders convened for the purposes of considering the Resolutions.

Annual Report means the Directors Report, the Financial Report and the Auditors Report in respect to the financial year ended 30 June 2016.

ASIC means the Australian Securities and Investments Commission.

Associate has the same meaning as in the *Corporations Act*.

ASX means ASX Limited ACN 008 624 691 or the market it operates known as the Australian Securities Exchange, as applicable.

Auditor means the auditor of the Company.

Auditor's Report means the auditor's report on the Financial Report.

Binding Terms Sheet means the legally binding terms sheet between the Company and the Vendors dated 10 May 2016.

Board or Board of Directors means the board of Directors of the Company.

Chair or Chairman means the person appointed the chair of the Meeting convened by this Notice.

Closely Related Party has the meaning given in section 9 of the *Corporations Act*.

Company or Kingston means Kingston Resources Limited ACN 009 148 529.

Control has the same meaning as in the *Corporations Act*.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Directors' Report means the annual directors report.

Equity Securities has the same meaning as in the Listing Rules.

Explanatory Statement means the Explanatory Statement accompanying the Notice of Meeting.

Annual Financial Report or Financial Report means the annual financial report prepared under chapter 2M of the *Corporations Act* for the Company and its controlled entities.

Key Management Personnel or KMP means key management personnel as identified in the Remuneration Report for the financial year ended 30 June 2016.

Listing Rules means the Listing Rules of the ASX.

LTI Plan means the Company's Long Term Incentive Plan approved by Shareholders on 4 July 2016.

Notice of Meeting or Notice means the notice convening the Annual General Meeting accompanying this Explanatory Statement.

Operational Plan means the Company's operational plan for FY17.

Proxy Form means a proxy form accompanying this Notice of Meeting.

Related Party has the same meaning as in the *Corporations Act*.

Relevant Interest has the same meaning as in the *Corporations Act*.

Remuneration Report means the remuneration report of the Company contained in the Directors' report.

Resolution means a resolution to be considered at the Annual General Meeting as contained in the Notice of Meeting.

Share means a fully paid ordinary share in the Company.

Shareholder means a person registered as a holder of a Share.

Slipstream means Slipstream WANT Pty Ltd ACN 611 515 345

Sydney Time means Australian Eastern Daylight Time.

Voting Power has the same meaning as in the *Corporations Act*.

Vendors means Slipstream Resources Investments Pty Ltd ACN 600 237 625 as trustee for Slipstream Capital ABN 49 373 547 103, the holder of shares in Slipstream, Scott Archie Ferguson and Asgard Metals Pty Ltd ACN 600 101 255.

VWAP means volume weighted average price.

In this Notice and the Explanatory Statement words importing the singular include the plural and vice versa

Schedule 1

Terms and Conditions of Long Term Incentive Performance Rights

1. Mr Andrew Corbett (**Recipient**) has been offered Performance Rights pursuant to the LTI Plan (**Rights Offers**).
2. The Rights Offers have been made pursuant to the terms and conditions of the Rules of the LTI Plan (**LTI Plan Rules**) and the terms of the Offers must be read in conjunction with the LTI Plan Rules. The Performance Rights will be governed by the LTI Plan Rules and the terms of the Rights Offers.
3. To the extent of any inconsistency between the terms of the Rights Offers and the LTI Plan Rules, the terms of the Rights Offers will prevail.
4. Each Performance Right the Recipient to acquire one (1) Share, by way of issue of new Shares or transfer of existing Shares.
5. The 2,144,375 Performance Rights issued to Mr Corbett will convert into up to 2,144,375 Shares, subject to satisfaction of the Performance Hurdles and Vesting Conditions described below) and otherwise in accordance with the LTI Plan Rules.
6. The Performance Rights will automatically vest if the Company achieves a Market Capitalisation greater than \$50 million on or before 30 June 2020 (**Vesting Condition**). Market Capitalisation means the price of the Company's Shares as quoted on ASX multiplied by the total number of Shares on issue.
7. The Company's determination as to whether a Vesting Condition has been achieved shall be final.
8. The Performance Rights may also vest in the circumstances set out in the LTI Plan Rules.
9. The Vesting Date in respect of Performance Rights is the earlier of:
 - (a) the date specified in paragraph 6(a) above;
 - (b) the date a Change in Control Event (as defined in the LTI Plan Rules) occurs; and
 - (c) the date the Company makes an announcement to the effect that the Board recommends that Shareholders accept a takeover bid for the Company.
10. If the Vesting Conditions for Performance Rights are satisfied during the period of a Recipient's employment with or directorship of the Company or any Related Body Corporate, those Performance Rights will vest and will not be subject to forfeiture.
11. The Performance Rights proposed to be issued to Mr Andrew Corbett will automatically lapse and be forfeited if Mr Corbett voluntarily resigns otherwise than to take up employment with a Related Body Corporate of the Company or if he is dismissed from employment for a material breach of his contract of employment, gross negligence or other conduct justifying termination without notice. The Performance Rights proposed to be issued to Mr Corbett will not lapse and be forfeited if Mr Corbett ceases employment due to death, permanent disablement, or any other circumstance in which the Board determines the Performance Rights should not lapse and be forfeited.
12. Any Shares that are acquired on the vesting of Performance Rights in accordance with the Rights Offers will be issued or transferred to the Recipient free of any holding lock or other restriction on dealing, subject to any restriction on trading by reason of the provisions of the Corporations Act applicable to secondary trading in securities.
13. All Performance Rights that have not vested by 30 June 2020 will automatically lapse and be forfeited.

