

13 May 2016
Company Announcements Office
Australian Securities Exchange

Major Lithium Portfolio Acquisition and \$6.85m Capital Raising

Highlights

- Kingston to acquire four lithium exploration projects in Western Australia and the Northern Territory
- Funding commitments of \$6.85m received following a heavily oversubscribed capital raising managed by Bell Potter Securities
- Mr Andrew Corbett to be appointed as Managing Director
- Completion of the transaction subject to shareholder approval

Kingston Resources Limited (ASX: KSN) (the Company) is pleased to announce that the Company has commenced an exciting new phase of exploration, following an agreement to acquire a major portfolio of lithium-prospective tenements across four key lithium fields in Western Australia and the Northern Territory.

The acquisition is accompanied by a \$6.85 million capital raising managed by Bell Potter Securities as a condition of the transaction proceeding.

The Company will acquire interests (100%) in 20 lithium-prospective tenement applications in Western Australia and the Northern Territory covering four key project areas: Mt Cattlin, Greenbushes, Bynoe / Wingate and North Arunta.

Consideration for the transaction comprises a cash payment of \$500,000 payable in two tranches and the issue of 165,000,000* fully paid ordinary Kingston shares.

Kingston is undertaking a \$6.85 million capital raising by way of conditional share placement to fund an aggressive lithium exploration campaign. Bell Potter Securities is acting as lead manager to the issue.

Mr Andrew Corbett B.Eng. (Mining, Hons) MBA will be appointed as the Managing Director of the Company. Andrew is a highly experienced mining engineer and has operated in the mining industry for over 22 years. Andrew has senior corporate, operational and mine management experience combined with an in-depth understanding of global equity markets, business development and corporate strategy within the mining sector.

Mr Andrew Paterson B.Eng. (Mining Geology and Mineral Exploration), a highly experienced geologist, will also join the Company as Chief Geological Officer, responsible for executing the exploration and development plans over the Company's assets.

Completion of the transaction is subject to various conditions, including Kingston shareholder approval, completion of the capital raising and grant of the key Mt Cattlin tenements.

Expanded Lithium Tenement Portfolio

Kingston is acquiring 20 lithium-prospective tenement applications in Western Australia and the Northern Territory covering four key project areas: Mt Cattlin, Greenbushes, Bynoe / Wingate and North Arunta. Upon grant, the new tenements will significantly expand and complement the Company's five existing lithium tenement applications in the Mt Cattlin and North Arunta regions.

These exploration license applications are subject to standard processes and procedures of the West Australian Department of Mines and Petroleum and the Northern Territory Department of Mines and Energy. Although the Company has no reason to believe otherwise, the grant of the exploration licenses cannot be guaranteed.

The Mount Cattlin package lies to the south of the Mt Cattlin lithium mine owned by Galaxy Resources Limited (ASX: GXY). The tenements cover the Annabelle Volcanics, which host Lithium-Cesium-Tantalum (LCT) pegmatites and are considered prospective for lithium mineralisation.

The Greenbushes tenement lies immediately south of Talison Lithium's Greenbushes mine, the largest hard rock lithium mine in the world.

The Bynoe / Wingate tenements cover large areas of the key Bynoe and Wingate tin-tantalum-lithium pegmatite fields of the Pine Creek pegmatite province.

The North Arunta region is also known to host tin / tantalum rich pegmatites, a strong indicator that the extensive pegmatites in the area may be LCT type pegmatites which host Lithium mineralisation in other hard rock pegmatite fields.

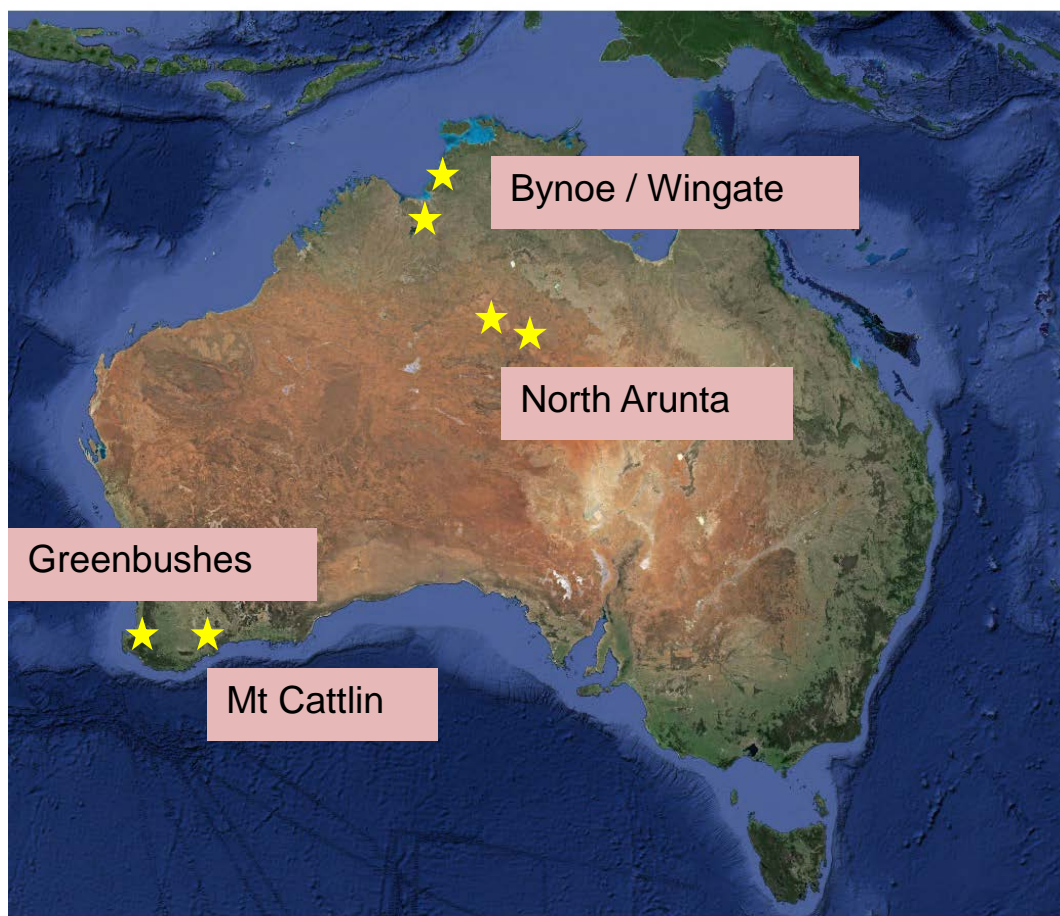


Figure 1: Kingston's Combined Lithium Portfolio

Summary of Agreement

Kingston will acquire Slipstream WANT Pty Ltd which holds the contractual rights to the tenement applications.

Consideration for all the shares on issue in Slipstream WANT Pty Ltd comprises:

- a cash payment of \$500,000 to be paid as follows:
 - \$200,000 within 5 days of issue of Tranche 1 Placement shares; and
 - \$300,000 at Completion.
- the issue of 165,000,000 fully paid ordinary Kingston shares (Consideration Shares), of which 82,500,000 shares will be subject to voluntary escrow for 12 months.
- fully paid ordinary Kingston shares (Milestone Shares) subject to the achievement of the following milestones on or before 30 June 2019:

- (a) 90,000,000 Kingston shares upon the announcement of an Inferred Mineral Resource or greater on one or more of the tenements, of a minimum of 5Mt @ no less than 1% Li₂O; and
- (b) 90,000,000 Kingston shares upon the announcement of an Inferred Mineral Resource or greater on one or more of the tenements, of a minimum of a further 10Mt @ no less than 1% Li₂O.

Completion of the transaction is subject to Kingston shareholder approval under ASX listing rules 7.1 and 11.1.2, and grant of the key Mt Cattlin tenement applications (Completion) by 31 October 2016.

Capital Raising

Bell Potter Securities Limited (Bell Potter) acted as lead manager to raise \$6.85 million via a share placement.

The Placement is being conducted in two tranches:

- Tranche 1: Placement of 40,000,000 ordinary Kingston shares at \$0.021 each to raise \$840,000 (before costs) without Kingston shareholder approval under Kingston's existing placement capacity under ASX Listing Rule 7.1 and 7.1A; and
- Tranche 2: Placement of 286,190,476 ordinary Kingston shares at \$0.021 each to raise \$6,010,000 (before costs) subject to Kingston shareholder approval, grant of the two Mt Cattlin exploration licenses and Completion.

The proposed Capital Structure of Kingston after Completion of the transaction is set out in Annexure A. Bell Potter will receive a fee of 6% of the funds raised under the placement.

Board and Management Changes

It is proposed that the following changes to the Kingston board and management will be made upon Completion of the transaction.

Mr Andrew Corbett B.E. (Mining, Hons) MBA will be appointed as Managing Director. Mr Corbett is a mining engineer with diverse operational and mine management experience, and in-depth understanding of the equity markets and business development within the mining, mining services and investment industry. Andrew's early career in mining included roles as Underground Manager at the both Jundee and Bounty Gold Mines. He then spent 6 years with Orica, managing mining services business units globally, including a 2 year period based in Germany. From 2008 to 2015, Andrew was the Global Resources Analyst at Perpetual Investments covering both Australian and International mining companies and during this period co-managed the Perpetual Investments Global Resource Fund.

The Board will appoint a Chairperson with suitable industry experience who will be independent of Kingston and the Vendors.

Mr Andrew Paterson B.Eng. (Mining Geology and Mineral Exploration) Grad. Dip. (Mining) MAusIMM GAICD will be appointed as Chief Geological Officer prior to Completion. Andrew is a Geologist with over 20 years' experience encompassing exploration, production and corporate roles across a variety of commodities.

Mr Stuart Rechner and Mr Yafeng Cai will remain on the Kingston Board and Mr Jonathon Davies will resign from the Board effective at Completion. Kingston would like to thank Mr Davies for his contribution during his tenure as Chairman.

Regulatory Approvals and General Meeting

Completion of the transaction is subject to Kingston obtaining all required third party, regulatory, shareholder approvals, and ASX waivers necessary to effect the transaction, including the grant by ASX of waivers from the listing rules to permit:

- The issue of the Consideration Shares by 31st October 2016; and
- The issue of the Milestone Shares before 30 June 2019.

ASX has informed Kingston that the transaction will require shareholder approval for the purposes of ASX listing rule 11.1.2 and ASX listing rule 7.1 only.

Kingston proposes to convene a General Meeting of Shareholders on or around 30 June 2016 to consider and approve:

- The acquisition of control of the 20 lithium tenements;
- The issue of Consideration and Milestone Shares; and
- The issue of the Tranche 2 Placement shares.

The current Directors have informed Kingston that they intend to vote in favour of the proposals.

Annexure A

Kingston Resources Limited Proposed Capital Structure

SHARES	
Current shares on issue	169,079,509
Proposed placement of shares @ \$0.021 to raise \$840,000 (Tranche 1)	40,000,000
Proposed placement of shares@ \$0.021 to raise up to \$6,010,000 (Tranche 2)	286,190,476
Proposed issue of shares to Vendors (Consideration Shares)*	165,000,000
Proposed maximum total shares on issue after Completion	660,269,985
Milestone Shares- Tranche 1	90,000,000
Milestone Shares- Tranche 2	90,000,000
Proposed maximum total shares on issue if Milestones are met	840,269,985
OPTIONS:	
Current Options on Issue	
(KSNAO) Quoted Options exercisable at \$0.07 (7 cents) on or before 30 June 2016	28,624,769
(KSNOA) Unlisted Options exercisable at \$0.03 (3 cents) on or before 30 June 2019	7,058,823
Proposed total Options on issue after Completion (assumes post 30 June 2016)	7,058,823
Total Securities (including Milestone Shares and Options)	847,328,808

Note: * 82,500,000 shares will be subject to voluntary escrow for 12 months