

# **Kingston Resources Limited**

**ACN 009 148 529**

## **Notice of General Meeting and Explanatory Statement**

**General Meeting to be held at  
25-27 Jewell Parade, North Fremantle, Western Australia  
on 4 July 2016  
commencing at 11.00am (WST)**

The Notice of General Meeting, Explanatory Statement and Proxy Form should be read in their entirety. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

# Contents

---

Notice of General Meeting .....	1
Proxy appointment and voting instructions .....	5
Explanatory Statement .....	6
Glossary .....	43
Schedule 1 .....	46
Schedule 2 .....	51
Schedule 3 .....	53
Schedule 4 .....	56

# Notice of General Meeting

---

Notice is given that a General Meeting of Kingston Resources Limited ACN 009 148 529 (**Company**) will be held at 25-27 Jewell Parade, North Fremantle, Western Australia on Monday, 4 July 2016 commencing at 11.00am (WST).

## AGENDA

### Resolution 1 – Approval of change in scale of the Company's activities

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 11.1.2 and for all other purposes, approval is given for the Company to make a significant change in the scale of its activities by the acquisition of all of the shares in Slipstream WANT Pty Ltd ACN 611 515 345 (**Slipstream Shares**) on the terms of the Binding Terms Sheet and in the manner described in the Explanatory Statement.*

**Short explanation:** The proposed acquisition of all Slipstream Shares will, if successful, result in the Company acquiring interests in a portfolio of 20 lithium-prospective tenements and / or tenement applications across four key lithium fields in the Northern Territory and Western Australia. The acquisition will constitute a significant change to the scale of the Company's activities. The Listing Rules require the Company to seek Shareholder approval of a proposed significant change to the scale of its activities. Further information about Resolution 1 is contained in the Explanatory Statement.

### Resolution 2 – Approval to issue Consideration Shares and Milestone Shares to the Vendors

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

*That, subject to the approval of Resolution 1, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue to the Vendors of the Slipstream Shares:*

- (a) subject to completion of the Transaction occurring and both E74/570 and E74/571 being granted, 165,000,000 Shares at a deemed issue price of \$0.021 per Share;*
- (b) subject to completion of the Transaction occurring, both E74/570 and E74/571 being granted, and a JORC Compliant Inferred Mineral Resource of a minimum of 5 million tonnes at no less than 1% Li<sub>2</sub>O being identified on any of all of the Slipstream Tenements, 90,000,000 Shares at a deemed issue price of \$0.021 per Share; and*
- (c) subject to completion of the Transaction occurring, both E74/570 and E74/571 being granted, and a JORC Compliant inferred Mineral Resource of a minimum of a further 10 million tonnes (ie. a total of 15 million tonnes) at no less than 1% Li<sub>2</sub>O being identified on any of all of the Slipstream Tenements, 90,000,000 Shares at a deemed issue price of \$0.021 per Share,*

*on the terms and conditions set out in the Explanatory Statement.*

### **Resolution 3 – Ratification of prior issue of Shares under the First Tranche Placement**

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 7.4 and for all other purposes, Shareholders approve and ratify the prior issue of 40,000,000 Shares at an issue price of \$0.021 per Share to sophisticated investors (**First Tranche Placement**), on the terms and conditions set out in the Explanatory Statement.*

### **Resolution 4 – Approval to issue Shares under the Second Placement Tranche**

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

*That, subject to the approval of Resolution 1, completion of the Transaction occurring and both E74/570 and E74/571 being granted, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 286,190,476 Shares at an issue price of \$0.021 per Share to sophisticated investors (**Second Tranche Placement**), on the terms and conditions set out in the Explanatory Statement.*

### **Resolution 5 – Election of Anthony Wehby as non-executive chairman**

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

*That, subject to the approval of Resolution 1, Mr Anthony Wehby, be elected as a Director and chairman of the Company.*

### **Resolution 6 – Election of Mr Andrew Corbett as a Director**

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

*That, subject to the approval of Resolution 1, Mr Andrew Corbett, be elected as a Director.*

### **Resolution 7 – Approval of issue of Shares to the Company's proposed Managing Director, Mr Andrew Corbett**

*That, subject to the approval of Resolutions 4 and 6, and for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 8,355,925 Shares to Mr Andrew Corbett (or his nominee), being a Related Party of the Company, under the Second Tranche Placement, on the terms and conditions set out in the Explanatory Statement.*

### **Resolution 8 – Approval of issue of Shares to the Company's proposed chairman, Mr Anthony Wehby**

*That, subject to the approval of Resolutions 4 and 5, and for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 2,088,981 Shares to Mr Anthony Wehby (or his nominee), being a Related Party of the Company, under the Second Tranche Placement, on the terms and conditions set out in the Explanatory Statement.*

## **Resolution 9 – Approval of LTI Plan**

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 7.2, Exception 9 and for all other purposes, the Company approves the issue of Securities under the Company's LTI Plan, as an exception to Listing Rule 7.1.*

## **Resolution 10 – Approval to grant Performance Rights and Long Term Incentive Options to the Company's proposed 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, subject to the approval of Resolutions 6 and 9, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of up to 5 million Long Term Incentive Options and up to 10 million 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 11 – Approval to grant Short Term Incentive Options to the Company's proposed 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, subject to the approval of Resolution 6, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the grant of up to 5 million Short Term Incentive Options to Mr Andrew Corbett (or his nominee) on the terms and conditions set out in the Explanatory Statement.*

## **Resolution 12 – Approval to grant Performance Rights and Long Term Incentive Options to the Company's proposed chairman, Anthony Wehby**

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

*That, subject to the approval of Resolutions 5 and 9, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of up to 2 million Long Term Incentive Options and up to 6 million Performance Rights to Anthony Wehby (or his nominee) under the LTI Plan on the terms and conditions set out in the Explanatory Statement.*

## **Resolution 13 – Approval to grant Short Term Incentive Options to the Company's proposed chairman, Anthony Wehby**

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

*That, subject to the approval of Resolution 5, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the grant of up to 2 million Short Term Incentive Options to Mr Anthony Wehby (or his nominee) on the terms and conditions set out in the Explanatory Statement.*

## Voting Exclusions

For the purposes of Listing Rule 14.11, the following voting exclusion statements apply to the resolutions. The Company will disregard any votes on the following resolutions cast by or on behalf of the following persons:

Resolution	Excluded Parties
Resolution 1	A person who might obtain a benefit, except a benefit solely in the capacity as of a holder of ordinary securities, if Resolution 1 is passed.
Resolution 2	SRI, Ferguson and ASM, and any of their Associates, and a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder if Resolution 2 is passed, and any of their Associates.
Resolution 3	A person who participated in the issue and any Associate of that person.
Resolution 4	Mr Andrew Corbett, and a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder if Resolution 4 is passed, and any of their Associates.
Resolution 5	N/A
Resolution 6	N/A
Resolution 7	Mr Andrew Corbett and any of his Associates.
Resolution 8	Mr Anthony Wehby and any of his Associates.
Resolution 9	Any Director who is eligible to participate in the Company's LTI Plan and Associates of those persons.
Resolution 10	Any Director who is eligible to participate in the Company's LTI Plan and Associates of those persons.
Resolution 11	Mr Andrew Corbett and any of his Associates.
Resolution 12	Any Director who is eligible to participate in the Company's LTI Plan and Associates of those persons.
Resolution 13	Mr Anthony Wehby and any of his Associates.

However, the Company need not disregard a vote on a Resolution if it is cast by:

- the person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance a direction on the proxy form to vote as the proxy decides.

In relation to Resolution 9, members of Key Management Personnel and their closely related parties (other than the Chairman of the Meeting) may not vote as proxy if the appointment does not specify how the proxy is to vote. The Chairman of the Meeting may vote as proxy in accordance with an express authorisation on the Proxy Form.

**By order of the Board of Directors**

**Mathew Whyte**  
**Company Secretary**  
2 June 2016

# Proxy appointment and voting instructions

---

## Voting eligibility – snapshot date

The Directors have determined that the persons eligible to attend and vote at the General Meeting are those persons who are registered Shareholders at 11.00am on Saturday, 2 July 2016. Transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

## Proxy Form

The 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 no later than 11.00am on Saturday, 2 July 2016. Proxy Forms may be lodged:

By hand: 25-27 Jewell Parade, North Fremantle 6159 WA

By mail: 25-27 Jewell Parade, North Fremantle 6159 WA

By email: [info@kingstonresources.com.au](mailto:info@kingstonresources.com.au)

By fax: +61 8 9335 3565

Any Proxy Form received after that time will not be valid for the scheduled Meeting.

## Appointment of a proxy

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.

Please write the name of the person you wish to appoint as your proxy in the Proxy Form. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman will be appointed as your proxy.

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company on +61 8 9336 6619 or you may photocopy the Proxy Form. To appoint a second proxy you must state on each Proxy Form (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

## Directing your proxy to vote on Resolutions

You may direct your proxy how to vote by marking For, Against or Abstain for each resolution. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the resolutions by inserting the percentage or number of Shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the resolutions, your proxy may vote as he or she chooses (except where a voting exclusion applies). If you mark more than one box on a resolution your vote on will be invalid on that resolution.

## How the Chairman will vote undirected proxies

At the date of this Notice, the Chairman intends to vote all undirected proxies FOR each of the Resolutions. In exceptional cases the Chairman's intentions may change subsequently and in this event, the Company will make an announcement to the market.

## Corporate Shareholders

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: two directors of the company; a director and a company secretary of the company; or for a proprietary company that has a sole director who is also the sole company secretary – that director.

## Corporate Representatives

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, before the Meeting or at the registration desk on the day of the Meeting.

## Defined terms

Capitalised terms used in the Notice and the Explanatory Statement are defined in the Glossary.

## Questions from Shareholders

At the Meeting the Chairman will allow a reasonable opportunity for Shareholders to ask questions about the matters the subject of this Notice. Written questions in advance of the Meeting can be sent to the Company as follows:

By hand: 25-27 Jewell Parade, North Fremantle 6159 WA

By mail: 25-27 Jewell Parade, North Fremantle 6159 WA

By fax: +61 8 9335 3565

# Explanatory Statement

---

This Explanatory Statement has been prepared to provide information to Shareholders about the business to be conducted at the Meeting.

## 1. Resolution 1 – Approval of change in scale of the Company's activities

### 1.1 Background

On 13 May 2016, the Company announced that it had entered into a legally binding terms sheet (**Binding Terms Sheet**) with Slipstream Resources Investments Pty Ltd ACN 600 237 625 as trustee for Slipstream Capital ABN 49 373 547 103 (**SRI**), Scott Archie Ferguson (**Ferguson**) and Asgard Metals Pty Ltd ACN 600 101 255 (**ASM**) (together, the **Vendors**) for the proposed acquisition of interests in a portfolio of lithium-prospective tenements Western Australia and the Northern Territory (**Lithium Portfolio**), to be effected by the acquisition of all of the shares in Slipstream WANT Pty Ltd ACN 611 515 345 (**Slipstream Shares**).

### 1.2 Lithium Portfolio

The Lithium Portfolio interests to be acquired relate to 20 lithium-prospective tenement applications covering four key project areas: Greenbushes and Mt Cattlin in Western Australia; and Bynoe/Wingate and North Arunta in the Northern Territory.

The Mt Cattlin Project consists of two tenements that were previously held by Galaxy Resources Limited (**Galaxy**), who were forced to relinquish them in 2012 despite identifying the Deep Purple prospect with rock chip samples up to 4.48% Li<sub>2</sub>O (Galaxy Resources Limited E74/287 (Mount Cattlin Project) Relinquishment Report 2012). The Project is approximately 14km from the Mt Cattlin hard rock lithium mine which is jointly owned by Galaxy and General Mining Corporation Limited. Deep Purple is expected to be the first prospect to be tested by drilling. Lithium Australia NL are currently active on the neighbouring tenement exploring for spodumene and lepidolite mineralisation.

The Greenbushes Project is situated on the southern boundary of the world-class Greenbushes Li-Ta mine, which is the largest hard rock lithium resource in the world. The tenement straddles the prospective Donnybrook-Greenbushes Fault, and it includes a geochemical anomaly defined by previous explorers which will be the focus of initial exploration. The Greenbushes area has recently been the subject of intense activity by companies looking to secure an exploration foothold around the Greenbushes Li-Ta mine. Lithium Australia hold a large exploration licence immediately west of the project.

The Bynoe and Wingate Projects were identified due to their position within the Litchfield Pegmatite Belt in the Northern Territory. The Bynoe Project occupies a strategic position within the Bynoe Pegmatite Field, which has hosted numerous historic tin and tantalum mines. The neighbouring tenements are also now being explored for lithium by companies such as Lithium Australia NL, Liontown Resources Limited and Core Exploration Ltd. The Wingate Project sits within the Wingate Mountains Pegmatite Belt and includes historic tin workings that formed part of the Buldiva Tin Field. The presence of tin and tantalum mineralisation is an indication of pegmatite chemistry prospective for lithium. Reconnaissance work by the Northern Territory Geological Survey (NTGS) has identified pegmatite targets in both areas.

The two areas that make up the North Arunta Project are strategically located within two known pegmatite areas, the Barrow Creek Pegmatite Field and the Alcoota Pegmatite Region. Both areas have been subject to numerous historical mines for tin, tantalum and tungsten. Limited sampling by the NTGS indicates the presence of suitable chemistry for lithium-bearing pegmatites. The Spotted Wonder tenement is bracketed by two recent



tenement applications lodged by Kingston, making it an excellent synergistic acquisition securing a dominant foothold in the Alcoota region.

The identification of resources on neighbouring properties provides no assurance that any resource will be identified on the tenements comprising the Lithium Portfolio.

The Lithium Portfolio interests proposed to be acquired under the Transaction, by way of the acquisition of the Slipstream Shares, are Slipstream's interests in:

- (a) a contractual right, upon the grant of exploration licences in respect of applications ELA74/570, ELA74/571 and ELA70/4822 to SRI, to acquire a 100% legal and beneficial interest in E74/570, E74/571 and E70/4822, located in Western Australia, subject to Ministerial consent to the transfers under the Mining Act in respect of any transfer that is to occur before the first anniversary of grant;
- (b) a contractual right, to acquire a 100% legal and beneficial interest in exploration licence applications EL31132, EL31133, EL31134, EL31136, EL31137, EL31138, EL31141, EL31148, EL31150, EL31151, EL31200, EL31205, EL31206, EL31207 and EL31242 from SRI and the exploration licences granted in respect of those applications under the Mineral Titles Act; and
- (c) a contractual right, to acquire a 100% legal and beneficial interest in exploration licence applications EL31091 and EL31092 from ASM and the exploration licences granted in respect of those applications under the Mineral Titles Act.

The map set out in Schedule 1 shows the location of the Lithium Portfolio tenements in relation to recent lithium discoveries in the vicinity of those tenements.

The information in this report that relates to Exploration Results is based on information compiled by Mr Andrew Paterson, who is a member of the Australian Institute of Geoscientists. Mr Paterson is to become a full-time employee of the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a competent person as defined in the 2012 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Paterson consents to the inclusion in this report of the matters based upon the information in the form and context in which it appears.

### 1.3 Summary of the Binding Terms Sheet

ASM, SRI and Ferguson (the **Vendors**) are the only shareholders of Slipstream and hold shares in Slipstream in the following proportions (**Proportions**):

- (a) SRI – 80%;
- (b) Ferguson – 16%; and
- (c) ASM – 4%.

Pursuant to the Binding Terms Sheet, the Vendors have agreed to jointly sell all of their shares in Slipstream (**Slipstream Shares**) in consideration for:

- (a) a cash payment of \$500,000, to be split between the Vendors in their respective Proportions; and
- (b) the issue of 165,000,000 Shares, to be issued to the Vendors in their respective Proportions (**Consideration Shares**).

Completion of the transaction described above (**Transaction**) is subject to satisfaction of various conditions, including:

- (a) the grant of both E74/570 and E74/571 (presently the subject of applications for grant);
- (b) Shareholder approval for the purposes of ASX listing rule requirements;
- (c) the resignation of Mr Jonathan Davies as a Director, the appointment of Mr Anthony Wehby as non-executive Director and chairman of the Board, and the appointment of Mr Andrew Corbett as Managing Director, each effective upon completion of the Transaction; the appointment of Mr Wehby as chairman of the Board is the subject Resolution 5 (Election of Mr Wehby as non-executive chairman); the appointment of Mr Corbett as Managing Director is the subject of Resolution 6 (Election of Mr Andrew Corbett as a Director); and
- (d) the Company completing a share placement of \$6.85 million in two tranches (**Placement**) to fund the acquisition of the tenements and their exploration; the Placement is the subject of Resolution 3 (ratification of the First Tranche Placement), and Resolution 4 (approval of the Second Tranche Placement).

The \$500,000 cash payment is to be made in two tranches, as follows:

- (a) \$200,000, which was paid to the Vendors in their respective Proportions on 26 May 2016; and
- (b) \$300,000 to be paid to the Vendors in their respective Proportions upon completion of the Transaction.

The issue of the 165,000,000 Consideration Shares to the Vendors in their respective Proportions will occur at completion of the Transaction.

The Vendors may also be issued the following further ordinary shares in the Company (**Milestone Shares**), in their respective Proportions, subject to the achievement of the following milestones:

- (a) 90,000,000 Shares upon an inferred Mineral Resource of a minimum of 5 million tonnes at no less than 1% Li<sub>2</sub>O being identified on any one or more of the Lithium Portfolio tenements and announced to the ASX by the Company in accordance with the requirements of the JORC Code; and
- (b) 90,000,000 Shares upon an inferred Mineral Resource of a minimum of a further 10 million tonnes at no less than 1% Li<sub>2</sub>O being identified on any one or more of the Lithium Portfolio tenements and announced to the ASX by the Company in accordance with the requirements of the JORC Code.

The approval of issue of the Consideration Shares and the Milestone Shares is the subject of Resolution 2.

## 1.4 Placement

The Company has entered into a mandate agreement with Bell Potter Securities Limited as lead manager (**Bell Potter** or **Lead Manager**) to raise up to \$6.85 million in a two-tranche Share placement to fund acquisition costs and exploration on the Lithium Portfolio tenements.

The Placement will be conducted in two tranches:

- (a) Tranche 1: Placement of 40,000,000 shares at \$0.021 per share to raise \$840,000 (before costs) (**First Tranche Placement**); this tranche was completed on 19 May 2016 and ratification of this issue of Shares is the subject of Resolution 3; and
- (b) Tranche 2: Placement of approximately 286,190,476,000 Shares at \$0.021 per share to raise approximately \$6,010,000 (before costs) (**Second Tranche Placement**); this issue of Shares is conditional on Shareholder approval and completion of the Transaction occurring and is the subject of Resolution 4.

Bell Potter will receive a fee of 6% of funds raised under the Placement.

## 1.5 Board and management changes

The following changes to the Board and management are proposed as a result of the Transaction:

- (a) Mr Anthony Wehby has given his consent to join the Board as a non-executive Director and chairman of the Board, with effect from the close of the Meeting. The appointment of Mr Wehby is a condition of the Transaction and is the subject Resolution 5 (Election of Mr Anthony Wehby as non-executive chairman). Mr Wehby has considerable experience in corporate finance as a partner of PricewaterhouseCoopers, and as a director of ASX-listed mining companies.
- (b) Mr Andrew Corbett has given his consent to join the Board as Managing Director, with effect from the close of the Meeting. The appointment of Mr Corbett as Managing Director is a condition of the Transaction and is the subject of Resolution 6 (Election of Mr Andrew Corbett as a Director). Mr Corbett has considerable experience in senior corporate, operational and mine management positions including with Orica Mining Services based in Germany.
- (c) Mr Andrew Paterson was appointed as Chief Geological Officer (but not a Director) on 2 June 2016. Mr Paterson is a highly experienced geologist with a track record of creating value in resources projects. He has held corporate, exploration and operational roles in gold, nickel sulphide and iron ore industries including with, Atlas Iron Limited and Mount Magnet South NL. He has a Bachelor of Engineering in Geology and a Graduate Diploma in Mining both from the Western Australian School of Mines. Mr Paterson's appointment was a condition of the Binding Terms Sheet.

The executive services agreements of each of Mr Corbett and Mr Paterson engage those persons directly by the Company. Mr Corbett is entitled to remuneration of \$235,000 per annum (excluding superannuation) for his services as an executive, and Mr Paterson is entitled to remuneration of \$200,000 per annum (excluding superannuation) for his services as an executive. Other terms of each person's engagement with the Company are in line with industry standards, including with respect to warranties and termination rights.

As a non-executive Director and chairman of the Board, Mr Wehby will be entitled to Director's fees of \$50,000 per annum (excluding superannuation).

Mr Stuart Rechner and Mr Yafeng Cai remain on the Board as non-executive Directors and Mr Jonathan Davies has resigned from the Board subject to, and with effect from, completion of the Transaction.

## 1.6 Listing Rules requirements

In summary, Listing Rule 11.1 provides that a listed company that proposes to make a significant change to the nature or scale of its activities must:

- (a) if ASX requires, obtain the approval of shareholders of its ordinary securities to undertake the change; and

- (b) if ASX requires, meet the requirements in Chapters 1 and 2 of the Listing Rules for the admission of a company to the official list of ASX as if the company were applying for its initial admission.

ASX has exercised its discretion pursuant to Listing Rule 11.1 and has required that the Company seek shareholder approval for the Transaction as, if successful, the Transaction would result in a change of the scale of the Company's activities.

ASX has informed the Company in-principle that if Shareholders approve Resolution 1, the Company will not be required to re-comply with the admission requirements set out in Chapters 1 and 2 of the Listing Rules.

Information required by the Listing Rules (as set out above) is set out in this Explanatory Statement.

## 1.7 Proposed capital structure of the Company

The table below shows the pro forma capital structure of the Company assuming that no Options are exercised into Shares and Resolutions 1 to 5 are approved.

<b>Shares</b>	
Current Shares on issue (including the 40,000,000 Shares issued at \$0.021 each to raise \$840,000, which comprised the First Tranche Placement)	209,079,509
Proposed placement of Shares at \$0.021 each to raise \$6,010,000 (the Second Tranche Placement)	286,190,476
Proposed issue of Shares to Vendors (the Consideration Shares)	165,000,000
Proposed maximum total shares on issue after completion of the Transaction	660,269,985
Milestone Shares (tranche 1)	90,000,000
Milestone Shares (tranche 2)	90,000,000
<b>Maximum total Shares on issue</b>	<b>840,269,985</b>
<b>Options</b>	
<b>Current Options on issue</b>	
(KSNOA) Quoted Options exercisable at \$0.07 (7 cents) on or before 30 June 2016	28,624,769
(KSNAAs) Unlisted Options exercisable at \$0.03 (3 cents) on or before 30 June 2019	7,058,823
<b>Maximum total Options after completion of the Transaction (assumes KSNAOs Options expire without exercise post 30 June 2016)</b>	<b>7,058,823</b>

## 1.8 Trading in Shares

As at the date of this Notice, a total of 209,079,509 Shares are quoted on ASX.

Set out below is a table showing relevant trading prices of Shares on ASX.

Comparative trading period price of Shares	Price of Shares
Highest trading price in the 4 months prior to the date this Notice was lodged with ASX	\$0.042
Lowest trading price in the 4 months prior to the date this Notice was lodged with ASX	\$0.005
Closing trading price on the last trading day before the Announcement Date	\$0.025
Last available closing price of Shares on ASX prior to the date of the Notice – 1 June 2016	\$0.021

## 1.9 The Company's current activities

Kingston is an Australian incorporated company which has to date focussed on exploration for copper-gold at its Six Mile Hill, Cootanoorina, Sunset Hill and Hiltaba projects in South Australia and it has also lodged applications for lithium-prospective exploration licences in the Yilgarn Craton of Western Australia and the Arunta Region of the Northern Territory.

Further information regarding the Company and its projects is set out in the following documents, which can be found on the Company's website (<http://www.kingstonresources.com.au/>) or on the ASX announcements webpage (ASX Code: KSN):

- (a) Corporate Presentation - May 2016 (as announced to ASX on 13 May 2016);
- (b) Major Lithium Portfolio Acquisition & \$6.85M Capital Raising (as announced to ASX on 13 May 2016);
- (c) Kingston Pegs Two Lithium Tenements in Western Australia (as announced to ASX on 27 April 2016);
- (d) March 16 Quarterly Activities Report & Appendix 5B (as announced to ASX on 26 April 2016);
- (e) Exploration Update as announced to ASX on 4 April 2016);
- (f) KSN Pegs 3 Tin/Tantalum/Lithium Tenements in NT (as announced to ASX on 14 March 2016);
- (g) Quarterly Activities Report & Appendix 5B (as announced to ASX on 21 January 2016);
- (h) Exploration Update - Six Mile Hill (as announced to ASX on 3 December 2015);
- (i) Director Resignation- Appendix3Z (as announced to ASX on 20 November 2015);
- (j) Drilling Completed at Six Mile Hill (as announced to ASX on 22 October 2015);

- (k) Quarterly Activities Report & Appendix 5B (as announced to ASX on 21 October 2015);
- (l) Exploration Update - Six Mile Hill (as announced to ASX on 28 September 2015);
- (m) 2015 Annual Report to Shareholders (as announced to ASX on 22 September 2015);
- (n) Exploration Update - Six Mile Hill (as announced to ASX on 10 September 2015);
- (o) Research Report (as announced to ASX on 4 August 2015);
- (p) Drilling Commenced at Six Mile Hill Copper-Gold Project (as announced to ASX on 3 August 2015);
- (q) Appointment of Director - Mr Barry Bourne (as announced to ASX on 21 July 2015);
- (r) Quarterly Activities Report & Appendix 5B (as announced to ASX on 17 July 2015);
- (s) Joint Venture Agreement Expands Cootanoorina Project Area (as announced to ASX on 13 July 2015);
- (t) Mineral Systems Drilling Program agreements signed (as announced to ASX on 26 June 2015); and
- (u) KSN Investor Presentation June 2015 (as announced to ASX on 18 June 2015).

#### **1.10 Directors' recommendations and key considerations for Shareholders on Resolution 1**

##### **(a) Interests of the Directors**

The Directors declare that they do not hold any interest in Slipstream Shares, the Lithium Portfolio or in any of the Vendors of the Slipstream Shares.

##### **(b) Recommendation of the Directors**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

Based on the information available, including that contained in this Explanatory Statement, all of the Directors consider that the Transaction is in the best interests of the Company.

##### **(c) Reasons for the Directors recommendations / advantages**

The following is a list of the key reasons the Directors recommend that Shareholders vote in favour of the change in scale of the activities of the Company pursuant to Resolution 1, and consequently, the Transaction:

- (i) The acquisition of control of the Lithium Portfolio via the acquisition of the Slipstream Shares represents a significant opportunity for the Company (see Section 1.2 for further details regarding the Lithium Portfolio).
- (ii) The Transaction may improve share value for Shareholders.
- (iii) The Transaction presents a significant opportunity for the Company to increase the scale of its activities which should increase the number and size

of the investor pool that may invest in the Company and provide greater market liquidity.

- (iv) After completion of the Transaction, the Company is likely to have improved access to the funding required to continue the exploration and possible future development of the Lithium Portfolio.
- (v) The Transaction presents an opportunity for the Company to diversify into different exploration locations and different commodities which will allow the Company to spread its potential commodity risk.
- (vi) After completion of the Transaction, the new Board and executive management will have significant and complimentary resources experience.

**(d) Potential disadvantages of the Transaction**

Potential disadvantages of the Transaction include:

- (i) The Transaction, if completed, will result in the issue of up to approximately 670,000,000 Shares (including Shares issued under the Placement, the Consideration Shares and Milestone Shares). The issue of the Shares will have an immediate dilutionary effect on the ownership of existing Shareholders, being approximately 397%.
- (ii) The Company will be changing the scale of its activities to include exploration for lithium. This change may not be consistent with the investment objectives of all Shareholders.
- (iii) There are various risk factors associated with the conduct of mining exploration in Australia, many of which are common with the conduct of mining exploration generally. Please refer to Section 1.10(e) for an outline of the most significant of these risk factors.
- (iv) There is no guarantee that the exploration and development proposed to be conducted following the completion of the Transaction in relation to the Lithium Portfolio will result in any beneficial economic outcome.

**(e) Initial Payment**

As set out in paragraph 1.3 above, the consideration payable by the Company for the acquisition of the Slipstream Shares includes a \$500,000 cash payment payable in two tranches, of which the first tranche of \$200,000 was paid to the Vendors in their respective Proportions on 26 May 2016 (**Initial Payment**).

The Initial Payment was paid by the Company to secure the opportunity to acquire the Slipstream Shares. The Board considers this payment was reasonable and in the best interests of the Company to secure the opportunity to enter into the Transaction and that there is only a small risk that Transaction may not complete if Shareholders approve the relevant Resolutions.

**(f) Potential risks**

There are a number of risks associated with change in the Company's scale of the activities and the development and operation of the Company's projects following a successful acquisition of the Lithium Portfolio which may impact on the Company's future performance.

In addition, there are various risks inherent in the conduct of any mining exploration activities generally. Shareholders should give careful consideration to each of the



risks. The risks below identify some of the key risks specific to an investment in the Company; however, these risks should not be taken as an exhaustive list of all risks which the Company could be subject to. The various risks include the following:

**(i) Lease and licence risks**

The Company's mining exploration activities are dependent upon the grant, or as the case may be, the maintenance of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. The maintaining of tenements, obtaining renewals, or getting tenements granted, may depend on the Company being successful in obtaining the required statutory approvals for its proposed activities and that the licences, concessions, leases, permits or consents it holds will be renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection with them.

In particular, there are risks that:

- A. any one or more of exploration licence applications ELA74/570, ELA74/571 and ELA70/4822 will not result in the grant to SRI of a legal or beneficial interest in any one or more of the corresponding tenements under the Mining Act;
- B. if an interest in EL74/570, EL74/571 or EL70/4822 is granted to SRI, that the Ministerial consent under the Mining Act that is required to transfer that interest to the Slipstream within the first year after grant will not be obtained and each tenement will not be able to be transferred until after the first anniversary of the grant of the tenement;
- C. any one or more of exploration licence applications EL31132, EL31133, EL31134, EL31136, EL31137, EL31138, EL31141, EL31148, EL31150, EL31151, EL31200, EL31205, EL31206, EL31207 and EL31242 will not result in the grant to SRI of a legal or beneficial interest in any one or more of the corresponding tenements under the Mineral Titles Act; and
- D. one or both of exploration licence applications EL31091 and EL31092 will not result in the grant to ASM of a legal or beneficial interest in any one or more of the corresponding tenements under the Mineral Titles Act.

**(ii) Future capital requirements**

The Company's ongoing activities may require substantial financing in the future for its business activities. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the current market price or may involve restrictive covenants which limit the Company's operations and business strategy.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations and this could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern.



**(iii) Exploration risks**

Mining exploration and development is a high risk undertaking. The success of the Company depends on the delineation of economically minable 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.

Exploration on the Company's tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of exploration tenements.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that cost estimates and underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

**(iv) Resource estimates**

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend, to some extent, on interpretations, which may prove to be inaccurate and require adjustment. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

**(v) Ability to exploit successful discoveries**

It may not always be possible for the Company to exploit successful discoveries which may be made in areas in which the Company has an interest. Such exploitation would involve obtaining the necessary licences or clearances from relevant authorities or land beneficiaries that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploitation may require participation of other companies whose interests and objectives may not be the same as the Company's.

**(vi) Mining and development risks**

Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management.

Mining and development operations can be hampered by force majeure circumstances, environmental considerations and cost overruns for unforeseen events.

**(vii) Title risks**

Interests in tenements are governed by legislation in their respective jurisdictions and are evidenced by the granting of licences or leases. Each

licence or lease is for a specific term and carries with it reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

**(viii) Environment and government approvals**

The operations and activities of the Company are subject to environmental laws and regulations. As with most exploration projects and mining operations, the Company's operations and activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company attempts to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws.

**(ix) Native title**

The Company's tenement interests are in Australia. Accordingly, both the *Native Title Act 1993* (Cth) (**Native Title Act**) and related State native title legislation and Aboriginal land rights and Aboriginal heritage legislation may affect the Company's ability to gain access to prospective exploration areas or obtain production titles.

Compensatory obligations may be necessary in settling native title claims if lodged over any tenements acquired by the Company. The existence of outstanding registered native title claims means that the grant of a tenement in respect of a particular tenement application may be significantly delayed or thwarted pending resolution of future act procedures in the Native Title Act. The level of Impact of these matters will depend, in part, on the location and status of the tenements acquired by the Company. At this stage it is not possible to quantify the impact (if any) which these developments may have on the operations of the Company.

**(x) Realising value from projects**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

The Directors have between them significant mineral exploration and operational experience. However, no assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

**(xi) Joint venture parties, agents and contractors**

There is a risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

**(xii) Access risks**

Where mining tenements (or part thereof) are subject to private land, resource companies are required to negotiate access, compensation and mining agreements with the beneficial party in order to gain access to explore, develop and mine the resource. Negotiation and execution of such agreements are subject to the willingness of beneficial parties to co-operate with resource entities. Land use may also affect the timing of access to such land. As such, the Company maintains a high standard of co-operative working with beneficial title holders.

**(xiii) Mineral assemblage and consistency**

The value of, and ability to mine, a resource is partially dependent on the mineral assemblage and / or quality and surrounding geological and soil setting. Information is not always necessarily available at the commencement of exploration, and is established at varying stages throughout development. Such data can affect the Company's ability to successfully extract, treat or sell the product. The Company makes all efforts to determine this information at practical stages throughout exploration to reduce risks associated with mineral assemblage and quality.

**(xiv) Competition**

The Company competes with other companies, including major mining companies in Australia and internationally. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Company can compete effectively with these companies.

**(xv) Insurance risk**

In certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance of all risks associated with mineral exploration and production is not always available and where available the costs can be prohibitive.

**(xvi) Key personnel**

Recruiting and retaining qualified personnel are important to the Company's success. The number of persons skilled in the exploration and development of mining properties is limited and competition for such persons is strong. There can be no assurance that there will be no detrimental impact on the Company if such persons employed cease their employment with the Company.

## **1.11 Directors voting intentions**

Each Director, in their capacity as Shareholders (where applicable), intends to vote in favour of Resolution 1.

- (a) The Directors have the following interests in securities as at the date of this Notice.

Director	Company Securities	Slipstream and Vendor securities
Mr Stuart Rechner	Nil*	Nil
Mr Yafeng Cai	520,813 Shares Nil Options	Nil
Mr Jonathan Davies	750,000 Shares 2,000,000 Unlisted Options exercisable at \$0.07 and expiring 30 June 2016	Nil

\* Mr Stuart Rechner has previously disclosed having had a relevant interest in 40,098,161 Shares and 6,577,561 Options (refer to Appendix 3Y announced 3 September 2015). These Securities are in fact held by Mr Anthony Rechner and entities which Anthony Rechner controls being Omen Pty Ltd, EERC Australasia Pty Ltd and Tangram Pty Ltd. Having considered the matter further, Stuart Rechner has determined that he has no power to dispose or vote any of the Shares held by any of Anthony Rechner or his controlled entities and accordingly does not have a relevant interest in the Shares held by Anthony Rechner or his controlled entities.

- (b) None of the Directors have interests in Slipstream or any of the Vendors as at the date of this Notice.

### 1.12 Consequences if Resolution 1 is not approved

In the event Resolution 1 is not approved by Shareholders at the Meeting:

- (a) the scale of the Company's activities will not change and the Transaction will not proceed;
- (b) if the Transaction does not proceed, the Company will not be able to conduct the Second Tranche Placement and will not raise \$6,010,000 from that placement;
- (c) the Company will forego the benefit of its expenditure of the amount of \$200,000 paid to the Vendors;
- (d) the market price for Shares traded on ASX may decline substantially; at the date of the Company's announcement of the Transaction on 13 May 2016, Shares traded on ASX at \$0.03; since 13 May 2016, Shares have traded on ASX at prices in the range of \$0.021 to \$0.042;
- (e) the Company will need to cover the expenses incurred in negotiating the Transaction, which may impact on the Company's future; and
- (f) the Board will continue to review the Company's projects and other potential new project acquisitions with the financial resources available after payment of expenses in relation to the Transaction.

### 1.13 Financial information about the Company

This Section contains an unaudited statement of financial position for the Company, with the relevant information extracted from the Company's management accounts as at 31 March 2016.

The unaudited pro forma statement of financial position of the Company presents the Company's financial position as at 31 March 2016 as if the Company had completed the Transaction at that date. Acquisition accounting entries have been based on the terms of the Binding Terms Sheet and the assumptions used in order to arrive at an unaudited pro-forma consolidated statement of financial position for the Company as at 31 March 2016 are set out at the end of the statement of financial position.

The Company will undertake a comprehensive assessment of the fair value of the assets and liabilities acquired after completion of the Transaction.

The unaudited pro forma statement of financial position is indicative only. The Company has drawn its own conclusions based on the known facts and other publicly available information. If the factors, circumstances, assumptions or other information should prove to be different to that described, the conclusions may change accordingly.

**Pro forma  
Consolidated  
31 March 2016**

**\$**

**ASSETS**

**Current Assets**

Cash and cash equivalents	6,125,367
Trade and other receivables	13,002
Available for sale financial assets	12,944
Other current assets	11,226

<b>Total Current Assets</b>	<b>6,162,539</b>
-----------------------------	------------------

**Non-Current Assets**

Property, Plant & Equipment	686
Exploration and evaluation	4,289,098
Investment in Slipstream-Tenements acquired	4,070,000

<b>Total Non-Current Assets</b>	<b>8,359,784</b>
---------------------------------	------------------

<b>Total Assets</b>	<b>14,522,323</b>
---------------------	-------------------

**LIABILITIES**

**Current Liabilities**

Trade and other payables	24,794
--------------------------	--------

<b>Total Current Liabilities</b>	<b>24,794</b>
----------------------------------	---------------

Total Liabilities	24,794
-------------------	--------

<b>Net Assets</b>	<b>14,497,529</b>
-------------------	-------------------

**Equity**

Issued capital	57,620,820
Accumulated losses	(43,320,153)
Reserve	196,862

<b>Total Equity</b>	<b>14,497,529</b>
---------------------	-------------------

**Notes:**

This table is prepared on the basis of the following assumptions:

1. The Placement, consisting of the First Tranche Placement and the Second Tranche Placement, is successfully completed, raising a total of \$6,850,000.
2. Costs of the Placement, including the fees of the Lead Manager, ASX costs and legal fees are \$500,000.
3. Payment of \$500,000 is made to the Vendors in their respective Proportions, pursuant to the Binding Terms Sheet, as set out in Section 1.3.
4. There is no adjustment for the operating costs of the Company between 31 March 2016 and the date of completion of the Transaction.

The effect of the Transaction will be to:

- (a) increase total assets by an amount of 215%, compared to the Company's total assets as at 31 March 2016; and
- (b) increase net assets by an amount of 217%, compared to the Company's net assets as at 31 March 2016.

#### 1.14 Effect of Transaction and Placement on expenditure

24 month exploration and administration budgets for the Company are set out below. These budgets are prepared on the basis that the Company will raise \$6.5 million pursuant to the Placement (see Sections 1.4, 3 and 4 for further details regarding the Placement).

The table below is a summary of the expenditure budgets for the Company over the next 24 months. These budgets are subject to possible change depending on the outcome of exploration results and other factors beyond the Company's control.

Use of funds (24 months)	Budget (assuming raising of \$6.85 million)
<b>Exploration expenditure:</b>	
Exploration Salaries and Overheads	\$605,200
Geochemistry	\$475,000
Geophysics	\$550,750
Drilling	\$2,219,050
Vendor payment	\$500,000
Capital raising fees	\$500,000
Corporate, salaries, legal and administration	\$1,000,000
Working capital	\$1,000,000
<b>Total cash outflows</b>	<b>\$6,850,000.00</b>

##### Notes:

This table is prepared on the basis of the following assumptions:

- As the Transaction is conditional upon the success of the Placement, which is for a defined number of Shares (326,190,476) at a particular price (2.1 cents per Share), both the maximum and minimum amount to be raised under the Placement is \$6,850,000.
- The Company expects that on the success of the Placement and the consequent raising of \$6,850,000, it will have sufficient funds to conduct its exploration and development activities for the next 24 months.
- Exploration expenditures will be reviewed on an on-going basis, depending upon the nature of results forthcoming from the respective work programmes. Actual expenditure may differ from the above estimates due to a change in market conditions, the development of new opportunities, the results obtained from exploration and other factors (including the risk factors outlined in Section 1.10(e) above).
- The above table represents statements of the intended use of the funds raised by the Company as at the date of this document. It must be recognised that all exploration budgets may change as the conducted programmes provide encouragement or disappointment and new opportunities may be identified elsewhere.
- It is anticipated that the funds available as unallocated working capital may be applied towards any contingency resulting in unforeseen expense associated with the Company's projects, and also towards expenses incurred in identifying and generating new mineral exploration projects. Such expenses may include the cost of purchasing exploration data, commission expert reports/studies, acquiring exploration

rights and due diligence costs of reviewing potentially suitable projects, including associated travel, legal and other professional expenses.

### **1.15 Future capital requirements**

The Company completed the First Tranche Placement on 19 May 2016 by way of a placement to sophisticated investors (as defined in section 708 of the Corporations Act) of 40,000,000 Shares at an issue price of 2.1 cents each, raising \$840,000 (before costs). These funds will be used to fund the initial cash payment of \$200,000 to the Vendors under the Transaction and for ongoing exploration expenditure, corporate and administration and working capital.

The Company also intends to complete the Second Tranche Placement by way of a placement to sophisticated investors (as defined in section 708 of the Corporations Act) of 286,190,476 Shares at an issue price of \$0.021 each, raising \$6,010,000 (before costs).

On completion of the Second Tranche Placement and the Transaction, the Company anticipates that it will have sufficient funds to conduct its proposed exploration and development activities for the next 24 months without the need to conduct any further capital raising.

### **1.16 Financial outlook for the Company**

This Explanatory Statement does not include any financial forecasts or projections for revenue or profit in relation to the Company.

The Company considers that the inclusion of financial forecasts would be speculative and potentially misleading for Shareholders given:

- (a) the current assets of the Company and those which it proposes to acquire pursuant to the Transaction are for the most part presently not of sufficient development to provide reasonable forecast information;
- (b) development is subject to inherent risks associated with material grades and quantities, mining equipment availability, the granting of production licenses, extraction and logistics costs; and
- (c) the future market prices for lithium, gold and copper are inherently uncertain.

### **1.17 Costs of the Transaction**

The Company estimates it will incur fees for services provided in connection with the Transaction, including for legal, taxation and corporate advisers (including the Lead Manager), in the amount of approximately \$500,000 (not including GST).

The total amount of cash that the Company may become obliged to pay to satisfy all expenses incurred by it and relating to the Transaction will be provided from the Company's existing cash balance and funds to be raised under the Placement.

### **1.18 Effect of the Transaction on capital structure**

The anticipated capital structure of the Company assuming successful completion of the Transaction is set out in Section 1.7.

The Transaction is conditional on completion of the Second Tranche Placement (Resolution 4) and contemplates the issue of Shares to the Vendors (Resolution 2). If the Transaction reaches completion, a maximum total of 670,000,000 Shares may be issued. Consequently, the total issued capital of the Company may increase in connection with the Transaction to 840,269,985 Shares and 7,058,823 Options.



Assuming no other Shares are issued before the Milestones are satisfied except for those contemplated by the Transaction, the Placement and the Performance Rights, the issue of all of the Milestone Shares would give SRI a relevant interest in excess of 20% of the issued Shares (up to a maximum of 32.2% of the issued Shares).

The Board considers that it is very unlikely that no other Shares will be issued before the Milestones are satisfied. Nevertheless, if the issue of any of the Milestone Shares would result in SRI acquiring a relevant interest in more than 20% of the issued Shares, the Company will seek shareholder approval to issue such Shares to SRI for the purposes of item 7 of section 611 of the Corporations Act.

#### **1.19 Effect of the Transaction on shareholding interests and voting power**

The Transaction, if successful, will involve the issue of the Placement (Resolutions 3 and 4) and the Shares to the Vendors (Resolution 2), each of which will dilute the shareholding interests of existing Shareholders.

If all Shares proposed to be issued pursuant to the Placement and to the Vendors are issued (including all Consideration Shares and all Milestone Shares), the issued share capital of the Company will increase by a factor of approximately 397%, and the recipients of those Shares will not be evenly distributed among the existing Shareholders of the Company. As a result the shareholding interests of some existing Shareholders will be diluted.

The Shares proposed to be issued pursuant to the Placement and to the Vendors will also affect the substantial holding interests in the Company. In summary, a person will have a substantial holding in the Company if they (together with their Associates) hold a relevant interest in 5% or more of the Shares on issue.

Based on current shareholding interests known to the Company, no current Shareholder is expected to have a substantial holding in the Company on completion of the Transaction (assuming that no Options are exercised, the Placement is successful and all Shares proposed to be issued to the Vendors are issued (including all Consideration Shares and Milestone Shares)).

#### **1.20 Effect of the Transaction on the Company's financial position**

The Transaction will affect the Company's financial position.

An outline of the manner in which the Company's financial position may change is set out in Section 1.13.

#### **1.21 Effect of the Transaction on accounting policies**

On successful completion of the Transaction, the Company's accounting policies will not change.

### **2. Resolution 2 – Approval to issue Consideration Shares and Milestone Shares to the Vendors**

#### **2.1 Background**

Pursuant to the Binding Terms Sheet, the Company has undertaken to issue 165,000,000 Shares to the Vendors in their respective Proportions (i.e. SRI: 80%, Ferguson: 16% and ASM: 4%), at completion of the Transaction (**Consideration Shares**).

The Company may also issue to the Vendors the following further Shares (**Milestone Shares**), in their respective Proportions, subject to the achievement of the following milestones:

- (a) 90,000,000 Shares upon an inferred Mineral Resource of 5 million tonnes at 1% Li<sub>2</sub>O being identified on any or all of the Lithium Portfolio tenements and announced to the ASX by the Company in accordance with the requirements of the JORC Code; and
- (b) 90,000,000 Shares upon an inferred Mineral Resource of a further 10 million tonnes (ie. a total of 15 million tonnes) at 1% Li<sub>2</sub>O being identified on any or all of the Lithium Portfolio tenements and announced to the ASX by the Company in accordance with the requirements of the JORC Code.

## **2.2 Listing Rules information requirements**

Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which exceeds 15% of the number of issued securities of the company held at the beginning of the 12 month period, except with the prior approval of shareholders of the company in general meeting of the precise terms and conditions of the proposed issue.

The effect of Resolution 2, if passed, will be that the issue of Shares will be exempt from the 15% limit under Listing Rule 7.1.

Approval of Resolution 2 will allow the Company to issue the Consideration Shares and Milestone Shares, and provide the Company with flexibility during the next 12 month period to issue further equity securities in order to raise further capital if required.

In accordance with Listing Rule 7.3, the following details are provided in relation to Resolution 2:

- (a) The maximum number of Shares to be issued pursuant to Resolution 2 is 345,000,000 Shares.
- (b) The Company has applied to ASX for waivers of Listing Rule 7.3. If the waivers are granted:
  - (i) the Consideration Shares will be issued no later than one year after the date of the Meeting; and
  - (ii) the Milestone Shares will be issued on or before 30 June 2019, or alternatively within such other time as may be permitted by the Listing Rules or any waiver of the Listing Rules granted by ASX.
- (c) The Shares will be issued to Vendors in their respective Proportions (i.e. SRI: 80%, Ferguson: 16% and ASM: 4%).
- (d) The Shares will be issued in consideration for the Acquisition and accordingly no funds will be raised through the issue of the Shares.
- (e) The Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the existing Shares on issue; the Company will apply for quotation of the Shares on ASX.
- (f) It is intended that the Shares will be issued progressively.
- (g) An appropriate voting exclusion statement is included in the Notice.

## **2.3 Directors' recommendation**

The Directors unanimously recommend Shareholders vote in favour of Resolution 2.

### **3. Resolution 3 – Ratification of prior issue of Shares under the First Tranche Placement**

#### **3.1 Background**

On 19 May 2016, the Company issued 40,000,000 Shares (**First Tranche Shares**) to sophisticated investors pursuant to section 708A(5) of the Corporations Act at an issue price of \$0.021 per Share to raise approximately \$840,000, which constituted the first tranche of the Placement (**First Tranche Placement**).

Ratification of the issue of the First Tranche Shares is now being sought.

The effect of Shareholders passing Resolution 3 will be to “refresh” the number of securities which the Company can issue within any 12 month period in accordance with ASX Listing Rule 7.1. This will allow the Company to raise further working capital-up to a maximum of 15% of the Company’s total issued Shares, without the need to obtain members approval prior to the capital raising.

#### **3.2 Listing Rules information requirements**

Listing Rule 7.1 provides that prior approval of Shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 states that an issue by a company of securities made without approval under ASX Listing Rule 7.1 is treated as having been made with approval for the purpose of ASX Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company’s members subsequently approve it.

Under Resolution 3, the Company seeks Shareholder approval for, and ratification of, the issue of the Shares as set out below so as to restore the Company’s capacity under Listing Rule 7.1 to issue further securities representing up to 15% of the Company’s issued capital in the next 12 months.

For the purposes of Listing Rule 7.5, the Company provides the following information to Shareholders:

- (a) the Company issued 40,000,000 Shares on 19 May 2016 at an issue price of \$0.021 per Share;
- (b) all Shares issued under the First Tranche Placement rank equally with all other Shares;
- (c) the Shares were issued to various sophisticated investors as determined by the Directors, including clients of Bell Potter Securities;
- (d) the First Tranche Placement raised a total of \$840,000 before costs; and
- (e) the Company intends to use the funds raised from the issue of the First Tranche Shares to, in the Board’s discretion:
  - (i) pay the first tranche of the cash component of the consideration payable to the Vendors pursuant to the Binding Terms Sheet (see Section 1.3 above);
  - (ii) conduct an initial assessment and planning for an exploration program of the Lithium Portfolio pending completion of the Transaction; and
  - (iii) maintain a prudent level of working capital.

### **3.3 Directors' recommendation**

The Directors unanimously recommend Shareholders vote in favour of Resolution 3.

## **4. Resolution 4 – Approval to issue Shares under the Second Tranche Placement**

### **4.1 Background**

Resolution 4 seeks Shareholder approval under Listing Rule 7.1 for the issue of the Second Tranche Placement, being up to a maximum of 286,190,476 Shares at an issue price of \$0.021 per Share.

Resolution 4 is subject to Resolution 1 being approved by Shareholders. The Transaction is subject to successful completion of the Second Tranche Placement as contemplated by this Resolution.

Completion of the Second Tranche Placement is subject to and conditional upon completion of the Transaction occurring, which will only occur after the grant of both E74/570 and E74/571.

The purpose of Resolution 4 is to provide the Company with the ability to conduct the Second Tranche Placement by means of a placement of Shares, thereby raising additional funds for the exploration of the Lithium Portfolio tenements and funds necessary to:

- (a) pay any additional expenses and costs incurred in conducting the Transaction;
- (b) fund the Company's ongoing exploration of its existing copper and lithium projects; and
- (c) fund the Company's ongoing general working capital requirements which will increase if the Transaction is successful and the Company's operations increase in size and scale.

The maximum amount that may be raised on the issue of the Second Tranche Placement is \$6,010,000.

None of the investors pursuant to the Second Tranche Placement will be related parties of the Company.

### **4.2 Listing Rules information requirements**

As outlined above, Listing Rule 7.1 provides that prior approval of shareholders is required for an issue of securities if the securities will, when aggregated with the ordinary securities issued by a company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

If approval is obtained for Resolution 4, the issue of Shares under the Second Tranche Placement will not be included in calculating the Company's 15% issuing capacity for the purposes of Listing Rule 7.1.

In accordance with Listing Rule 7.3, the following information is provided to enable Shareholders to assess the merits of Resolution 4 for the purposes of Listing Rule 7.1:

- (a) The maximum number of Shares proposed to be issued is 286,190,476.
- (b) The Company has applied to ASX for waivers of Listing Rule 7.3. If the waivers are granted the Shares proposed to be issued pursuant to Resolution 4 will be issued within 5 Business Days after the grant of both E74/570 and E74/571 and no later than one year after the date of the Meeting, or alternatively within such other time as

may be permitted by the Listing Rules or any waiver of the Listing Rules granted by ASX.

- (c) The issue price of the Shares will be \$0.021 each.
- (d) The Lead Manager in consultation with the Directors will determine to whom the Shares and will be issued, but none of these persons will be related parties of the Company.
- (e) The Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the existing Shares on issue; the Company will apply for quotation of the Shares on ASX.
- (f) The Company intends to use the funds raised from the Second Tranche Placement to provide funds to:
  - (i) explore the Lithium Portfolio tenements;
  - (ii) further explore the Company's existing copper-gold and lithium assets;
  - (iii) to pay any additional expenses and costs incurred in conducting the Transaction; and
  - (iv) fund the Company's ongoing general working capital requirements which will increase if the Transaction is successful and the Company's operations increase in size and scale.
- (g) It is intended that the Shares will be issued on the same date.
- (h) An appropriate voting exclusion statement is included in the Notice.

#### **4.3 Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

### **5. Resolutions 5 and 6 – Election of Mr Anthony Wehby as non-executive chairman of the Board and as Mr Andrew Corbett as Managing Director**

#### **5.1 Background**

Pursuant to the Binding Terms Sheet, it is a condition of the Transaction that the Board appoints a non-executive chairman to the Company, and a Managing Director. The Board has determined that the following persons are appropriate for those positions:

- (a) Mr Anthony Wehby as non-executive chairman of the Board; and
- (b) Mr Andrew Corbett as Managing Director.

Pursuant to Regulation 52.1 of the Constitution, the Directors may appoint any person as a Director either to fill a casual vacancy or as an additional Director.

However, under article 52.2 of the Constitution, any such appointment concludes at the next general meeting of the Company following the appointment. The Director is then eligible for election.

The Board seeks the appointment of Mr Anthony Wehby and Mr Andrew Corbett by resolution of the Shareholders at the Meeting.

Resolutions 5 and 6 are ordinary resolutions that provide for the appointment of Mr Anthony Wehby and Mr Andrew Corbett to the Board, as non-executive chairman of the Board and Managing Director, respectively, pursuant to the Constitution.

The elections of Mr Wehby and Mr Corbett as Directors will take effect on the approval of Resolutions 5 and 6 respectively at the Meeting.

## **5.2 Biography of Mr Anthony Wehby**

Mr Wehby was a founding director and is now Chairman of Aurelia Metals Limited (formerly YTC Resources Limited) an ASX-listed mining company. During Mr Wehby's tenure, Aurelia Metals Limited has graduated from exploration to mining and has managed a range of challenging issues.

Prior to 2001, Mr Wehby was a partner in PricewaterhouseCoopers (and Coopers & Lybrand) for 19 years. During those years he specialised in corporate finance and was responsible for the management of that part of the national practice of Coopers & Lybrand.

Since 2001, Mr Wehby has held non-executive director roles and maintained a financial consulting practice, focusing on strategic advice to companies, including investments, divestments and capital raising.

Mr Wehby is a director of Royal Rehab (the former Ryde Rehabilitation Hospital). He was previously Chairman of Tellus Resources Limited and a director of Harmony Gold (Aust) Pty Ltd.

## **5.3 Biography of Mr Andrew Corbett**

Mr Corbett has over 22 years experience in the mining industry, including senior corporate, operational and mine management positions. His prior roles include General Manager at Orica Mining Services based in Germany and Portfolio Manager of the Global Resource Fund at Perpetual Investments as well as mine management and operations roles with contractor and owner-mined mining operations. Mr Corbett has a Bachelor of Engineering Mining (Honours) from the Western Australian School of Mines, a Masters of Business Administration from Newcastle University and a First Class Mine Managers Certificate.

The executive services agreement of Mr Corbett engages him directly by the Company. Mr Corbett is entitled to remuneration of \$235,000 per annum (excluding superannuation and short and long term incentives) for his services as an executive. Additional information regarding Mr Corbett's remuneration are set out in Section 8.6 below. Other terms of Mr Corbett's engagement with the Company are in line with industry standards, including with respect to warranties and termination rights.

## **5.4 Directors' recommendations**

The Directors recommend that Shareholders vote in favour of Resolution 5.

The Directors recommend that Shareholders vote in favour of Resolution 6.

## **6. Resolutions 7 and 8 – Approval of issue of Second Tranche Placement Shares to the Company's proposed Managing Director, Mr Andrew Corbett and the Company's proposed chairman, Mr Anthony Wehby**

### **6.1 Background**

Resolutions 7 and 8 seek Shareholder approval for the purposes of Listing Rule 10.11 for the issue under the Second Tranche Placement, as described in Section 4 above of:

- (a) up to 8,355,925 Shares to Mr Andrew Corbett (or his nominee);



- (b) up to 2,088,981 Shares to Mr Anthony Wehby (or his nominee).

Resolution 7 is subject to Resolutions 4 and 6 being approved by Shareholders.

Resolution 8 is subject to Resolutions 4 and 5 being approved by Shareholders.

If Resolutions 7 and 8 are approved, Mr Andrew Corbett and Mr Anthony Wheby or their respective nominees may participate in the Second Tranche Placement on the same terms as all other participants.

## **6.2 Regulatory information requirements**

The issue of Shares to Mr Corbett and Mr Wehby will confer a financial benefit on each of Mr Corbett and Mr Wehby. 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 exception in section 210 of the Corporations Act applies.

Section 210 provides that shareholder approval is not required for the purposes of section 208 in circumstances where the benefit would be reasonable in the circumstances if the Company and Mr Corbett (with respect to Resolution 7) and the Company and Mr Wehby (with respect to Resolution 8) were dealing at arm's length.

On the basis that the issue price per Share payable by Mr Corbett and Mr Wehby to the Company in respect of the Second Tranche Placement Shares to be issued pursuant to Resolutions 7 and 8 is the same as the issue price of all other Shares that are being issued pursuant to the Second Tranche Placement, being \$0.021 (2.1 cents) per Share, the Directors consider that the exception in section 210 applies.

Listing Rule 10.11 provides that a company must not issue or agree to issue any equity Securities, or other Securities with rights to conversion to equity, to a Related Party of that company without first obtaining shareholder approval. If Resolutions 7 and 8 are approved for the purpose of Listing Rule 10.11, then approval is not required under Listing Rule 7.1.

In accordance with Listing Rule 10.13, the information is provided in to enable Shareholders to assess the merits of Resolution 7 for the purposes of Listing Rule 10.11:

- (a) The Related Party of the Company to whom Shares may be issued is Mr Andrew Corbett, the Company's proposed Managing Director or his nominee.
- (b) The maximum number of Shares that may be issued to Mr Corbett under the Second Tranche Placement is 8,355,925.
- (c) The Shares will be issued on the same date and terms as those to be issued to non-related parties under the Second Tranche Placement, but in any event within 1 month of the Meeting (or such later date that may be permitted by ASX waiver). The Company has applied to ASX for a waiver of Listing Rule 10.11. If the waiver is granted, the Shares proposed to be issued pursuant to Resolution 7 will be issued within 5 Business Days after the grant of both E74/570 and E74/571 and no later than one year after the date of the Meeting or within such other time as may be permitted by the Listing Rules or any waiver of the Listing Rules granted by ASX.
- (d) The issue price for the Shares will be \$0.021 each.
- (e) \$175,474.42 will be raised on the issue of the Shares.
- (f) The Shares will be fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the existing Shares on issue; the Company will apply for quotation of the Shares issued under Resolution 7 on ASX.

- (g) The Company intends to use the funds raised from the Second Tranche Placement, including the funds raised from the issue of Shares to Mr Corbett to:
  - (i) explore the Lithium Portfolio tenements;
  - (ii) further explore the Company's existing copper-gold and lithium assets;
  - (iii) to pay any additional expenses and costs incurred in conducting the Transaction; and
  - (iv) fund the Company's ongoing general working capital requirements which will increase if the Transaction is successful and the Company's operations increase in size and scale.

In accordance with Listing Rule 10.13, the information is provided in to enable Shareholders to assess the merits of Resolution 8 for the purposes of Listing Rule 10.11:

- (a) The Related Party of the Company to whom Shares may be issued is Mr Anthony Wehby, the Company's proposed non-executive Director and chairman of the Board, or his nominee.
- (b) The maximum number of Shares that may be issued to Mr Wehby under the Second Tranche Placement is 2,088,981.
- (c) The Shares will be issued on the same date and terms as those to be issued to non-related parties under the Second Tranche Placement, but in any event within 1 month of the Meeting (or such later date that may be permitted by ASX waiver). The Company has applied to ASX for a waiver of Listing Rule 10.11. If the waiver is granted, the Shares proposed to be issued pursuant to Resolution 7 will be issued within 5 Business Days after the grant of both E74/570 and E74/571 and no later than one year after the date of the Meeting or within such other time as may be permitted by the Listing Rules or any waiver of the Listing Rules granted by ASX.
- (d) The issue price for the Shares will be \$0.021 each.
- (e) \$43,868.60 will be raised on the issue of the Shares.
- (f) The Shares will be fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the existing Shares on issue; the Company will apply for quotation of the Shares issued under Resolution 8 on ASX.
- (g) The Company intends to use the funds raised from the Second Tranche Placement, including the funds raised from the issue of Shares to Mr Wehby to:
  - (i) explore the Lithium Portfolio tenements;
  - (ii) further explore the Company's existing copper-gold and lithium assets;
  - (iii) to pay any additional expenses and costs incurred in conducting the Transaction; and
  - (iv) fund the Company's ongoing general working capital requirements which will increase if the Transaction is successful and the Company's operations increase in size and scale.

### **6.3 Directors' recommendations**

Mr Andrew Corbett has a material personal interest in the outcome of Resolution 7 and therefore declines to make a recommendation as to how Shareholders should vote on



Resolution 7. The Directors (other than Mr Corbett) recommend that Shareholders vote in favour of Resolution 7.

Mr Anthony Wehby has a material personal interest in the outcome of Resolution 8 and therefore declines to make a recommendation as to how Shareholders should vote on Resolution 8. The Directors (other than Mr Corbett) recommend that Shareholders vote in favour of Resolution 8.

## **7. Resolution 9 – Approval of LTI Plan**

### **7.1 Background**

The remuneration policy of the Company aligns Key Management Personnel objectives with Shareholder and business objectives by combining a fixed remuneration component with specific short-term incentives based on key performance areas affecting the Company's financial results. The Board considers the remuneration policy to be appropriate and effective in its ability to attract and retain the best Key Management Personnel to run and manage the Company.

As part of its incentive arrangements for Directors and senior employees, the Company has implemented a long term incentive plan, described as the Kingston Resources Limited Long Term Incentive Plan (**LTI Plan**), pursuant to which the Board is able to issue rights to acquire Shares (to be granted in the form of Performance Rights or Options) to Directors and full time and part time employees of the Company or a Related Body Corporate of the Company as determined by the Board from time to time.

Resolution 9 seeks Shareholder approval of the LTI Plan in the interests of good corporate governance practice and for the purposes of Listing Rule 7.2 (Exception 9). If Shareholder approval for Resolution 9 is obtained, all Securities issued by the Company under the LTI Plan for a period of three (3) years from the date of approval will be excluded from calculation of the 15% limit on the number of Securities which may be issued in any 12 month period without requiring Shareholder approval in advance.

If approved, the LTI Plan will govern all offers, acceptances and issues of Securities and rights made under the LTI Plan following the Meeting.

This is the first time the Company is seeking Shareholder approval of the LTI Plan and to date, no Securities or rights have been issued or granted under the LTI Plan.

### **7.2 Terms of the LTI Plan**

The terms of the LTI Plan are summarised below.

The terms and conditions on which any Options and Performance Rights are granted to Directors or employees, including any vesting and performance criteria, will be governed by the terms set out in an offer or invitation to participate in the LTI Plan made to Directors or employees from time to time.

#### **(a) Eligible Participants**

The LTI Plan is open to directors and to full time and part time employees of the Company and Related Bodies Corporate of the Company, other than such persons who have given notice of resignation, or who have been given notice of termination, of his or her employment, or removed from his or her position (**Eligible Participants**).

Options and Performance Rights may not be offered to a Director or his or her Associates except where approval is given by the Shareholders in general meeting in accordance with the requirements of the Listing Rules.

**(b) Purpose of the LTI Plan**

The purpose of the LTI Plan is to:

- (i) establish a method by which Eligible Participants can participate in the future growth and profitability of the Company;
- (ii) provide an incentive and reward for Eligible Participants for their contributions to the Company;
- (iii) attract and retain a high standard of managerial and technical personnel for the benefit of the Company; and
- (iv) align the interests of Eligible Participants more closely with the interests of Shareholders, by providing an opportunity for Eligible Participants to hold an equity interest in the Company.

**(c) Board discretions**

The Board has broad discretions under the LTI Plan, including (without limitation) as to:

- (i) identifying persons eligible to participate in the LTI Plan;
- (ii) the timing of making an offer to participate in the LTI Plan;
- (iii) the terms of issue of Options and Performance Rights;
- (iv) subject to the requirements of the Listing Rules, particularly Listing Rule 6.23.2, the cancellation of Options or Performance Rights for no consideration, subject to agreement with the participant;
- (v) the periods during which Options and Performance Rights may be exercised or vest; and
- (vi) the exercise price of Options.

**(d) Options and Performance Rights not to be quoted**

Options and Performance Rights granted under the LTI Plan will not be quoted on ASX. However, application will be made to ASX for official quotation of Shares issued or transferred on the exercise of an Option or vesting of a Performance Right provided the Shares are listed on ASX at that time.

**(e) Shares issued on exercise of Options and Performance Rights**

Subject to the terms of the Options or Performance Rights, each Option or Performance Right entitles its holder to subscribe for and be issued with one Share in the Company.

Shares issued pursuant to the exercise of Options and Performance Rights will in all respects rank equally and carry the same rights and entitlements as other Shares on issue in the Company.

Holders of Options and Performance Rights will not be entitled to notice of, or to vote or attend at meetings of the Company or receive dividends until Shares are issued on the exercise of the Options or vesting of the Performance Rights.

**(f) Lapse of Options and Performance Rights**

Unless the Directors in their absolute discretion determine otherwise, Options and Performance Rights shall lapse:

- (i) if not exercised or vested prior to their expiry date;
- (ii) if any Performance Hurdle(s), Vesting Conditions or Exercise Conditions are not satisfied;
- (iii) if the holder voluntarily resigns otherwise than to take up employment with a Related Body Corporate of the Company or is dismissed from employment for a material breach of contract of employment, negligence or other conduct justifying termination of employment without notice, except that:
  - A. the Options and Performance Rights will not lapse if the cessation of employment was due to death, permanent disablement (for example, illness or incapacity necessitating the permanent withdrawal of the employee from the work force), retirement, redundancy or any other circumstance in which the Board determines the Options or Performance Rights should not lapse;
  - B. Options may be exercised, and Performance Rights may vest, within 12 months after the holder ceases to be a participant where that cessation was by reason of permanent disablement or any other circumstance deemed by the Board to necessitate the permanent withdrawal of the participant from the workforce; and
- (iv) if, in the opinion of the Board, the holder has acted fraudulently or dishonestly or is in material breach of his or her obligations to the Company or any of its Related Bodies Corporate, and the Board determines (at its sole and absolute discretion) the Options or Performance Rights held by that holder to have lapsed.

**(g) Restrictions on transfer**

Performance Rights and Options granted under the LTI Plan may not be sold, transferred, mortgaged, pledged, charged, encumbered with a security interest in or over them, or otherwise disposed of by a participant without the prior consent of the Board or where such assignment or transfer occurs by force of law.

**(h) Participation rights of Option and Performance Right holders**

Holders of Options and Performance Rights will only be permitted to participate in a pro rata issue of Shares by the Company if they exercise their Options or if their Performance Rights vest before the record date for the relevant issue. The Company must ensure that it notifies holders of Options of the proposed issue at least 7 Business Days before the record date to determine entitlements to the pro rata issue.

**(i) Adjustment of Options and Performance Rights**

If the Company makes a pro rata bonus issue, and an Option or Performance Right is not exercised before the record date for that bonus issue, then on exercise of the Option or Performance Right, the holder is entitled to receive the number of bonus shares which would have been issued if the Option or Performance Right had been exercised before the record date.

In the event of a reorganisation (including a consolidation, subdivision, reduction or return) of the issued capital of the Company, the number of Options and Performance Rights to which each Option and Performance Right holder is entitled or the exercise price or both will be changed in the manner required by the Listing Rules and, in any case, in a manner which will not result in any benefits being conferred on holders of Options and Performance Rights which are not conferred on Shareholders.

**(j) Takeovers**

In the event of a takeover bid, certain capital reorganisations or transactions occurring that give rise to certain changes of control of the Company, restrictions on the exercise or vesting of an Option or Performance Right will lapse so that Option or Performance Right holders are able to participate in the relevant transaction.

**(k) Amending the LTI Plan**

Subject to any applicable Listing Rules or laws, the LTI Plan may be suspended, terminated or amended at any time by resolution of the Board.

**7.3 Directors' recommendation**

The Directors consider Resolution 9 to be in the best interests of the Company and its Shareholders and unanimously recommend that Shareholders vote in favour of it in order for the Company to maintain a long term incentive plan for employees for the overall benefit of the Company.

**7.4 Proxy voting restrictions**

If you appoint the Chairman as your proxy and have not directed him how to vote, you are expressly authorising the Chairman to cast your undirected proxy on this Resolution in accordance with his stated intentions. The Chairman intends to vote all undirected proxies for this Resolution.

If you appoint any other member of the Board, a member of senior management who is named in the Remuneration Report, or their closely related parties as your proxy, they will not be able to vote your proxy on this Resolution unless you have directed them how to vote.

**8. Resolutions 10 and 11 – Approval to grant Performance Rights and Long Term Incentive Options and Short Term Incentive Options to the Company's proposed Managing Director, Mr Andrew Corbett**

**8.1 Background**

The Company seeks Shareholder approval for the grant of:

- (a) up to 10 million Performance Rights and 5 million Long Term Incentive Options to the Company's proposed Managing Director, Mr Andrew Corbett under the Company's long term incentive plan (**LTI Plan**) (Resolution 10); and
- (b) 5 million Short Term Incentive Options (Resolution 11).

The proposed grant of Performance Rights, Long Term Incentive Options and Short Term Incentive Options are subject to the appointment of Mr Corbett as Managing Director, forms part of the 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.

Resolutions 10 and 11 are subject to Resolution 6 (election of Mr Corbett) and Resolution 9 (approval of LTI Plan) being approved by Shareholders.

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 Performance Rights and Long Term Incentive Options to Mr Corbett is reasonable and therefore, the exception in section 211 applies.

## **8.2 Performance Rights and Long Term Incentive Options – Resolution 10**

The terms of the Performance Rights proposed to be granted to Mr Corbett, including the conditions on which the Performance Rights may vest, are set out in Schedule 2, and the terms of the Long Term Incentive Options proposed to be granted to Mr Corbett are set out in Schedule 3. The Performance Rights and Long Term Incentive Options will otherwise be subject to the rules of the LTI Plan.

The key terms of the Performance Rights and Long Term Incentive Options proposed to be granted to Mr Corbett are as follows:

- (a) 5 million Long Term Incentive Options exercisable at \$0.07 (7 cents) each and expiring on 30 June 2019;
- (b) 5 million Performance Rights that will vest upon the satisfaction of the following Vesting Conditions:
  - (i) completion of the Transaction occurring; and
  - (ii) the announcement to ASX by the Company of a 5 million tonne JORC Compliant inferred Mineral Resource (or greater) of Li<sub>2</sub>O of at least 1%; and
- (a) 5 million Performance Rights that will vest upon the satisfaction of the following Vesting Conditions:
  - (i) completion of the Transaction occurring; and
  - (ii) the announcement to ASX by the Company of a 15 million tonne JORC Compliant inferred Mineral Resource (or greater) of Li<sub>2</sub>O of at least 1%.

The Performance Rights and Long Term Incentive Options will be issued for nil consideration.

All Performance Rights that have not vested by 30 June 2019 will automatically lapse and be forfeited. All Options that have not been exercised by 30 June 2019 will expire.

The Long Term Incentive Options and unvested 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. Neither Performance Rights nor Long Term Incentive Options will lapse if Mr Corbett ceases employment due to death, permanent disablement, or any other circumstance in which the Board determines the Performance Rights and Long Term Incentive Options should not lapse.

Each Performance Right entitles Mr Corbett to receive, upon vesting, one Share, and each Option entitles Mr Corbett to receive, upon its exercise, one Share. The Performance

Rights and Options 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. Neither the Performance Rights nor the Long Term Incentive Options will entitle Mr Corbett to receive dividends on Shares before vesting or exercise (as applicable) and neither carry any voting rights.

### **8.3 Short Term Incentive Options – Resolution 11**

The Company proposes to grant 5 million Short Term Incentive Options to Mr Andrew Corbett, the Company's proposed Managing Director.

Subject to Shareholder approval, the Company has agreed to grant the Short Term Incentive Options to Mr Corbett as a condition of the executive services agreement entered into between the Company and Mr Corbett for his appointment as the Company's new Managing Director.

Resolution 11 is subject to Resolution 6 (election of Mr Corbett) being approved by Shareholders.

The Company considers that the grant of the Short Term Incentive Options provides a cost effective and efficient means by which the Company can reward and provide a performance based incentive to its Managing Director.

The proposed grant of Short Term Incentive Options is designed to encourage Mr Corbett to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to participate in the future growth and prosperity of the Company through equity ownership.

The Directors consider that the holding of some form of equity interest in the Company further aligns the interests of Directors and Shareholders.

The Short Term Incentive Options will be exercisable at 4 cents each and will expire on 30 June 2018. There are no vesting conditions attached to the Short Term Incentive Options. The full terms and conditions of the Short Term Incentive Options are set out in Schedule 4.

### **8.4 Regulatory requirements – Resolution 10**

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 Performance Rights and Long Term Incentive Options and any Shares which may be issued on the vesting of Performance Rights or the exercise of Long Term Incentive Options, 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 10:

- (a) The Performance Rights and Long Term Incentive Options will be issued to the Company's proposed Managing Director, Mr Andrew Corbett or his nominee.
- (b) The maximum number of securities that may be acquired by Mr Corbett (pursuant to Resolution 10) is 10 million Performance Rights which may then convert into 10 million Shares if the Performance Hurdles and Vesting Conditions are met, and 5 million Options, which may be exercised upon payment of the relevant exercise price, whereupon Mr Corbett would be entitled to 5 million Shares.



- (c) The Performance Rights and Long Term Incentive Options will be granted for no cash consideration.
- (d) This is the first time the Company is seeking Shareholder approval of the LTI Plan and to date, no Securities or rights have been issued or granted under the LTI Plan.
- (e) The persons entitled to participate in the LTI Plan are Directors and employees of the Company and its Related Bodies Corporate.
- (f) There are no loans proposed to be granted to Mr Corbett for the grant of the Performance Rights or Long Term Incentive Options.
- (g) The Performance Rights and Long Term Incentive Options will be granted as soon as practicable after the Meeting and in any event within 12 months of the Meeting.

The grant of the Performance Rights and Long Term Incentive Options 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 Performance Rights and Long Term Incentive Options to Mr Corbett is reasonable and therefore, the exception in section 211 applies.

## **8.5 Regulatory requirements – Resolution 11**

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 11 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, the following further information is provided to Shareholders to allow them to assess the proposed grant of Short Term Incentive Options for the benefit of the Director:

- (a) the Short Term Incentive Options will be granted within 1 month of the Meeting (or such later date that may be permitted by ASX waiver). The Company has applied to ASX for a waiver of Listing Rule 10.11. If the waiver is granted, the Short Term Incentive Options proposed to be issued pursuant to Resolution 11 will be issued within 5 Business Days after the grant of both E74/570 and E74/571 and no later than one year after the date of the Meeting or within such other time as may be permitted by the Listing Rules or any waiver of the Listing Rules granted by ASX;
- (b) the Short Term Incentive Options will be granted for nil consideration and no funds will be raised by the Company on the grant of the Short Term Incentive Options;
- (c) the funds raised from any Shares issued as a result of the exercise of Short Term Incentive Options will be used for working capital purposes, as the Board considers fit; and
- (d) the full terms and conditions of the Short Term Incentive Options to be issued to Mr Corbett are set out in Schedule 4 to this Explanatory Statement.

The grant of the Short Term Incentive Options 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 Short Term Incentive Options to Mr Corbett is reasonable and therefore, the exception in section 211 applies.

## 8.6 Interests of Mr Corbett

Mr Corbett currently has a relevant interest in 1,167,883 Shares. If Resolution 7 is approved, Mr Corbett (or his nominee) may also acquire up to a further 8,355,925 Shares under the Second Tranche Placement.

If all of the Shares proposed to be issued to Mr Corbett pursuant to Resolution 7 are issued, and all of the Long Term Incentive Options and Performance Rights proposed to be granted to Mr Corbett pursuant to Resolution 10, and all of the Short Term Incentive Options proposed to be issued to Mr Corbett pursuant to Resolution 11 are subsequently exercised or vest (as applicable), Mr Corbett will have a relevant interest in 29,523,808 Shares, being approximately 3.43% of the Share capital on issue in the Company, assuming the Second Tranche Placement is successful, all Consideration Shares are issued and no other Options are exercised or Performance Rights vest.

In addition to the Performance Rights to be issued to Mr Corbett pursuant to Resolution 10, Mr Corbett has been engaged under an employment agreement to provide services to the Company as Managing Director. Under the terms of his employment agreement, Mr Corbett is presently entitled to an annual salary of \$235,000 (excluding statutory superannuation entitlements and short and long term incentives), which is subject to review on an annual basis.

Set out below is a breakdown of Mr Corbett's proposed total remuneration package for the current financial year.

Salary, fees and superannuation	Short term benefits (equity)	Long term benefits (equity)	Total remuneration
\$235,000 (salary) \$22,325 (superannuation)	Up to 5 million Short Term Incentive Options pursuant to Resolution 11	Up to 5 million Long Term Incentive Options and 10 million Performance Rights pursuant to Resolution 10	\$257,325 and up to 5 million Short Term Incentive Options pursuant to Resolution 11, and up to 5 million Long Term Incentive Options and 10 million Performance Rights pursuant to Resolution 10

## 8.7 Directors' recommendations

The Directors recommend that Shareholders vote in favour of Resolutions 10 and 11.

## 8.8 Proxy voting restrictions

If you appoint the Chairman as your proxy and have not directed him how to vote with respect to Resolutions 10 and 11, you are expressly authorising the Chairman to cast your



undirected proxy on that Resolution in accordance with his stated intentions. The Chairman intends to vote all undirected proxies in favour of Resolutions 10 and 11.

If you appoint any other member of the Board, a member of senior management who is named in the Remuneration Report, or their closely related parties as your proxy, they will not be able to vote your proxy on Resolution 10 unless you have directed them how to vote.

## **9. Resolutions 12 and 13 – Approval to grant Performance Rights, Long Term Incentive Options and Short Term Incentive Options to the Company's proposed chairman, Mr Anthony Wehby**

### **9.1 Background**

The Company seeks Shareholder approval for the grant of:

- (a) up to 6 million Performance Rights and 2 million Long Term Incentive Options to the Company's proposed chairman, Mr Anthony Wehby under the Company's long term incentive plan (**LTI Plan**) (Resolution 12); and
- (b) 2 million Short Term Incentive Options (Resolution 13).

The proposed grant of Performance Rights and Long Term Incentive Options forms part of the remuneration package for Mr Wehby and is intended to:

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

Resolutions 11 and 12 are subject to Resolution 5 being approved by Shareholders. Resolution 12 is also subject to Resolution 9 being approved by Shareholders.

### **9.2 Performance Rights and Long Term Incentive Options – Resolution 12**

The terms of the Performance Rights proposed to be granted to Mr Wehby, including the conditions on which the Performance Rights may vest, are set out in Schedule 2, and the terms of the Long Term Incentive Options proposed to be granted to Mr Wehby are set out in Schedule 3. The Performance Rights and Long Term Incentive Options will otherwise be subject to the rules of the LTI Plan.

The key terms of the Performance Rights and Long Term Incentive Options proposed to be granted to Mr Wehby are as follows:

- (a) 2 million Long Term Incentive Options exercisable at \$0.07 (7 cents) each and expiring on 30 June 2019;
- (b) 3 million Performance Rights that will vest upon the satisfaction of the following Vesting Conditions:
  - (i) completion of the Transaction occurring; and
  - (ii) the announcement to ASX by the Company of a 5 million tonne JORC Compliant inferred Mineral Resource (or greater) of Li<sub>2</sub>O of at least 1%; and
- (c) 3 million Performance Rights that will vest upon the satisfaction of the following Vesting Conditions:
  - (i) completion of the Transaction occurring; and

- (ii) the announcement to ASX by the Company of a 15 million tonne JORC Compliant inferred Mineral Resource (or greater) of Li<sub>2</sub>O of at least 1%.

The Performance Rights and Long Term Incentive Options will be issued for nil consideration.

All Performance Rights that have not vested by 30 June 2019 will automatically lapse and be forfeited. All Options that have not been exercised by 30 June 2019 will expire.

The Long Term Incentive Options and unvested Performance Rights of Mr Wehby will automatically lapse and be forfeited if Mr Wehby voluntarily resigns as a Director or if he is removed as a Director by resolution of Shareholders. Neither the Performance Rights nor the Long Term Incentive Options will lapse if Mr Wehby ceases to be a Director due to death, permanent disablement, or any other circumstance in which the Board determines the Performance Rights and Long Term Incentive Options should not lapse.

Each Performance Right entitles Mr Wehby to receive, upon vesting, one Share, and each Option entitles Mr Wehby to receive, upon its exercise, one Share. The Performance Rights and Options 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. Neither the Performance Rights nor the Long Term Incentive Options will entitle Mr Wehby to receive dividends on Shares before vesting or exercise (as applicable) and neither carry any voting rights.

### **9.3 Short Term Incentive Options – Resolution 13**

Subject to Shareholder approval, the Company has agreed to grant 2 million Short Term Incentive Options to Mr Wehby in respect of his appointment as the Company's new chairman.

Resolution 13 is subject to Resolution 5 (election of Mr Wehby) being approved by Shareholders.

The Company considers that the grant of the Short Term Incentive Options provides a cost effective and efficient means by which the Company can reward and provide a performance based incentive to its chairman.

The proposed grant of Short Term Incentive Options is designed to encourage Mr Wehby to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to participate in the future growth and prosperity of the Company through equity ownership.

The Directors consider that the holding of some form of equity interest in the Company further aligns the interests of Directors and Shareholders.

The Short Term Incentive Options will be exercisable at \$0.04 (4 cents) each and will expire on 30 June 2018. There are no vesting conditions attached to the Short Term Incentive Options. The full terms and conditions of the Short Term Incentive Options are set out in Schedule 4.

### **9.4 Regulatory requirements – Resolution 12**

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 Wehby to acquire a beneficial interest in the Performance Rights and Long Term Incentive Options and any Shares which may be issued on the vesting of Performance Rights or the exercise of Long Term Incentive Options, 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 12:

- (a) The Performance Rights and Long Term Incentive Options will be issued to the Company's proposed chairman, Mr Anthony Wehby or his nominee.
- (b) The maximum number of securities that may be acquired by Mr Wehby (pursuant to Resolution 12) is 6 million Performance Rights which may then convert into 6 million Shares if the Performance Hurdles and Vesting Conditions are met, and 2 million Long Term Incentive Options, which may be exercised upon payment of the relevant exercise price, whereupon Mr Wehby would be entitled to 2 million Shares.
- (c) The Performance Rights and Long Term Incentive Options will be granted for no cash consideration.
- (d) This is the first time the Company is seeking Shareholder approval of the LTI Plan and to date, no Securities or rights have been issued or granted under the LTI Plan.
- (e) The persons entitled to participate in the LTI Plan are Directors and employees of the Company and its Related Bodies Corporate.
- (f) There are no loans proposed to be granted to Mr Wehby for the grant of the Performance Rights or Long Term Incentive Options.
- (g) The Performance Rights and Long Term Incentive Options will be granted as soon as practicable after the Meeting and in any event within 12 months of the Meeting.

The grant of the Performance Rights and Long Term Incentive Options will confer a financial benefit on Mr Wehby. 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 Wehby's position with the Company, the Board other than Mr Wehby considers that the financial benefit conferred by the grant of the Performance Rights and Long Term Incentive Options to Mr Wehby is reasonable and therefore, the exception in section 211 applies.

## **9.5 Regulatory requirements – Resolution 13**

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 13 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, the following further information is provided to Shareholders to allow them to assess the proposed grant of Short Term Incentive Options for the benefit of the Director:

- (a) the Short Term Incentive Options will be granted within 1 month of the Meeting (or such later date that may be permitted by ASX waiver) The Company has applied to ASX for a waiver of Listing Rule 10.11. If the waiver is granted, the Short Term Incentive Options proposed to be issued pursuant to Resolution 13 will be issued

within 5 Business Days after the grant of both E74/570 and E74/571 and no later than one year after the date of the Meeting or within such other time as may be permitted by the Listing Rules or any waiver of the Listing Rules granted by ASX;

- (b) the Short Term Incentive Options will be granted for nil consideration and no funds will be raised by the Company on the grant of the Short Term Incentive Options;
- (c) the funds raised from any Shares issued as a result of the exercise of Short Term Incentive Options will be used for working capital purposes, as the Board considers fit; and
- (d) the full terms and conditions of the Short Term Incentive Options to be issued to Mr Wehby are set out in Schedule 4 to this Explanatory Statement.

The grant of the Short Term Incentive Options will confer a financial benefit on Mr Wehby. 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 Wehby's position with the Company, the Board other than Mr Wehby considers that the financial benefit conferred by the grant of the Short Term Incentive Options to Mr Wehby is reasonable and therefore, the exception in section 211 applies.

## **9.6 Interests of Mr Wehby**

Mr Wehby has a material personal interest in the outcome of Resolutions 12 and 13.

Mr Wehby currently has a relevant interest in 291,971 Shares.

If all of the Shares proposed to be issued to Mr Wehby pursuant to Resolution 8 are issued, all of the Long Term Incentive Options and Performance Rights proposed to be granted to Mr Wehby pursuant to Resolution 12, and all of the Short Term Incentive Options proposed to be issued to Mr Wehby pursuant to Resolution 13 are subsequently exercised or vest (as applicable), Mr Wehby will have a relevant interest in 12,380,952 Shares, being approximately 1.46% of the Share capital on issue in the Company, assuming the Second Tranche Placement is successful and all Consideration Shares are issued.

## **9.7 Directors' recommendations**

The Directors recommend that Shareholders vote in favour of Resolutions 12 and 13.

## **9.8 Proxy voting restrictions**

If you appoint the Chairman as your proxy and have not directed him how to vote with respect to Resolutions 12 and 13, you are expressly authorising the Chairman to cast your undirected proxy on that Resolution in accordance with his stated intentions. The Chairman intends to vote all undirected proxies in favour of Resolutions 12 and 13.

If you appoint any other member of the Board, a member of senior management who is named in the Remuneration Report, or their closely related parties as your proxy, they will not be able to vote your proxy on Resolutions 12 and 13 unless you have directed them how to vote.

## Glossary

---

In this Notice and Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

<b>Acquisition</b>	The acquisition by the Company of the Slipstream Shares pursuant to the Transaction.
<b>Announcement Date</b>	The date the Transaction was announced, being 13 May 2016.
<b>Ariana</b>	Ariana Resources plc.
<b>ASM</b>	Asgard Metals Pty Ltd ACN 600 101 255, an 86%-owned Australian subsidiary of Ariana.
<b>Associate</b>	Has the meaning set out in the Listing Rules.
<b>ASX</b>	ASX Limited ACN 008 624 691.
<b>Binding Terms Sheet</b>	Legally binding terms sheet between the Buyer and the Vendors dated 10 May 2016.
<b>Board</b>	Board of Directors of the Company.
<b>Business Day</b>	A day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in Western Australia.
<b>Chairman</b>	The chairman of the Meeting.
<b>Company</b>	Kingston Resources Limited ACN 009 148 529.
<b>Consideration Shares</b>	The 165,000,000 Shares to be issued by the Company to the Vendors in their respective Proportions at completion of the Transaction, as contemplated by Resolution 2 and more fully described in Section 2.
<b>Constitution</b>	The Company's constitution.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).
<b>Director</b>	A director of the Company.
<b>Explanatory Statement</b>	This explanatory statement which accompanies and forms part of the Notice of General Meeting.
<b>Exercise Condition</b>	A condition relating to an Option which must be satisfied or waived before the Option may be exercised.
<b>Ferguson</b>	Scott Archie Ferguson.
<b>First Tranche Placement</b>	The 40,000,000 Shares issued by the Company on 19 May 2016 to sophisticated investors, the ratification of which is the subject of Resolution 3, and is more fully described in Section 3.
<b>General Meeting or Meeting</b>	The General Meeting of Shareholders of the Company or any adjournment thereof, convened by this Notice.

<b>JORC Code</b>	'The Australian Code for Reporting of Mineral Resources and Ore Reserves' prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia, as amended or replaced from time to time.
<b>JORC Compliant</b>	Compliant with the JORC Code.
<b>Key Management Personnel</b>	Those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).
<b>Lead Manager or Bell Potter</b>	Bell Potter Securities Limited ACN 006 390 772.
<b>Listing Rules</b>	The listing rules of ASX, as amended from time to time.
<b>Lithium Portfolio</b>	The portfolio of lithium-prospective exploration tenements and interests described in Section 1.2 that are proposed to be acquired by the Company by way of the Acquisition.
<b>Long Term Incentive Option</b>	An Option issued under the LTI Plan pursuant to Resolution 9 or Resolution 11 on the terms and conditions set out in the Explanatory Statement and in Schedule 3.
<b>LTI Plan</b>	The long term incentive plan for employees to be adopted by the Company.
<b>Milestone Shares</b>	The 180,000,000 Shares to be issued by the Company to Vendors in their respective Proportions, in two equal tranches of 90,000,000 Shares each subject to the achievement of milestones, pursuant to the Binding Terms Sheet, as contemplated by Resolution 2 and more fully described in Section 2.
<b>Mineral Titles Act</b>	The <i>Mineral Titles Act 2010</i> (NT).
<b>Mining Act</b>	The <i>Mining Act 1975</i> (WA).
<b>Notice or Notice of General Meeting</b>	The notice of General Meeting which accompanies the Explanatory Statement.
<b>Option</b>	An option to acquire a Share.
<b>Performance Hurdle</b>	A performance hurdle in respect of a tranche of Performance Rights.
<b>Performance Period</b>	A period for which performance is assessed for the purposes of the LTI Plan.
<b>Performance Right</b>	A right to subscribe for a Share.
<b>Placement</b>	The placement comprising the First Tranche Placement and the Second Tranche Placement.
<b>Proportions</b>	The proportions of each Vendor's shareholding Slipstream as a percentage of the total number of Slipstream Shares, being SRI as to 80%, Ferguson as to 16% and ASM as to 4%.
<b>Proxy Form</b>	The proxy form accompanying the Notice.

<b>Related Body Corporate</b>	Has the meaning given to that term in the Corporations Act.
<b>Related Party</b>	Has the meaning given to it in the Listing Rules.
<b>Resolution</b>	A resolution set out in the Notice.
<b>Second Tranche Placement</b>	The 286,190,476 Shares proposed to be issued by the Company to sophisticated investors, the approval of which is the subject of Resolution 4, and is more fully described in Section 4.
<b>Section</b>	A section of this Explanatory Statement.
<b>Security</b>	A Share or an Option.
<b>Share</b>	A fully paid ordinary share in the Company.
<b>Shareholder</b>	A registered holder of a Share.
<b>Short Term Incentive Option</b>	An Option issued pursuant to either Resolution 10 or Resolution 12 on the terms and conditions set out in the Explanatory Statement and in Schedule 4.
<b>Slipstream</b>	Slipstream WANT Pty Ltd ACN 611 515 345.
<b>Slipstream Shares</b>	All of the ordinary shares in Slipstream.
<b>Slipstream Tenements</b>	Means the tenements comprising the Lithium Portfolio.
<b>SRI</b>	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.
<b>Transaction</b>	The acquisition of the Slipstream Shares by the Company pursuant to the Binding Terms Sheet as described in Section 1.3.
<b>Vendors</b>	The vendors of the Slipstream Shares under the Transaction, being SRI, Ferguson and ASM.
<b>Vesting Conditions</b>	The conditions which must be satisfied before a Performance Right can vest.
<b>WST</b>	Australian Western Standard Time, being the time in Perth, Western Australia.



# Schedule 1

## Location of Lithium Portfolio tenements

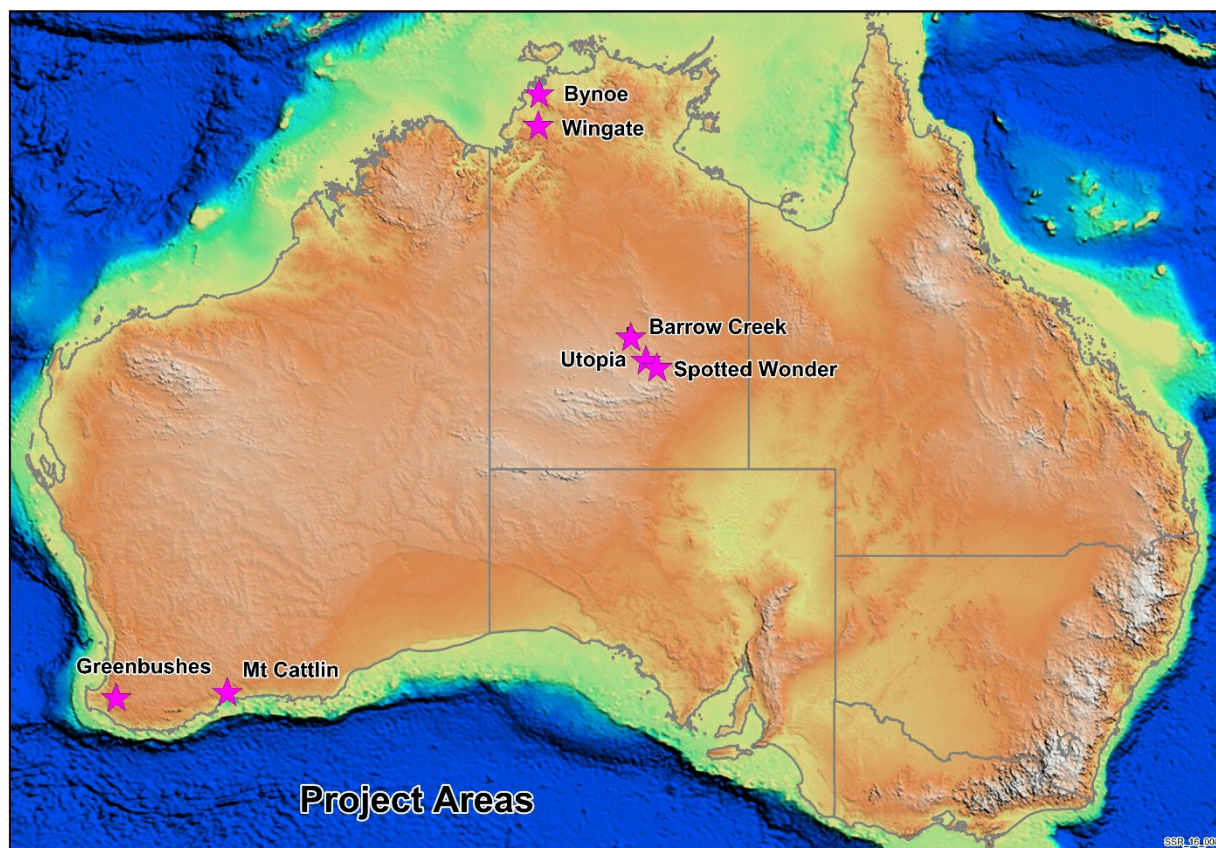


Figure 1: Project location map.



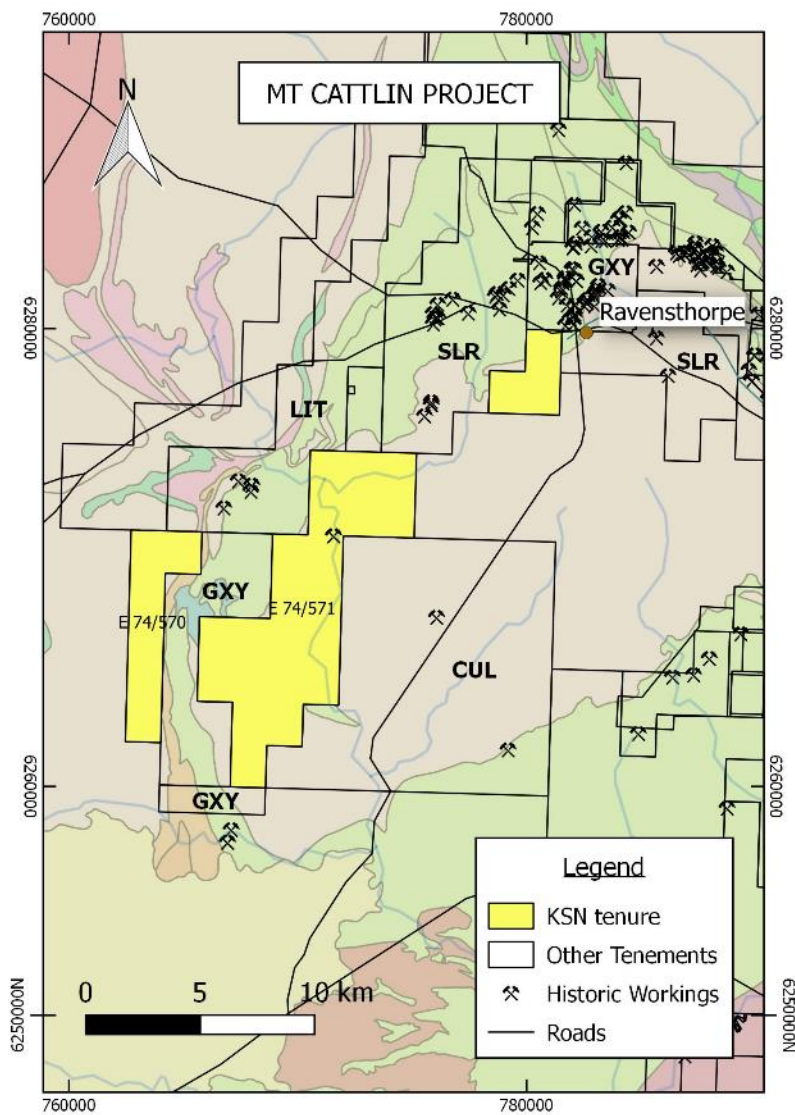


Figure 2: Mt Cattlin project plan showing the tenement location in relation to neighbouring explorers. The Deep Purple prospect is highlighted by the red circle.

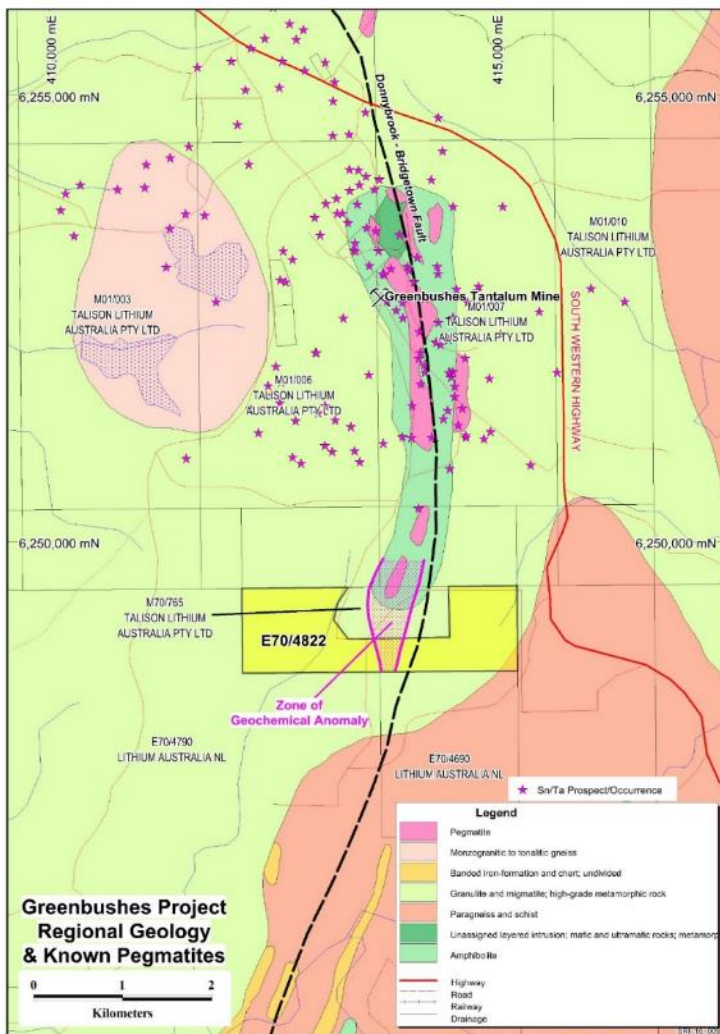


Figure 3: Greenbushes project location plan. Tenements to the south and west are held by Lithium Australia NL.

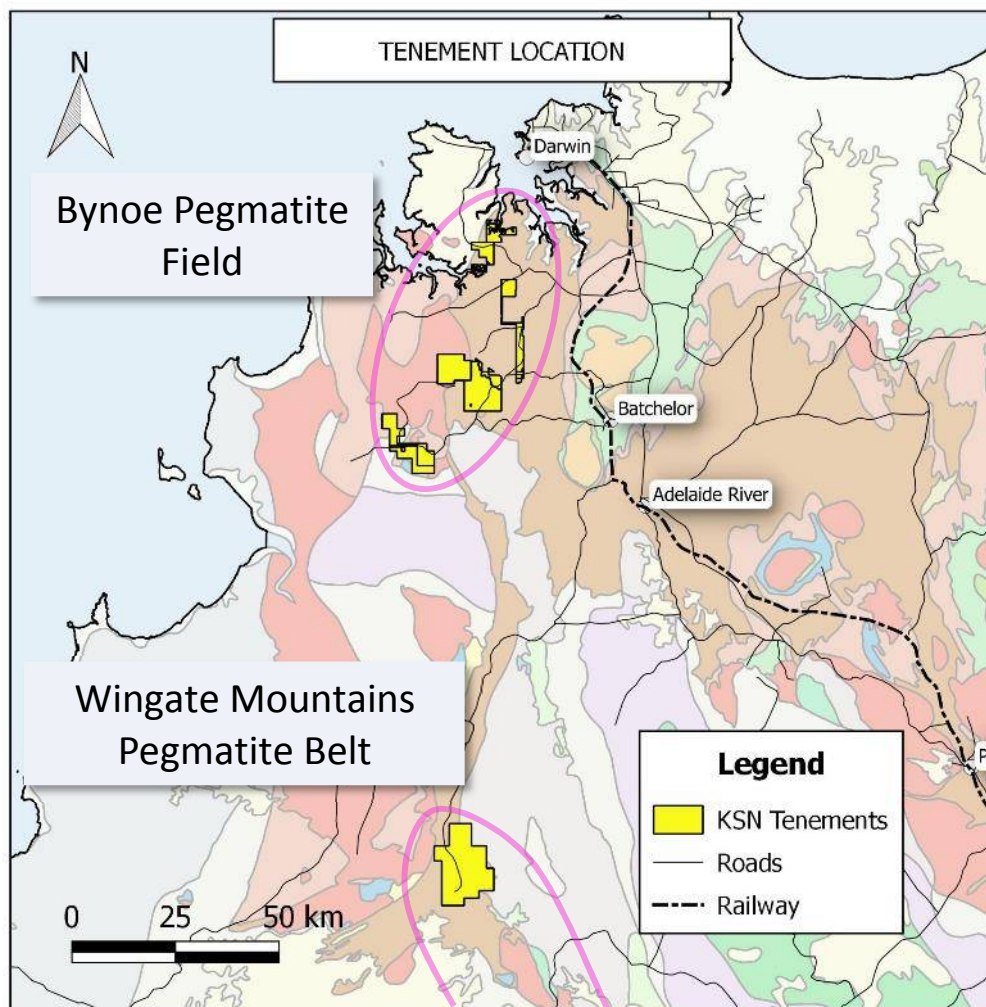


Figure 4: Bynoe and Wingate projects location plan.

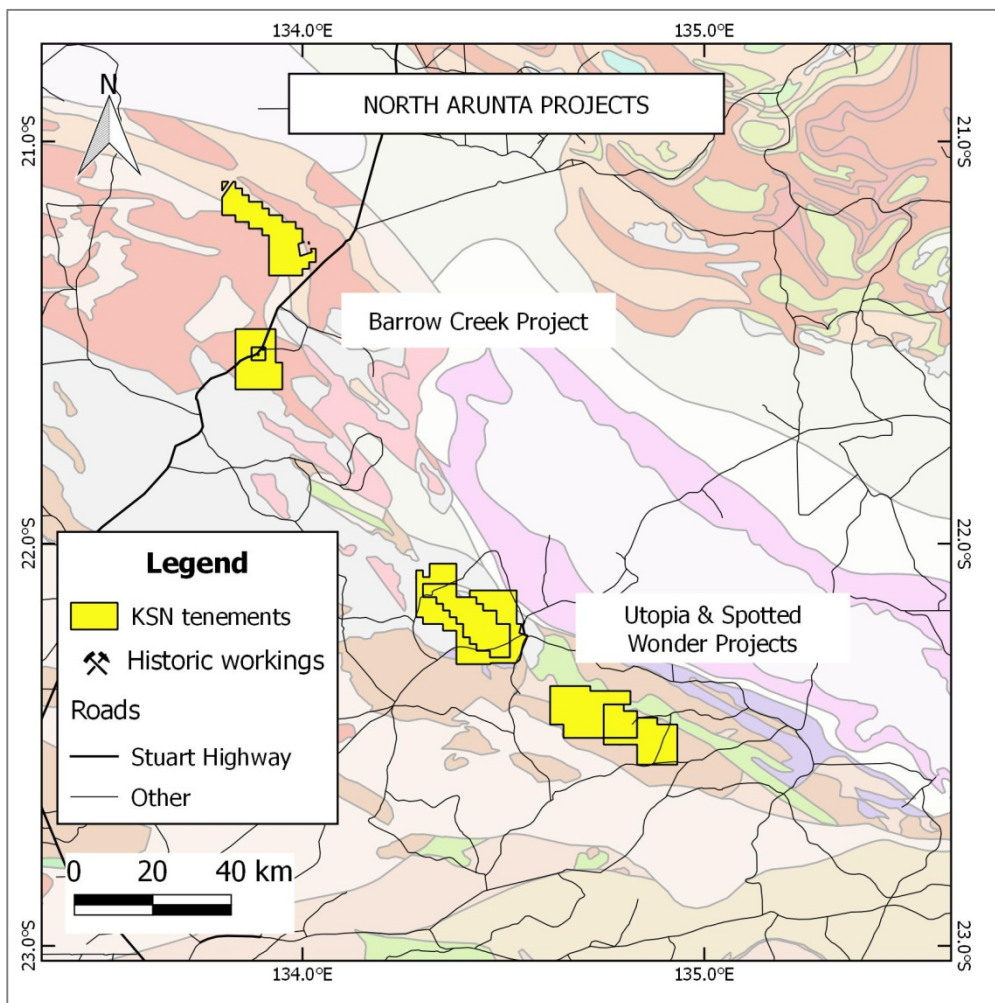


Figure 5: North Arunta projects location plan.

## Schedule 2

### SUMMARY OF TERMS AND CONDITIONS OF PERFORMANCE RIGHTS

1. Mr Andrew Corbett and Mr Anthony Wehby (**Recipients**) have 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 entitles each Recipient to acquire one (1) Share, by way of issue of new Shares or transfer of existing Shares.
5. The 10 million Performance Rights issued to Mr Corbett will convert into up to 10 million Shares, subject to satisfaction of the Performance Hurdles and Vesting Conditions described in paragraphs 7 and 8 below) and otherwise in accordance with the LTI Plan Rules.
6. The 6 million Performance Rights issued to Mr Wehby will convert into up to 6 million Shares, subject to satisfaction of the Performance Hurdles and Vesting Conditions described in paragraphs 7 and 8 below) and otherwise in accordance with the LTI Plan Rules.
7. The Performance Rights to be issued to the Recipients are offered in 2 tranches as follows (subject to satisfaction of the applicable Performance Hurdles and Vesting Conditions):

Tranche	Performance Hurdles	Number of Performance Rights to Mr Corbett	Number of Performance Rights to Mr Wehby
Tranche 1	<ol style="list-style-type: none"> <li>1. The establishment by the Company of a JORC Compliant 5 million tonne inferred Mineral Resource (or greater) of Li<sub>2</sub>O of a grade of at least 1%.</li> <li>2. Completion of the Transaction occurring.</li> </ol>	5,000,000	3,000,000
Tranche 2	<ol style="list-style-type: none"> <li>1. The establishment by the Company of a JORC Compliant 15 million tonne inferred Mineral Resource (or greater) of Li<sub>2</sub>O of a grade of at least 1%.</li> <li>2. Completion of the Transaction occurring.</li> </ol>	5,000,000	3,000,000

8. The Vesting Conditions in respect of each tranche of Performance Rights are as follows:
  - (a) Performance Rights will automatically vest on the satisfaction of the applicable Performance Hurdle.
  - (b) If a Performance Hurdle for a Performance Period in respect of a tranche of Performance Rights is not achieved, that tranche of Performance Rights will not vest, subject to the terms of the Offers and the LTI Plan Rules.



- (c) The Company's determination as to whether a Performance Hurdle has been achieved shall be final.
- (d) Satisfaction of the Vesting Conditions is to be determined in relation to each Performance Period and each tranche of Performance Rights, subject to the terms of the Offer and the LTI Plan Rules.
- (e) The Performance Rights may also vest in the circumstances set out in the LTI Plan Rules.
- (f) The Vesting Date in respect of a tranche of Performance Rights is the earlier of:
  - (i) the date specified in paragraph 8(a) above;
  - (ii) the date a Change in Control Event (as defined in the LTI Plan Rules) occurs; and
  - (iii) the date the Company makes an announcement to the effect that the Board recommends that Shareholders accept a takeover bid for the Company.
- (g) If the Vesting Conditions for Performance Rights are satisfied during the period of an 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.
- (h) 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.
- (i) The Performance Rights proposed to be issued to Mr Anthony Wehby will automatically lapse and be forfeited if Mr Wehby voluntarily resigns as a Director or if he is removed as a Director by resolution of Shareholders. The Performance Rights proposed to be issued to Mr Wehby will not lapse if Mr Wehby ceases to be a Director due to death, permanent disablement, or any other circumstance in which the Board determines the Performance Rights should not lapse and be forfeited
- (j) 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.
- (k) The grant of the Performance Rights is subject to the approval of the LTI Plan by Shareholders at the Meeting

9. All Performance Rights that have not vested by 30 June 2019 will automatically lapse and be forfeited.

## Schedule 3

### TERMS AND CONDITIONS OF LONG TERM INCENTIVE OPTIONS

1. Mr Andrew Corbett and Mr Anthony Wehby (**Recipients**) have been offered Long Term Incentive Options pursuant to the LTI Plan (**Option Offers**).
2. The Option 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 Option Offers must be read in conjunction with the LTI Plan Rules. The Long Term Incentive Options will be governed by the LTI Plan Rules and the terms of the Option Offers.
3. To the extent of any inconsistency between the terms of the Option Offers and the LTI Plan Rules, the terms of the Option Offers will prevail.
4. Mr Corbett is to be issued 5,000,000 Long Term Incentive Options, and Mr Wehby is to be issued 2,000,000 Long Term Incentive Options.
5. Each Long Term Incentive Option entitles the holder (**Option Holder**) to subscribe for one fully paid ordinary share in the Company.
6. No amount is payable on grant of the Long Term Incentive Options.
7. The exercise price of the Long Term Incentive Options is 7 cents each, and will be payable in full on exercise.
8. Each Long Term Incentive Option may be exercised at any time before 5.00pm (WST) on 30 July 2019 (**Expiry Date**). Any Long Term Incentive Option not exercised by the Expiry Date will automatically expire.
9. No certificate will be issued for the Long Term Incentive Options.
10. An Option Holder may not, except with the approval of the Board (in its sole and absolute discretion), sell, transfer, assign, give or otherwise dispose of, in equity or in law, the benefit of the Long Term Incentive Options. The approval of the Board may be given subject to satisfaction of certain conditions in which event such approval will be deemed not to occur until any such conditions have been satisfied, including without limitation a covenant with the Company pursuant to which the proposed new holder acknowledges and agrees to be bound by these terms of Long Term Incentive Options.
11. An instrument of transfer of an Long Term Incentive Option must be:
  - (a) in writing;
  - (b) in any usual form or in any other form approved by the Directors that is otherwise permitted by law;
  - (c) subject to the Corporations Act, executed by or on behalf of the transferor, and if required by the Company, the transferee; and
  - (d) delivered to the Company, at the place where the Company's register of Option Holders is kept, together with the certificate (if any) of the Long Term Incentive Options to be transferred and any other evidence as the Directors require to prove the title of the transferor to that Long Term Incentive Options, the right of the transferor to transfer those Long Term Incentive Options and the proper execution of the instrument of transfer.



12. The Long Term Incentive Options 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 Long Term Incentive Options 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 Long Term Incentive Options should not lapse and be forfeited.
13. The Long Term Incentive Options proposed to be issued to Mr Anthony Wehby will automatically lapse and be forfeited if Mr Wehby voluntarily resigns as a Director or if he is removed as a Director by resolution of Shareholders. The Long Term Incentive Options proposed to be issued to Mr Wehby will not lapse if Mr Wehby ceases to be a Director due to death, permanent disablement, or any other circumstance in which the Board determines the Long Term Incentive Options should not lapse and be forfeited.
14. The Long Term Incentive Options will not be listed for quotation on any stock exchange including the ASX.
15. If the Company is admitted to the Official List of the ASX, the Company will apply for Official Quotation of all Shares allotted pursuant to an exercise of the Long Term Incentive Options in accordance with the Listing Rules.
16. The Long Term Incentive Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Long Term Incentive Options.
17. There will be no participating entitlements inherent in the Long Term Incentive Options to participate in new issues of capital that may be offered to Shareholders during the currency of the Long Term Incentive Option. If the Company is admitted to the ASX, Option Holders will be notified by the Company prior to any new pro-rata issue of securities to Shareholders in accordance with the Listing Rules.
18. In the event of a bonus issue of securities, the number of Shares over which the Long Term Incentive Options are exercisable may be increased by the number of Shares that the Option holders would have received if the Options had been exercised before the record date for the bonus issue.
19. If the Company is admitted to the ASX, in the event of a reconstruction, including the consolidation, subdivision, reduction or return of issue capital of the Company prior to the Expiry Date, all rights of an Option Holder are to be changed in a manner consistent with the Listing Rules.
20. There is no right to a change in the exercise price of the Long Term Incentive Options or to the number of Shares over which the Long Term Incentive Options are exercisable in the event of a new issue of capital (other than a bonus issue or a pro rata issue) during the currency of the Long Term Incentive Options.
21. The Company will notify each Option Holder and if required by the Listing Rules, ASX, within one month after the record date for a bonus issue or a pro rata issue of the adjustment to the number of Shares over which a Long Term Incentive Option exists.
22. Long Term Incentive Options are exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the Option Holder to exercise all or a specified number of the Long Term Incentive Options held by the Option Holder accompanied by a cheque made payable to the Company for the subscription price for the exercise of the specified Long Term Incentive Options. An exercise of only some of the Long Term Incentive Options will not affect the rights of the Option Holder to the balance of the Long Term Incentive Options held by him.

23. Long Term Incentive Options will be deemed to have been exercised on the date the exercise notice is received by the Company.
24. The Company will allot the resultant Shares and deliver the holding statement within five business days after the exercise of the Long Term Incentive Option.
25. Shares allotted pursuant to an exercise of Long Term Incentive Options will rank, from the date of allotment, in all respects equally with existing fully paid ordinary Shares of the Company. For the avoidance of doubt, subject to the application of the Listing Rules, all Shares allotted pursuant to an exercise of Long Term Incentive Options will be transferrable.
26. These terms and the rights and obligations of the Option Holder are governed by the laws of Western Australia. The Option Holder irrevocably and unconditionally submits to the jurisdiction of the courts of Western Australia.
27. The grant of the Long Term Incentive Options is subject to the approval of the LTI Plan by Shareholders at the Meeting.

## Schedule 4

### TERMS AND CONDITIONS OF SHORT TERM INCENTIVE OPTIONS

1. Each Short Term Incentive Option entitles the holder (**Option Holder**) to subscribe for one fully paid ordinary share in the Company.
2. No amount is payable on grant of the Short Term Incentive Options.
3. The exercise price of the Short Term Incentive Options is 4 cents each, and will be payable in full on exercise.
4. Each Short Term Incentive Option may be exercised at any time before 5.00pm (WST) on 30 July 2018 (**Expiry Date**). Any Short Term Incentive Option not exercised by the Expiry Date will automatically expire.
5. No certificate will be issued for the Short Term Incentive Options.
6. An Option Holder may not, except with the approval of the Board (in its sole and absolute discretion), sell, transfer, assign, give or otherwise dispose of, in equity or in law, the benefit of the Short Term Incentive Options. The approval of the Board may be given subject to satisfaction of certain conditions in which event such approval will be deemed not to occur until any such conditions have been satisfied, including without limitation a covenant with the Company pursuant to which the proposed new holder acknowledges and agrees to be bound by these terms of Short Term Incentive Options.
7. An instrument of transfer of an Short Term Incentive Option must be:
  - (a) in writing;
  - (b) in any usual form or in any other form approved by the Directors that is otherwise permitted by law;
  - (c) subject to the Corporations Act, executed by or on behalf of the transferor, and if required by the Company, the transferee; and
  - (d) delivered to the Company, at the place where the Company's register of Option Holders is kept, together with the certificate (if any) of the Short Term Incentive Options to be transferred and any other evidence as the Directors require to prove the title of the transferor to that Short Term Incentive Options, the right of the transferor to transfer those Short Term Incentive Options and the proper execution of the instrument of transfer.
8. The Short Term Incentive Options will not be listed for quotation on any stock exchange including the ASX.
9. If the Company is admitted to the Official List of the ASX, the Company will apply for Official Quotation of all Shares allotted pursuant to an exercise of the Short Term Incentive Options in accordance with the Listing Rules.
10. The Short Term Incentive Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Short Term Incentive Options.
11. There will be no participating entitlements inherent in the Short Term Incentive Options to participate in new issues of capital that may be offered to Shareholders during the currency of the Short Term Incentive Option. If the Company is admitted to the ASX, Option Holders will be notified by the Company prior to any new pro-rata issue of securities to Shareholders in accordance with the Listing Rules.

12. In the event of a bonus issue of securities, the number of Shares over which the Short Term Incentive Options are exercisable may be increased by the number of Shares that the Option holders would have received if the Options had been exercised before the record date for the bonus issue.
13. If the Company is admitted to the ASX, in the event of a reconstruction, including the consolidation, subdivision, reduction or return of issue capital of the Company prior to the Expiry Date, all rights of an Option Holder are to be changed in a manner consistent with the Listing Rules.
14. There is no right to a change in the exercise price of the Short Term Incentive Options or to the number of Shares over which the Short Term Incentive Options are exercisable in the event of a new issue of capital (other than a bonus issue or a pro rata issue) during the currency of the Short Term Incentive Options.
15. The Company will notify each Option Holder and if required by the Listing Rules, ASX, within one month after the record date for a bonus issue or a pro rata issue of the adjustment to the number of Shares over which a Short Term Incentive Option exists.
16. Short Term Incentive Options are exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the Option Holder to exercise all or a specified number of the Short Term Incentive Options held by the Option Holder accompanied by an Option certificate and a cheque made payable to the Company for the subscription price for the exercise of the specified Short Term Incentive Options. An exercise of only some of the Short Term Incentive Options will not affect the rights of the Option Holder to the balance of the Short Term Incentive Options held by him.
17. Short Term Incentive Options will be deemed to have been exercised on the date the exercise notice is received by the Company.
18. The Company will allot the resultant Shares and deliver the holding statement within five business days after the exercise of the Short Term Incentive Option.
19. Shares allotted pursuant to an exercise of Short Term Incentive Options will rank, from the date of allotment, in all respects equally with existing fully paid ordinary Shares of the Company. For the avoidance of doubt, subject to the application of the Listing Rules, all Shares allotted pursuant to an exercise of Short Term Incentive Options will be transferrable.
20. The Short Term Incentive Options 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 Short Term Incentive Options 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 Short Term Incentive Options should not lapse and be forfeited.
21. The Short Term Incentive Options proposed to be issued to Mr Anthony Wehby will automatically lapse and be forfeited if Mr Wehby voluntarily resigns as a Director or if he is removed as a Director by resolution of Shareholders. The Short Term Incentive Options proposed to be issued to Mr Wehby will not lapse if Mr Wehby ceases to be a Director due to death, permanent disablement, or any other circumstance in which the Board determines the Short Term Incentive Options should not lapse and be forfeited.
22. These terms and the rights and obligations of the Option Holder are governed by the laws of Western Australia. The Option Holder irrevocably and unconditionally submits to the jurisdiction of the courts of Western Australia.