Schedule 2

Terms and Conditions of Short Term Incentive Performance Rights

1. Each STI Performance Right entitles Mr Corbett to acquire one (1) Share, by way of issue of new Shares or transfer of existing Shares.
2. The 3,216,563 STI Performance Rights issued to Mr Corbett will convert into up to 3,216,563 Shares, subject to satisfaction of the Performance Hurdles and Vesting Conditions described below).
3. The Vesting Conditions in respect of the STI Performance Rights are as follows:
 - (a) Up to 30% of the STI Performance Rights will automatically vest if, the Share price as quoted on ASX at the close of trading on 30 June 2017 is equal to or greater than \$0.028 per Share, in accordance with the below scale:

Share Price	\$0.028	\$0.029	\$0.030	\$0.031	\$0.033	\$0.034	\$0.035	\$0.036	\$0.038
STI Performance Rights proportion vested	6%	9%	12%	15%	18%	21%	24%	27%	30%

- (b) Up to 50% of the STI Performance Rights will vest, at the Board's discretion, upon the achievement of operational performance measures, including the delivery of the Company's Operational Plan for 30 June 2017.
 - (c) Up to 20% of the STI Performance Rights will vest, at the Boards discretion, upon the achievement of business development objectives measured against the Company's business development plan by 30 June 2017.
4. The Company's determination as to whether a Vesting Condition has been achieved shall be final.
5. If the Vesting Conditions for Performance Rights are satisfied during the period of a Recipient's employment with or directorship of the Company or any Related Body Corporate, those Performance Rights will vest and will not be subject to forfeiture.
6. The Performance Rights proposed to be issued to Mr Andrew Corbett will automatically lapse and be forfeited if Mr Corbett voluntarily resigns otherwise than to take up employment with a Related Body Corporate of the Company or if he is dismissed from employment for a material breach of his contract of employment, gross negligence or other conduct justifying termination without notice. The Performance Rights proposed to be issued to Mr Corbett will not lapse and be forfeited if Mr Corbett ceases employment due to death, permanent disablement, or any other circumstance in which the Board determines the Performance Rights should not lapse and be forfeited.
7. Any Shares that are acquired on the vesting of Performance will be issued or transferred to Mr Corbett free of any holding lock or other restriction on dealing, subject to any restriction on trading by reason of the provisions of the Corporations Act applicable to secondary trading in securities.
8. All Performance Rights that have not vested by 30 June 2017 will automatically lapse and be forfeited.

LODGE YOUR VOTE

BY EMAIL: info@kingstonresources.com.au
BY POST: 3 Spring Street, Sydney, NSW 2000
BY FACSIMILE: 61 2 8249 4001
BY HAND: 3 Spring Street, Sydney, NSW 2000
ALL ENQUIRIES TO: 61 2 8249 4968

PROXY FORM

COMPANY SECRETARY KINGSTON RESOURCES LIMITED

I/We (insert name of Shareholder)

Of (insert address of Shareholder)

being a Shareholder of the Company and entitled to vote at the Annual General Meeting, hereby appoint:

The Chairman of the Meeting (mark box) ☐ **(STEP 1)**

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy: _____

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **1:00pm (Sydney time) on Wednesday, 30 November 2016 at the offices of Grant Thornton, Level 17, 383 Kent Street, Sydney NSW 2000 (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 1, 3 and 4: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 3 and 4 even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS (STEP 2)

Proxies will only be valid and accepted by the Company if they are signed overleaf and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes.

I/We direct my/our Proxy to vote in the following manner:			
Resolution	For	Against	Abstain*
Resolution 1 – Non-binding resolution for the adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-election of Director – Stuart Rechner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Approval to grant Long Term Incentive Performance Rights to the Company's Managing Director, Mr Andrew Corbett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Approval to grant Short Term Incentive Performance Rights to the Company's Managing Director, Mr Andrew Corbett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Approval of Issue of Equity Securities for the Purpose of ASX Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.			

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (individual)	Joint Shareholder 2 (individual)	Joint Shareholder 3 (individual)
Sole Director and Sole Company Secretary	Director/Company Secretary (delete one)	

This form should be signed by the securityholder. If a joint holding, all securityholders must sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Proxy Notes

A Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy. The proxy may, but need not be, a Shareholder of the Company. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies (an additional Proxy form will be supplied by the Company on request). Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes.

If you wish to appoint a proxy, you must complete this Proxy Form. If you wish to appoint the Chairperson of the Meeting as your proxy, please mark the box for this on the Proxy Form. If the person you wish to appoint as your proxy is someone other than the Chairperson of the Meeting, please write the name of that person in the relevant space on the Proxy Form. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairperson of the Meeting will be your proxy.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company and/or the Company's share registry, Computershare Investor Services, before the Meeting or at the registration desk on the day of the Meeting.

Lodgement of a Proxy Form

A completed Proxy Form (and any power of attorney or other authority, if any, under which it is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be lodged with the Company (refer front of form) by **1 pm (AEST) on Monday, 28 November 2016** being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid.