KINGSTON RESOURCES LIMITED

ABN 44 009 148 529

2016 Annual Financial Report

For the year ended 30 June 2016

Contents

Corporate Directory

DIRECTORS	**Anthony Wehby, (FCA, MAICD)** Non-Executive Chairman **Andrew Corbett, (B Eng (Mining, Hons), MBA)** Managing Director **Stuart Rechner, (BSc, LLB, GAIG, GAICD)** Non-Executive Director **Yafeng Cai, (CPA)** Non-Executive Director
COMPANY SECRETARY	**Rozanna Lee**
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	Level 3, 3 Spring Street Sydney NSW 2000 AUSTRALIA Telephone (02) 8249 4968 Email info@kingstonresources.com.au Website www.kingstonresources.com.au
AUDITORS	Grant Thornton Audit Pty Ltd Chartered Accountants Level 1, 10 Kings Park Road West Perth WA 6005
SHARE REGISTRY	Computershare Investor Services Pty Ltd Level 11 172 St Georges Terrace Perth WA 6000
BANKERS	Australia & New Zealand Banking Group Limited Level 1, 1275 Hay Street West Perth WA 6005
SOLICITORS & CORPORATE ADVISERS	CowellClarke Commercial Lawyers Level 5 63 Pine St Adelaide SA 5000
STOCK EXCHANGE	Listed on the Australian Securities Exchange The home exchange is in Perth, Western Australia
ASX CODE	KSN – fully paid ordinary shares

Chairman's Letter

Dear Stakeholders

I am pleased to introduce the Annual Report and Financial Statements for the year ended 30 June 2016 a year of significant change for KSN.

As you will read in the accompanying reports, the new management team and Board (comprising both new and continuing directors) have begun work in earnest on shaping the future of the Company.

All of us are conscious of the weight of market expectations attached to changes such as those supported by shareholders at the July General Meeting. Our experience, however, reminds us that exploration requires patience and precision, and that it is also subject to external governance imposed in the interest of wider communities in which we operate.

While approvals for our initial WA drilling program are taking longer than hoped, we look forward to commencing the program in the coming months and sharing the results with you.

Expansion of our tenement portfolio in both lithium and other minerals is a priority for management. Again, the need for a disciplined approach is well understood in considering which opportunities are suitable for further examination. We look forward to delivering on this aspect of our plans when appropriate transactions have been fully considered and negotiated.

On behalf of the Board and management team, thank you to all shareholders who supported the changes in KSN at the July General Meeting. You can be assured we value your support and look forward to justifying your confidence in us.

Yours sincerely

Anthony S Wehby

Non-Executive Chairman

27 September 2016

Directors' Report

The Directors present their report together with the financial report of the Consolidated Entity (or 'Group'), being Kingston Resources Limited ('Kingston" or the "Company') and its subsidiaries, for the financial year ended 30 June 2016 and the independent auditor's report thereon.

PRINCIPAL ACTIVITIES

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

OPERATING RESULTS AND REVIEW OF OPERATIONS FOR THE YEAR

Operating Results

Kingston reported a statutory after tax loss of $4,587,718 (2015: $2,391,602), which included asset impairment losses of $4,365,531 (2015: 2,029,690). This impairment loss is essentially a non-cash charge to the accounts and is done in accordance with Accounting Standards (AASB 136).

Review of Operations

Kingston had an exciting and successful end to the financial year. On 13 May 2016, the Company announced it was to acquire four lithium exploration projects in Western Australia and the Northern Territory. Alongside this, it would seek to appoint new senior management and raise $6.85m to fund the acquisition and exploration program. At the EGM held on 4 July 2016, shareholders voted overwhelmingly in support of all elements of this transaction.

With a new portfolio of lithium exploration assets, a refreshed board and management team, and a robust funding position, Kingston is well placed to advance its lithium project pipeline and enhance its position within the Australian mining sector.

In June 2016, Kingston was granted the Mount Cattlin Project tenements E74/570 and E74/571. Initial geophysics work has highlighted numerous pegmatite targets, these have now been field-checked, mapped and sampled, with drilling to commence once approvals are in place. Alongside work at Mt Cattlin, exploration work has also commenced at the Company's NT lithium prospects.

Lithium strategy

As part of the acquisition outlined above, Kingston acquired 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 (refer Figure 1). 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.

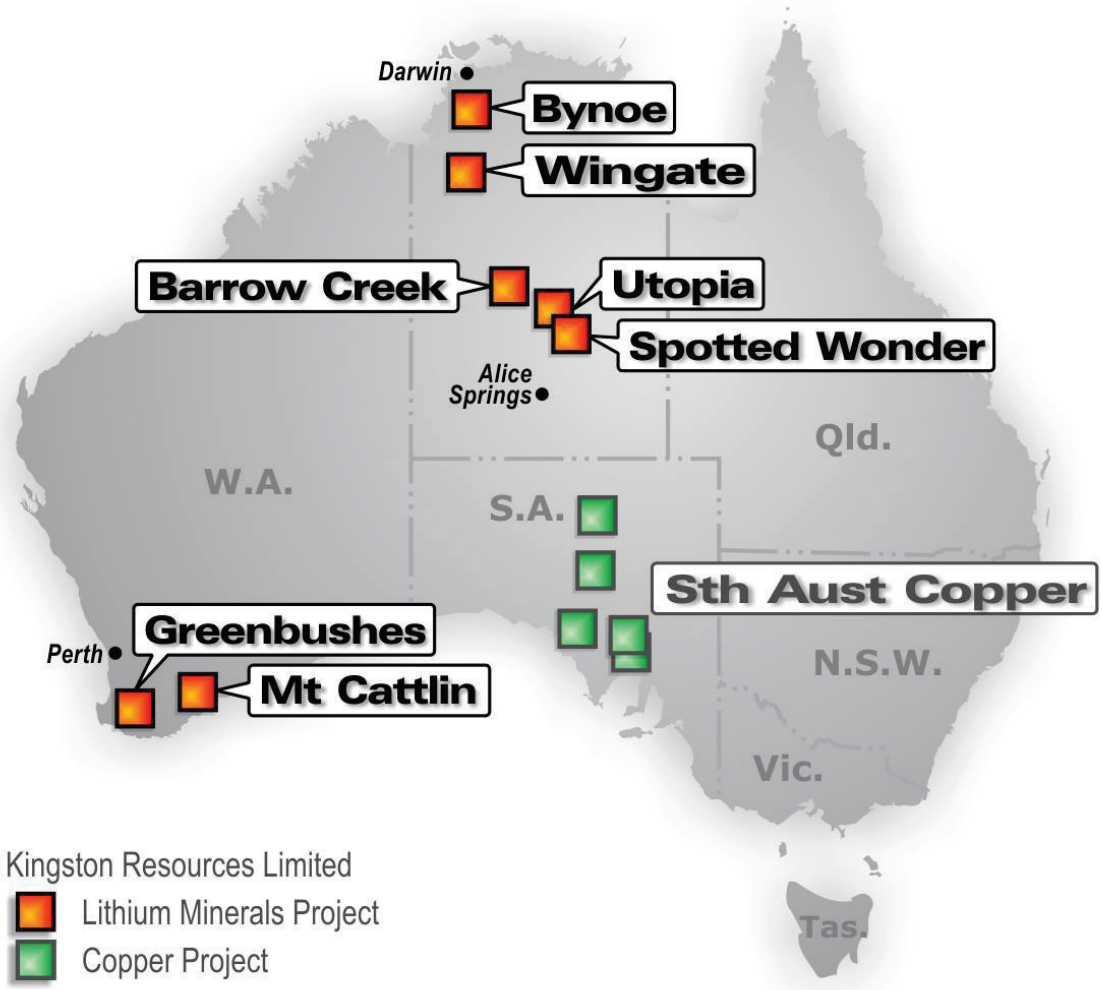

Figure 1: Kingston's Expanded Lithium Portfolio

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 and includes the high grade priority prospect Deep Purple South (refer Figure 2)

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.

Mt Cattlin Project

During the last quarter of the financial year, Kingston was granted the Mt Cattlin Project tenements, E74/570 and E74/751 (refer Figure 2). These provide Kingston with access to 77 km^2 of a highly prospective lithium pegmatite field 15km from the Mt Cattlin Lithium Mine (GXY/GMM). In May 2016, Kingston commissioned Terra Resources Pty Ltd to interpret and target potential pegmatite responses observed in existing open file airborne geophysical data across its Mt Cattlin lithium project tenements. The detailed open file survey was conducted on 50m line spacing, and contains high quality magnetic and radiometric data.

The targeting produced a series of radiometric anomalies throughout the tenement package, which are often indicative of potassium feldspar-rich zones of outcropping pegmatites. The limitation of radiometrics in exploring for lithium-bearing pegmatites is such that it will only show pegmatites that are clearly outcropping, and not obscured by sedimentary cover. The signatures of the geophysical anomalies were cross-referenced with areas of known lithium mineralisation, such as the Mt Cattlin Mine pegmatite (GMM/GXY), to establish a benchmark for the targeting.

Following on from the geophysical studies, soil sampling has provided improved definition of the extent of lithium mineralisation at Deep Purple South, outlining two parallel anomalous zones with a strike distance of up to 650m (Figure 3). In addition to this, outcrop mapping and rock chip sampling has identified additional lithium-bearing pegmatites within the project area beyond the Deep Purple South prospect, underlining the outstanding lithium potential at Mt Cattlin.

Regional Exploration Summary

The Company has now commenced exploration work in both Western Australia and Northern Territory.

Mt Cattlin (WA)

- Fieldwork has commenced, initially focussing on the Deep Purple South prospect.
- A geochemical soil sampling work program has been completed.
- A field mapping and sampling program is underway.
- The Company has commenced planning for Aboriginal heritage work.
- The Company has submitted a Program of Work with the DMP for Mt Cattlin.

Bynoe & Wingate Projects (NT)

- Kingston has completed a preliminary reconnaissance trip to investigate access to tenements located within the Pine Creek pegmatite province.
- Significant progress has been made in moving a number of these tenements towards granting, with eight Bynoe tenements now granted.

Barrow Creek, Spotted Wonder, Utopia and Moonlight Projects (NT)

- Preliminary fieldwork has been completed in the northern Arunta region.
- These projects are located within the Barrow Creek Pegmatite Province and the Alcoota Pegmatite District.
- Northern Territory Geological Survey (NTGS) rock chip and whole-rock assays indicate elevated levels of Cs and Rb, with assays up to 1800ppm* Ta at Spotted Wonder. Very few lithium assays are available in the NTGS data set.
- A fourth project has been pegged as EL31214 southeast of Spotted Wonder in an area of numerous historic mica workings. This application is known as the Moonlight Project.

South Australian Copper

- The Company has submitted an application for co-funding through the South Australian Government PACE Discovery Drilling (2016) for its proposed IOCG drilling program.
- Kingston management has initiated a strategic review over these tenements/JV (12 leases, 3,373 km2) to determine both priorities and alignment with the current corporate strategy.

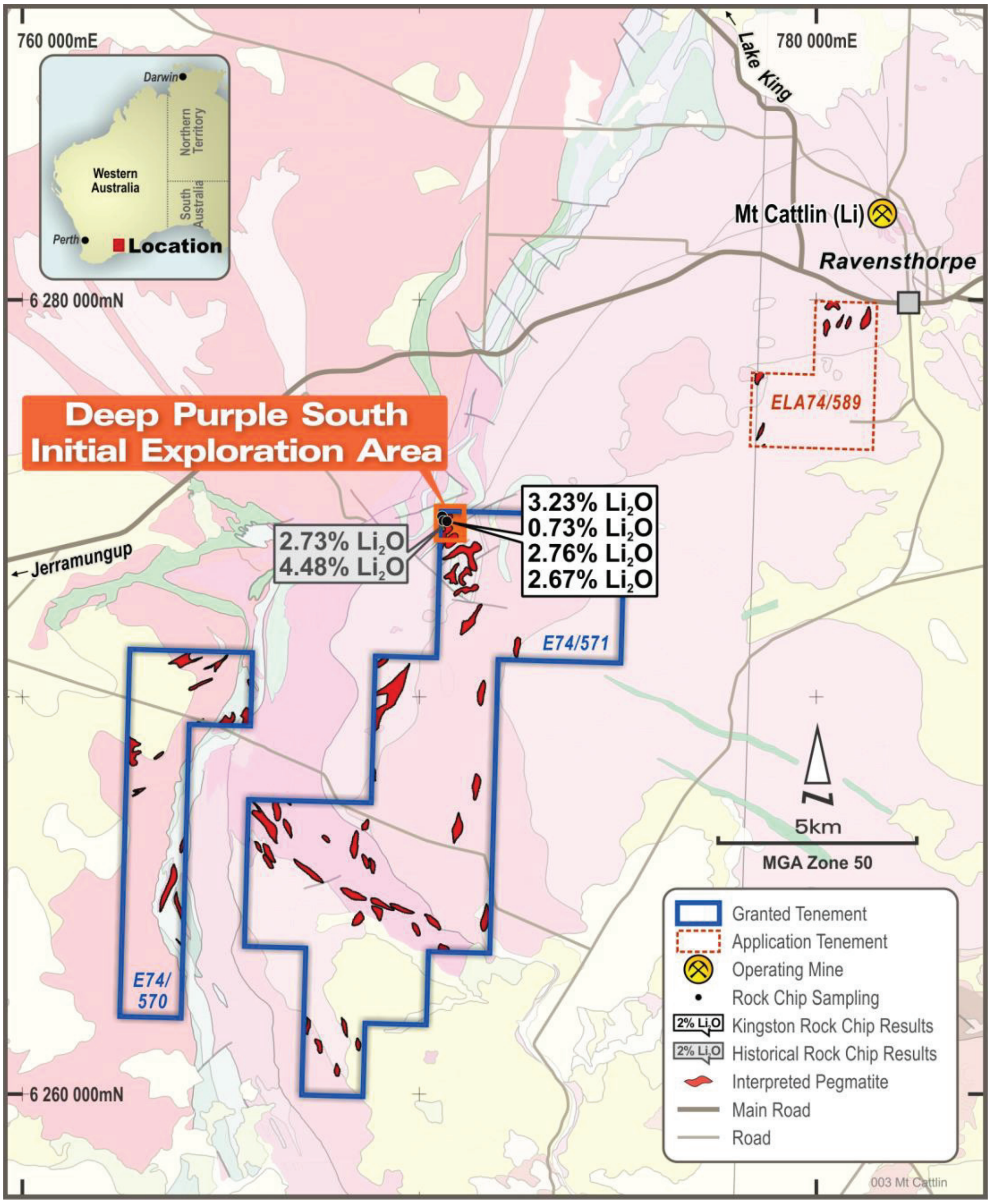

Figure 2: Deep Purple South Initial Exploration Area

*NT Department of Mines and Energy Geological Survey STRIKE open file data: strike.nt.gov.au

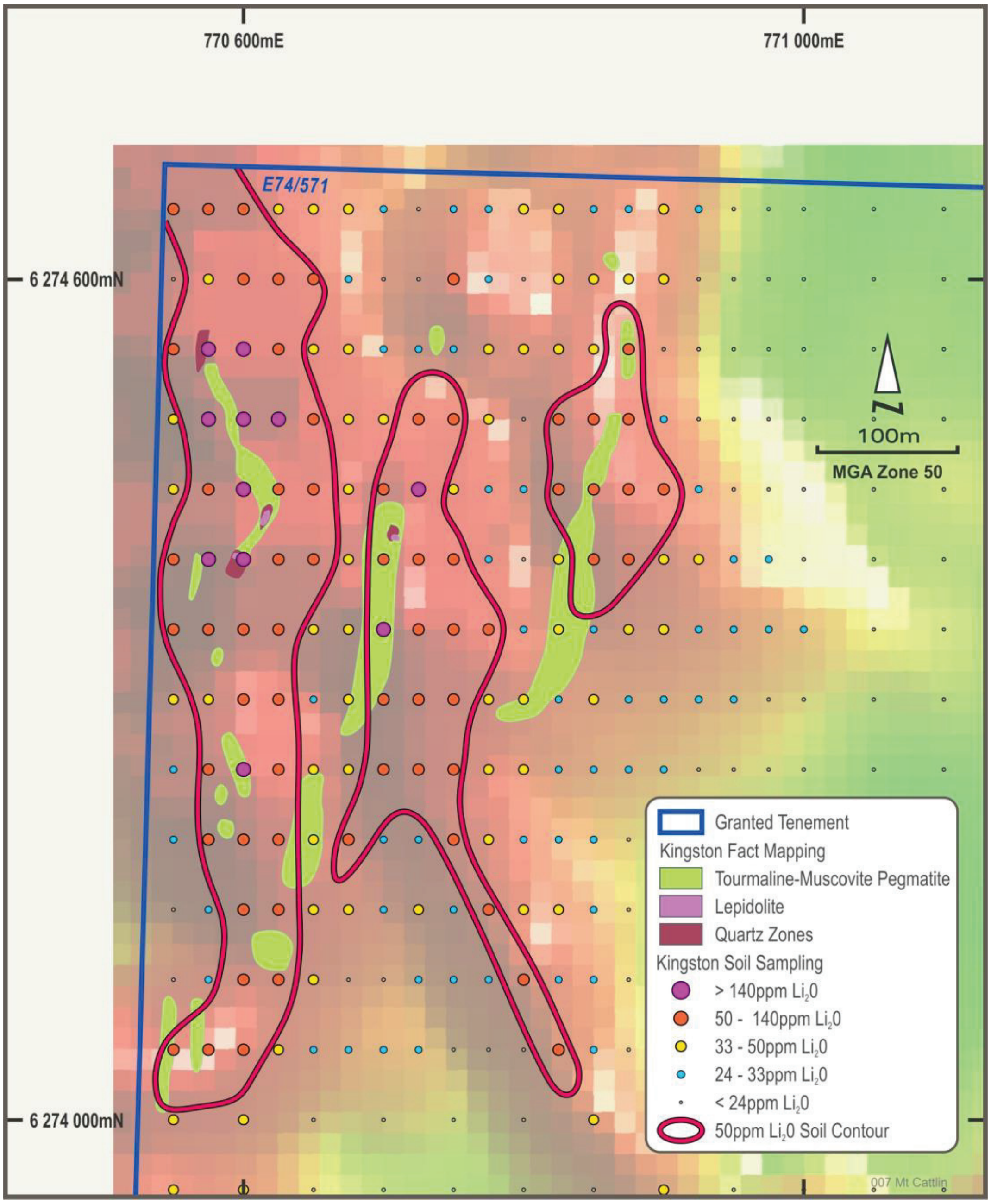

Figure 3: Deep Purple South Initial Exploration Area

FINANCIAL POSITION

At the end of the financial year the consolidated entity had net assets of $798,058 (2015: $4,261,853) and $645,270 in cash (2015: $305,741).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

On 13 May 2016, the Company entered into a binding Heads of Agreement for the acquisition of a package of tenements and interests prospective for Lithium ("Lithium Project Acquisition Agreement") (Refer ASX Announcement dated 13 May 2016). The acquisition completed on 8 July 2016. Subsequently, 165,000,000 shares were issued to the vendors in accordance with the Binding Heads of Agreement.

On 9 May 2016, the Company entered into a mandate agreement with Bell Potter as lead manager to raise up to $6.85 million in a two-tranche Share placement to fund acquisition costs and exploration from the Lithium Project Acquisition Agreement (Placements):

- Tranche 1 – was completed on 19 May 2016 raising $840,000 (before costs) by the issue of 40,000,000 shares at $0.021 per share; and
- Tranche 2 – was completed on 8 July 2016 raising $6.01million (before costs) by the issue of 286,190,476 Shares at $0.021 per share.

On 4 July 2016, shareholders approved all resolutions as put in the Notice of Meeting dated 2 June 2016, including approvals under ASX Listing Rules in relation to the Lithium Assets Acquisition Agreement and Placements.

Concurrent with the lithium transaction and successful capital raising, the following new senior appointments were confirmed:

- Mr Anthony Wehby as Non-Executive Chairman;
- Mr Andrew Corbett as Managing Director and CEO; and
- Mr Andrew Paterson as Chief Geological Officer.

In addition to these key appointments, Mr Stuart Rechner transitioned from an executive to a non-executive role and Mr Jonathan Davies resigned as a Director on 4 July 2016.

On 29 July 2016, the Company moved its registered address to Level 3, 3 Spring Street, Sydney, NSW and there was a change in Company Secretary with the appointment of Rozanna Lee and resignation of Mathew Whyte.

Other than the above, there has been no other matter or circumstance which has arisen since 30 June 2016 that has significantly affected or may significantly affect:

a) Kingston Resources Limited's operations in future financial years; or
b) the results of those operations in future financial years; or
c) Kingston Resources Limited's state of affairs in future financial years.

DIVIDENDS OR DISTRIBUTIONS

No dividends were paid during the financial year and the directors do not recommend the payment of a dividend.

FUTURE DEVELOPMENTS AND EXPECTED RESULTS

The Group will continue its evaluation of its mineral projects and undertake generative work to identify and potentially acquire new resource projects. Due to the nature of the business, the result is not predictable.

ENVIRONMENTAL REGULATIONS

The mineral tenements granted to the Company pursuant to the Western Australia Mining Act 1978, Northern Territory Mineral Titles Act 2010 and South Australian Mining Act 1971 are granted subject to various conditions which include standard environmental requirements. The Company adheres to these conditions and the directors are not aware of any environmental laws that are not being complied with.

INFORMATION ON THE DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

- Anthony Wehby – Chairman (Non-Executive), appointed 4 July 2016
- Jonathan Davies - Chairman (Non-Executive), resigned 4 July 2016
- Andrew Corbett – Director (Managing), appointed 4 July 2016
- Stuart Rechner - Director (Non-Executive since 4 July 2016), appointed 23 February 2015
- Yafeng Cai - Director (Non-Executive), appointed 7 December 2012
- Barry Bourne - Director (Non-Executive), appointed 21 July 2015, resigned 20 November 2015
- Mathew Whyte - Director (Non-Executive), resigned 21 July 2015

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Anthony Wehby, Chairman (FCA, MAICD)

term of office:	Non-Executive Chairman of Kingston Resources Limited since 4 July 2016.
skills and experience:	Mr Wehby is a highly experience board member and chairman, and is currently Non-Executive Chairman of ASX-listed gold and base metals miner Aurelia Metals Limited. He is also a Director of Royal Rehab and was previously Chairman of Tellus Resources Limited and a Director of Harmony Gold (Aust) Pty Ltd. Since 2001, Mr Wehby has maintained a financial consulting practice, focusing on strategic advice to companies including investments, divestments and capital raisings. Prior to 2001, Mr Wehby was a partner in PricewaterhouseCoopers Australia (Coopers & Lybrand) for 19 years. Mr Wehby is a Fellow of the Institute of Chartered Accountants in Australia and a Member of the Australian Institute of Company Directors.

Andrew Corbett, Managing Director (B Eng (Mining, Hons), MBA)

term of office:	Managing Director of Kingston Resources Limited since 4 July 2016.
skills and experience:	Mr Corbett has been appointed as Managing Director and CEO of the Company. Andrew is a highly experienced mining engineer and has operated in the mining industry for over 22 years. Mr Corbett 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. 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-mining operations.

Stuart Rechner, Non-Executive Director (BSc, LLB, GAIG, GAICD)

term of office: Executive Director of Kingston Resources Limited since 23 February 2015, Non-Executive Director from 4 July 2016.

skills and experience: Mr Rechner is an experienced company director and geologist with a background in project generation and acquisition in Australia and overseas. Mr Rechner holds degrees in both geology and law and is a member of the Australian Institute of Geoscientists and the Australian Institute of Company Directors. For over ten years Mr Rechner was an Australian diplomat responsible for the resources sector with postings to Beijing and Jakarta.

Mr Rechner is currently a Director of GB Energy Limited (ASX:GBX) since 20 November 2013 and a Director of Strategic Energy Limited (ASX:SER) since 12 September 2014. He has held no other listed directorships in the past three years.

Yafeng Cai, Non-Executive Director (CPA)

term of office: Non-Executive Director of Kingston Resources Limited since 7 December 2012.

skills and experience: Mr Yafeng Cai is a Certified Practicing Accountant and has been the Chief Financial Officer of Yucai Australia Pty Ltd (Yucai) since 2010. Yucai is now a substantial investor in the Company and is ultimately controlled by Soaraway Development. Mr Cai has a broad range of corporate and commercial experience in the Australian business and capital sector within a diverse range of industries. Mr Cai has had no other listed directorships in the past three years.

Jonathan Davies, Chairman (BJuris, LLB (UWA))

term of office: Non-Executive Chairman of Kingston Resources Limited since 7 December 2012, resigned 4 July 2016.

skills and experience: Mr Davies is a Barrister who has been practising for 28 years. He has extensive legal experience in matters that include commercial, mining and corporate law. Mr Davies was awarded the law Society of Western Australia Community Service Award in 2006 and, together with Thomas Percy QC and Malcolm McCusker QC, was awarded the Australian Lawyers Alliance Civil Justice Award in 2007. Mr Davies has had no other listed directorships in the past three years.

Barry Bourne, Non-Executive Director (BSc (Hons) Geology FAIG MAICD)

term of office: Non-Executive Chairman of Kingston Resources Limited since 7 December 2012, resigned 4 July 2016.

skills and experience: Mr Bourne was previously Chief Geophysicist for Barrick Gold's Global Exploration Group until 2013 and is now a mineral exploration consultant to private and public international exploration groups through Terra Resources Pty Ltd. Mr Bourne has an extensive mineral exploration skill-set built up over a career of more than 20 years with in-country experience in several global mining regions including Papua New Guinea, Eastern and West Africa, South America, Canada and the United States.

COMPANY SECRETARY

Mathew Whyte is a CPA and a Fellow of the Governance Institute of Australia (formerly Chartered Secretaries Australia) and has over 20 years' experience as company secretary for public listed companies. He was appointed Company Secretary on 5 September 2011 and was also a Director of the Company from that date until his resignation from the Board on 21 July 2015. Mr Whyte resigned as Company Secretary on 29 July 2016.

The Company appointed Rozanna Lee as Company Secretary on 29 July 2016. Rozanna holds both commerce and law degrees from the University of Queensland and is an Associate Member of the Governance Institute of Australia.

DIRECTORS' INTEREST

As at the date of this report the relevant interest of each of the Directors, held either directly or indirectly through their associates, in the securities of Kingston are as follows:

Director	Fully Paid Ordinary Shares (KSN)	Unlisted STI Options[1]	Unlisted LTI Options[2]
Anthony Wehby[3]	2,380,952	2,000,000	2,000,000
Jonathan Davies[4]	1,270,813	-	-
Andrew Corbett[5]	9,523,808	5,000,000	5,000,000
Stuart Rechner[6]	-	-	-
Yafeng Cai[7]	520,813	-	-
Barry Bourne[8]	2,295,420	-	-
Mathew Whyte[9]	1,587,591	-	-

1. Unlisted Short Term Incentive (STI) Options exercisable at $0.04 each and expiring on 30 June 2018.
2. Unlisted Long Term Incentive (LTI) Options exercisable at $0.07 each and expiring on 30 June 2019.
3. Anthony Wehby holds a relevant interest in Options as he is a related party to Mrs Rosemary Wehby, who is the registered holder of the options. He has a relevant interest in the shares as the registered holder.
4. Held at date of resignation on 4 July 2016.
5. Andrew Corbett holds a relevant interest in the specified number of Shares and Options as a result of being a director of Milamar Group Pty Ltd as trustee of Milamar Family Trust, which is the registered holder of those Shares and Options.
6. Stuart Rechner previously disclosed having a relevant interest in Shares and Options as he is a related party to Mr Anthony Rechner who is a director of Omen Pty Ltd, EERC Australasia Pty Ltd and Tangram Pty Ltd which is a Substantial Shareholders of Kingston Resources Limited. 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
7. Yafeng Cai has a relevant interest in the shares as the registered holder.
8. Held at date of retirement on 20 November 2015.
9. Held at date of resignation as director on 21 July 2015.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of Kingston's Directors held during the year ended 30 June 2016 and the number of meetings attended by each Director. There were a total of six Directors' meetings for the financial year.

In addition throughout the course of the year there were eight resolutions of directors which were made by unanimous written resolution.

Director	Number Eligible to Attend	Number Attended
Jonathan Davies	6	6
Stuart Rechner	6	5
Yafeng Cai	6	5
Barry Bourne	2	2
Mathew Whyte	-	-

REMUNERATION REPORT (AUDITED)

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group for the year ended 30 June 2016 in accordance with the requirements of the Corporations Acts 2001 and its Regulations.

(a) Key management personnel disclosed in this report

For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including a director (whether executive or otherwise) of the Company.

Details of key management personnel;

J Davies	Non-Executive Chairman (appointed 7 December 2012, resigned 4 July 2016)
A Wehby	Non-Executive Chairman (appointed 4 July 2016)
A Corbett	Managing Director (appointed 4 July 2016)
S Rechner	Non-Executive Director (Executive Director from 23 February 2015, retired 4 July 2016)
Y Cai	Non-Executive Director (appointed 7 December 2012)
B Bourne	Non-Executive Director (appointed 21 July 2015, retired 20 November 2015)
A Paterson	Chief Geological Officer (appointed 3 June 2016)
M Whyte	Executive Director (appointed 5 September 2011, resigned 21 July 2015) Company Secretary (appointed 5 September 2011, resigned 29 July 2016)

(b) Remuneration Philosophy

Kingston does not have a formal remuneration policy and has not established a separate remuneration committee. The whole Board takes on the function of the remuneration committee with independent advice sought as required. There was no advice sought during the year. Due to the early stage of development and small size of the Company a separate remuneration committee was not considered to add any efficiency to the process of determining the levels of remuneration for directors and key executives. The Board considers that it is more appropriate to set aside time at a Board meeting each year to specifically address matters that would ordinarily fall to a remuneration committee such as reviewing remuneration, recruitment, retention and termination procedures and evaluating senior executives remuneration packages and incentives.

In addition, all matters of remuneration will continue to be in accordance with the Corporations Act requirement, especially with regard to related party transactions. That is, none of the directors participate in any deliberations regarding their own remuneration or related issues.

Independent external advice is sought from remuneration consultants when required, however no advice has been sought during the period ended 30 June 2016. The Corporate Governance Statement provides further information on the Company's remuneration governance.

(c) Executive remuneration policy and framework

In determining executive remuneration, the Board aims to ensure that remuneration practices are:
- Competitive and reasonable, enabling the Company to attract and retain key talent;
- Aligned to the Company's strategic and business objectives and the creation of shareholder value;
- Transparent and easily understood; and
- Acceptable to shareholders.

Kingston aims to reward executives with a level and mix of remuneration commensurate with their position and responsibility so as to align the interests of executives with those of shareholders and to ensure total remuneration is competitive by market standards.

In his executive capacity until 23 February 2015, Stuart Rechner received a consulting fee, part of which may be taken as superannuation and does not receive any other retirement benefits. Managing Director Andrew Corbett has entered into a service agreement, the terms of which were approved by the shareholders at the EGM held on 4 July 2016.

The Board reviews executive packages annually by reference to the executive's performance and comparable information from industry sectors and other listed companies in similar industries. The terms and conditions for the Managing Director are considered appropriate for the current exploration phase of the Group's development.

Options may be issued to directors subject to approval by shareholders. All remuneration paid to directors and specified executives is valued at the cost to the Group and expensed. Options are valued using the Black-Scholes methodology.

(d) **Relationship between remuneration and the Group's performance**

Directors' remuneration is set by reference to payments made by other companies of similar size and industry, and by reference to the skills and experience of directors. Fees paid to directors are not linked to the performance of the Group. This policy may change once the exploration phase is complete and the Company is generating revenue. At present the existing remuneration policy is not impacted by the Group's performance including earnings and changes in shareholder wealth (dividends, changes in share price or returns of capital to shareholders). The Board has not set short term performance indicators, such as movements in the Company's share price, for the determination of director remuneration as the Board believes this may encourage performance which is not in the long term interests of the Company and its shareholders.

The Board has structured its remuneration arrangements in such a way it believes is in the best interests of building shareholder wealth in the longer term.

The following table shows the net loss, loss per share and share price for the last three financial years.

	2016	2015	2014	2013
Net Loss	($4,587,718)	($2,391,602)	($483,015)	($1,919,725)
Diluted loss per share (cents/share)	(2.702)	(2.004)	(0.578)	(3.832)
Share price at year end (cents)	2	2	2	9

Long-term incentives (LTI) may be provided to KMP in the form of Options over ordinary shares of the Company. LTIs are considered to promote continuity of employment and provide additional incentive to recipients to increase shareholder wealth. Options may only be issued to directors subject to approval by shareholders in general meeting.

There were no unlisted Options issued during the year (2015 : nil) as LTI . The 6,000,000 Options (ASX:KSNAO) issued as LTI in 2014 expired on 30 June 2016.

(e) Non-Executive Directors remuneration policy

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms including remuneration, relevant to the office of director.

The Board policy is to remunerate non-executive directors at commercial market rates for comparable companies for their time, commitment and responsibilities.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and is currently set at $150,000 per annum. Fees may also be paid to non-executive directors for additional consulting services provided to the Company.

Fees for non-executive directors are not linked to the performance of the Group. Non-executive directors' remuneration may also include an incentive portion consisting of options, subject to approval by shareholders.

(f) Voting and comments made at the Company's 2015 Annual General Meeting

Kingston received 79% of "yes" votes (21% of "no" votes) on its remuneration report for the 2015 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

(g) Remuneration Details for the Year Ended 30 June 2016

The following table of benefits and payments details, in respect to the financial year, the components of remuneration for each member of the KMP of the Group.

Table of Benefits and Payments for the Year Ended 30 June 2016

	Short-term benefits	Post-employment benefits	Long-term benefits			
Director	**Salary, fees and leave**	**Superannuation**	**LSL**	**Termination benefits**	**Equity-settled share-based payments**	**Total**
Jonathan Davies (Non-Executive Chairman) (resigned 4 July 2016)						
2016	12,707	-	-	-	8,333	21,040
2015	27,500	-	-	-	-	27,500
Andrew Corbett (Managing Director) (appointed on 4 July 2016)*^						
2016	38,073	-	-	-	-	38,073
2015	-	-	-	-	-	-
Stuart Rechner (Non-Executive Director) *						
2016	153,600	-	-	-	-	153,600
2015	99,700	-	-	-	-	99,700
Yafeng Cai (Non-Executive Director) *						
2016	12,708	-	-	-	8,333	21,041
2015	27,500	-	-	-	-	27,500
Mathew Whyte (Non-Executive Director & Company Secretary) (resigned as a director 21 July 2015)*						
2016	100,900	-	-	-	-	100,900
2015	113,900	-	-	-	-	113,900
Barry Bourne (Non-Executive Director) (appointed 21 July 2015, retired on 20 November 2015) *						
2016	35,291	-	-	-	-	35,291
2015	42,898	-	-	-	-	42,898
Michal Safrata (Non-Executive Director) (re-election defeated on 31 October 2014) *						
2016	-	-	-	-	-	-
2015	7,500	-	-	-	-	7,500
Andrew Paterson (Chief Geological Officer) (appointed 3 June 2016)						
2016	35,492	-	-	-	-	35,492
2015	-	-	-	-	-	-
TOTAL						
2016	388,771	-	-	-	16,666	405,437
2015	318,998	-	-	-	-	318,998

* These Directors were remunerated through their related entities. Refer to Note 20 for details on related party transactions

^ Prior to his appointment on 4 July 2016, Mr Corbett received consultancy payments from the Company

Options Granted to Directors

No options were granted to Directors during the year or the previous year.

(h) Service Agreements

Remuneration and other terms of employment for KMP are formalised in service agreements. The service agreements specify the components of remuneration, benefits and notice periods.

Anthony Wehby

Mr Wehby was appointed Non-Executive Chairman on 4 July 2016. The appointment is contingent upon satisfactory performance and successful re-election by shareholders of the Company as and when required by the constitution of the Company and the Corporations Act. Mr Wehby is not entitled to any termination benefits unless paid at the discretion of directors.

Andrew Corbett

Mr Corbett was appointed as Executive Director on 4 July 2016. Mr Corbett is remunerated pursuant to the terms and conditions of an employment agreement entered into with Mr Corbett on 4 July 2016 and has no fixed term. The agreement may be terminated by either party on the giving on three months' notice by Mr Corbett or six months' notice by the Company. Mr Corbett is not entitled to any termination benefits unless paid at the discretion of directors.

Stuart Rechner

Mr Rechner was appointed as Executive Director on 23 February 2015 and transitioned to a non-executive role on 4 July 2016. Mr Rechner was remunerated pursuant to the terms and conditions of a consultancy agreement entered into with Diplomatic Exploration Pty Ltd on 30 March 2015. The consultancy agreement was terminated with the provision of 12 weeks' notice. Mr Rechner is not entitled to any termination benefits unless paid at the discretion of directors.

Andrew Paterson

Mr Paterson was appointed as Chief Geological Office on 3 June 2016. Mr Paterson is remunerated pursuant to the terms and conditions of an employment agreement entered into with Mr Paterson on 3 June 2016 and has no fixed term. The agreement may be terminated by either party on the giving on three months' notice by Mr Paterson or 6 months' notice by the Company. Mr Paterson is not entitled to any termination benefits unless paid at the discretion of directors.

Jonathan Davies

Mr Davies was appointed a Non-Executive Director on 7 December 2012 and resigned on 4 July 2016. Mr Davies is not entitled to any termination benefits unless paid at the discretion of directors.

Yafeng Cai

Mr Cai was appointed a Non-Executive Director on 7 December 2012. The appointment is contingent upon satisfactory performance and successful re-election by shareholders of the Company as and when required by the constitution of the Company and the Corporations Act. Mr Cai is not entitled to any termination benefits unless paid at the discretion of directors.

Barry Bourne

Mr Bourne was appointed a Non-Executive Director on 21 July 2015 and resigned on 20 November 2015. Mr Bourne also receives payment for geological services through Terra Resources Pty Ltd on commercial and arms-length rates. Mr Bourne is not entitled to any termination benefits unless paid at the discretion of directors.

Mathew Whyte

Mr Whyte was appointed as Company Secretary on 5 September 2011 and resigned on 29 July 2016. Mr Whyte was also a Director of the Company until his resignation on 21 July 2015. He was renumerated pursuant to a corporate consultant agreement with Mathew Whyte trading as Whypro Corporate Services (ABN 53844 654 790) to act as Company Secretary of the Company. The terms included the fee for the provision of the services (including company secretarial) on arms-length rates The corporate consultant agreement was termination with the provision of 12 weeks' notice.

(i) Equity Interests of KMP

Options holdings of KMP

The number of options over ordinary shares held by each KMP of the Group during the 2016 reporting period is as follows:

	Balance 01 July 15	Granted	Exercised	Other changes	Vested and exercisable at the end of the year	Vested and un-exercisable at the end of the year
2016						
Stuart Rechner**	-	-	-	-	-	-
Jonathan Davies	2,000,000	-	-	(2,000,000)*	-	-
Mathew Whyte	2,000,000	-	-	(2,000,000)*	-	-
Yafeng Cai	1,000,000	-	-	(1,000,000)*	-	-
Total	5,000,000	-	-	(5,000,000)	-	-

* KSNOA Listed Options exercisable at $0.07 each expired at 30 June 2016.

** Stuart Rechner previously disclosed he had a relevant interest in 8,099,620 Options as his father, Anthony Rechner, is a director of Omen Pty Ltd which is a Substantial Shareholder of Kingston. 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.

	Balance 01 July 14	Granted	Exercised	Other changes	Vested and exercisable at the end of the year	Vested and un-exercisable at the end of the year
2015						
Stuart Rechner**	-	-	-	-	-	-
Jonathan Davies	2,000,000	-	-	-	2,000,000	-
Mathew Whyte	2,000,000	-	-	-	2,000,000	-
Michal Safrata	1,000,000	-	-	1,000,000*	-	-
Yafeng Cai	1,000,000	-	-	-	1,000,000	-
Total	6,000,000***	-	-	1,000,000	5,000,000	-

* Held to the date of re-election defeated

** Stuart Rechner was appointed on 23 February 2015. As at 30 June 2015, Stuart Rechner had a relevant interest in 8,099,620 Options as his father, Anthony Rechner, is a director of Omen Pty Ltd which is a Substantial Shareholder of Kingston.

*** KSNOA Listed Options exercisable at $0.07 each and expiring on 30 June 2016.

Share holdings of KMP

The number of ordinary shares in the Company held by each KMP of the Group during the 2015 and 2016 reporting periods is as follows.

	Balance 01 July 15	Acquired	Received on exercise	Other changes	Held at end of reporting period 30 June 16
2016					
Barry Bourne	2,295,420	-	-	-	2,295,420
Yafeng Cai	-	520,813	-	-	520,813
Andrew Corbett	-	1,167,883	-	-	1,167,883
Jonathan Davies	750,000	520,813	-	-	1,270,813
Andrew Paterson	-	58,394	-	-	58,394
Stuart Rechner*	33,039,337	-	-	(33,039,337)*	-
Anthony Wehby	-	291,971	-	-	291,971
Mathew Whyte	1,500,000	87,591	-	-	1,587,591
Total	37,584,757	2,647,465	-	(33,039,337)	7,192,885

* Stuart Rechner previously disclosed he held a relevant interest in 33,039,337 Shares as his father, Anthony Rechner, is a director of Omen Pty Ltd which is a Substantial Shareholder of Kingston. 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.

	Balance 01 July 14	Acquired	Received on exercise	Other changes	Held at end of reporting period 30 June 15
2015					
Jonathan Davies	-	750,000	-	-	750,000
Stuart Rechner*	-	-	-	33,039,337*	33,039,337
Mathew Whyte	-	1,500,000	-	-	1,500,000
Total	-	2,250,000	-	33,039,337	35,289,337

* Stuart Rechner was appointed on 23 February 2015. As at 30 June 2015 Stuart Rechner held a relevant interest in 33,039,337 Shares as his father, Anthony Rechner, is a director of Omen Pty Ltd which is a Substantial Shareholder of Kingston.

(j) Loans to key management personnel

There were no loans to individuals or members of KMP during the financial year or the previous financial year.

(k) Other KMP transactions

There have been no other transactions involving equity instruments other than those described in the tables above. For details of other transactions with KMP, refer to Note 20 Related Party Transactions.

END OF AUDITED REMUNERATION REPORT

SHARE OPTIONS

At the date of this report the unissued ordinary shares of the Company under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Held at 01 July 15	Issued	Lapsed / Cancelled	Held at 27 Sept 16
8 April 13	31 Dec 15	20 cents	10,302,500	-	10,302,500	-
29 Jan 13	31 Dec 15	20 cents	15,400,000	-	15,400,000	-
23 Dec 14	30 Jun 16	7 cents	28,624,769	-	28,624,769	-
28 Aug 15	30 Jun 19	3 cents	7,058,823	-	-	7,058,823
8 July 16	30 Jun 18	4 cents	-	11,000,000	-	11,000,000
8 July 16	30 Jun 19	7 cents	-	11,000,000	-	11,000,000

During the year ended 30 June 2015 and 30 June 2016 no ordinary shares in the Company were issued pursuant to the exercise of options. Apart from as described above, there have been no conversions to, calls of, or subscriptions for ordinary shares of issued or potential ordinary shares since the reporting date and before the completion of these financial statements.

No person entitled to exercise an option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied to any court pursuant to section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results, Minerals Resources or Reserves is based on information compiled by Mr Andrew Paterson, who is a member of the Australian Institute of Geoscientists. Mr Paterson is 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.

INDEMNITIES GIVEN AND INSURANCE PREMIUMS PAID TO AUDITORS AND OFFICERS

The Company has entered into Deeds of Access, Indemnity and Insurance with each Director.

Under these deeds, the Company has undertaken, subject to the restrictions in the Corporations Act, to:

a) indemnify each Director from certain liabilities incurred from acting in that position under specified circumstances;
b) maintain directors' and officers' insurance cover (if available) in favour of each Director whilst that person maintains such office and for seven years after the Director has ceased to be a director;
c) cease to maintain directors' and officers' insurance cover in favour of each Director if the Company reasonably determines that the type of coverage is no longer available. If the Company ceases to maintain directors' and officers' insurance cover in favour of a Director, then the Company must notify that Director of that event; and
d) provide access to any Company records which are relevant to the Director's holding of office with the Company, for a period of seven years after the Director has ceased to be a Director.

During the year, the Company paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all directors and the company secretary.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of the insurance policies is not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

AUDIT COMMITTEE

The Company is not of a size nor are its financial affairs of such complexity to justify a separate audit committee of the board of directors. All matters that might properly be dealt with by such a committee are the subject of scrutiny at full board meetings.

NON AUDIT SERVICES

There were no non-audit services provided during the financial year by the auditor.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required by section 307C of the Corporations Act 2001 is included in this Annual Report. Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

Pursuant to section 298(2) Corporations Act, this Directors' Report:

a) is made in accordance with a resolution of the Directors; and

b) is dated 27 September 2016; and

c) is signed by Mr Anthony Wehby .

ANTHONY WEHBY
Non-executive Chairman
Sydney, New South Wales
27 September 2016

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Auditor's Independence Declaration
To the Directors of Kingston Resources Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Kingston Resources Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

P W Warr
Partner - Audit & Assurance

Perth, 27 September 2016

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Consolidated Group	
		2016 $	2015 $
Continuing Operations			
Other revenue	2	246,546	17,236
Consultant and legal fees		(216,102)	(117,244)
Depreciation and amortisation expenses	3	(453)	(573)
Director fees		(35,415)	(90,000)
Director options expense		(16,666)	-
Gain/(Loss) on revaluation of assets at fair value through profit and loss		24,652	(10,457)
Impairment of exploration expenditure	3, 21	(4,365,531)	(2,029,690)
Other expenses		(224,749)	(160,874)
Loss before income tax expense		(4,587,718)	(2,391,602)
Income tax expense	4	-	-
Loss for the year		(4,587,718)	(2,391,602)
Other comprehensive income/(loss)			
Other comprehensive income/(loss) – net of tax		-	-
Total comprehensive loss for the year		(4,587,718)	(2,391,602)
Basic loss per share (cents)		(2.702)	(2.004)
Diluted loss per share (cents)		(2.702)	(2.004)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

	Notes	Consolidated Group 2016 $	Consolidated Group 2015 $
Current assets			
Cash and cash equivalents	8	645,270	305,741
Trade and other receivables	9	22,276	37,888
Financial assets	10	1,944	11,908
Other current assets		4,948	-
Total current assets		674,438	355,537
Non-current assets			
Property, plant and equipment	12	2,702	859
Capitalised exploration expenditure	21	-	3,930,564
Other non-current assets		208,811	-
Total non-current assets		211,513	3,931,423
Total assets		885,951	4,286,960
Current liabilities			
Trade and other payables	13	87,893	25,107
Total current liabilities		87,893	25,107
Total liabilities		87,893	25,107
Net assets		798,058	4,261,853
Equity			
Issued capital	14	48,435,159	47,311,236
Accumulated losses		(47,637,101)	(44,401,972)
Reserves	15	-	1,352,589
Total equity		798,058	4,261,853

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Consolidated Group

	Issued Capital Ordinary Shares $	Accumulated Losses $	Reserves $	Total Equity $
Balance at 1 July 2014	**46,732,302**	**(42,010,370)**	**1,314,127**	**6,036,059**
Loss for the year	-	(2,391,602)	-	(2,391,602)
Total comprehensive loss for the year	46,732,302	(44,401,972)	1,314,127	3,644,457
Transactions with shareholders				
Issue of share capital	788,589	-	-	788,589
Capital raising costs	(209,655)	-	-	(209,655)
Issue of share-based payments	-	-	38,462	38,462
Balance at 30 June 2015	**47,311,236**	**(44,401,972)**	**1,352,589**	**4,261,853**
Balance at 1 July 2015	**47,311,236**	**(44,401,972)**	**1,352,589**	**4,261,853**
Loss for the year	-	(4,587,718)	-	(4,587,718)
Total comprehensive loss for the year	47,311,236	(48,989,690)	1,352,589	(325865)
Transactions with shareholders				
Issue of share capital	1,238,666	-	-	1,238,666
Capital raising costs	(114,743)	-	-	(114,743)
Share-based payments lapsed	-	1,352,589	(1,352,589)	-
Balance at 30 June 2016	**48,435,159**	**(47,637,101)**	**-**	**798,058**

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

	Notes	Consolidated Group	
		2016 $	2015 $
Cash flows from operating activities			
Continued operations			
Interest received		9,157	21,031
Receipts from other income		40,222	-
Research and development credit		197,168	-
Payments to suppliers and employees		(414,648)	(378,533)
Net cash used in operating activities	18	(168,101)	(357,502)
Cash flows from investing activities			
Payment for exploration and evaluation		(396,194)	(643,810)
Payment for acquisition of exploration assets		(208,811)	-
Payment for acquisition of property, plant and equipment		(2,295)	-
Payment for funds held on deposit		(4,948)	-
Proceeds from sale of investments		34,620	-
Net cash used in investing activities		(577,628)	(643,810)
Cash flows from financing activities			
Proceeds from issue of shares and options		1,200,000	754,158
Capital raising costs		(114,743)	(171,193)
Net cash provided by financing activities		1,085,257	582,965
Net change in cash and cash equivalents held		339,529	(418,347)
Cash and cash equivalents at beginning of financial year		305,741	724,088
Cash and cash equivalents at end of financial year	8	**645,270**	**305,741**

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

This financial report includes the consolidated financial statements and notes of Kingston Resources Limited and controlled entities ('Consolidated Group' or 'Group').

For the purpose of preparing the consolidated financial statements, the Company is a for-profit entity.

Note 1: Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated financial statements are presented in the currency of Australian dollars.

Statement of Compliance

Compliance with Australian Accounting Standards ensures that the financial statements and notes of Kingston Resources Limited and its controlled entities comply with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the directors on 27 September 2016.

Basis of Preparation

The financial statements have been prepared on an accrual basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Third Statement of Financial Position

Two comparative periods are presented for the statement of financial position when the Group:

i Applies an accounting policy retrospectively;

ii Makes a retrospectively restatement of items in its financial statements, or

iii Reclassifies items in the financial statements.

We have determined that only one comparative period for the statement of financial position was required for the current reporting period as the application of the new accounting standards have had no material impact on the previously presented primary financial statements that were presented in the prior year financial statements.

Significant Accounting Policies

a) Principles of Consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2016. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June. A list of controlled entities is contained in Note 11 to the financial statements.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

b) New Accounting Standards and Interpretations

(i) Changes in accounting policy

The following standards and interpretations have been applied for the first time for entities with years ended 30 June 2016 (unless early adopted):

Reference	**Title**	**Application date of standard***	**Application date for Group***
AASB 2015-4 amends AASB 128	*Investments in Associates and Joint Ventures* Investments in Associates and Joint Ventures to ensure that its reporting requirements on Australian groups with a foreign parent align with those currently available in AASB 10 Consolidated Financial Statements for such groups. AASB 128 will now only require the ultimate Australian entity to apply the equity method in accounting for interests in associates and joint ventures, if either the entity or the group is a reporting entity, or both the entity and group are reporting entities.	1 July 2015	1 July 2015
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 *Materiality* The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015	1 July 2015
AASB 2015-4	Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent The amendment aligns the relief available in AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* in respect of the financial reporting requirements for Australian groups with a foreign parent	1 July 2015	1 July 2015

The adoption of new and amended Standards and Interpretations did not impact the financial position or performance of the Group.

(ii) Accounting Standards issued but not yet effective

The following standards and interpretations have been issued by the AASB but are not yet effective for the period ended 30 June 2016.

Reference	**Title**	**Summary**	**Application date of standard***	**Application date for Group***
AASB 9	Financial Instruments	AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments. **Classification and measurement** AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities. The main changes are described below. **Financial assets** a. Financial assets that are debt instruments will be classified	1 January 2018	1 July 2018

Reference	Title	Summary	Application date of standard*	Application date for Group*
		based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. **Financial liabilities** Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount. **Impairment** The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. **Hedge accounting** Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E. AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014. AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after **1 January 2015**.		

Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	AASB 2014-3 amends AASB 11 *Joint Arrangements* to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require: (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. This Standard also makes an editorial correction to AASB 11	1 January 2016	1 July 2016
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	AASB 116 *Property Plant and Equipment* and AASB 138 *Intangible Assets* both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	1 July 2016
AASB 15	Revenue from Contracts with Customers	AASB 15 *Revenue from Contracts with Customers* replaces the existing revenue recognition standards AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations (Interpretation *13 Customer Loyalty Programmes*, Interpretation 15 *Agreements for the Construction of Real Estate,* Interpretation 18 *Transfers of Assets from Customers*, Interpretation 131 *Revenue—Barter Transactions Involving Advertising Services* and Interpretation 1042 *Subscriber Acquisition Costs in the Telecommunications Industry*). AASB 15 incorporates the requirements of IFRS 15 *Revenue from Contracts with Customers* issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB). AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments).The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation Currently, AASB 15 is effective for annual reporting periods commencing on or after 1 January 2017. Early application is permitted. (Note A) AASB 2014-5 incorporates the consequential amendments to a	1 January 2017	1 July 2017

Reference	Title	Summary	Application date of standard*	Application date for Group*
		number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.		
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	AASB 2014-9 amends AASB 127 *Separate Financial Statements*, and consequentially amends AASB 1 *First-time Adoption of Australian Accounting Standards* and AASB 128 *Investments in Associates and Joint Ventures*, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. AASB 2014-9 also makes editorial corrections to AASB 127. AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.	1 January 2016	1 July 2016
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	AASB 2014-10 amends AASB 10 C*onsolidated Financial Statements* and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require: (a) a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and (b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. AASB 2014-10 also makes an editorial correction to AASB 10. AASB 2014-10 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.	1 January 2016	1 July 2016
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	The subjects of the principal amendments to the Standards are set out below: AASB 5 *Non-current Assets Held for Sale and Discontinued Operations:* • Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change. AASB 7 *Financial Instruments: Disclosures*: • Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7. • Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 Disclosure–Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 Interim Financial Reporting when its inclusion would be required by the requirements of AASB 134.	1 January 2016	1 July 2016

Reference	Title	Summary	Application date of standard*	Application date for Group*
		AASB 119 *Employee Benefits*: • Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. AASB 134 *Interim Financial Reporting*: • Disclosure of information 'elsewhere in the interim financial report' - amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.		
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 *Presentation of Financial Statements* arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.	1 January 2016	1 July 2016
AASB 1057	Application of Australian Accounting Standards	The AASB decided to revise Australian Accounting Standards that incorporate IFRSs to minimise Australian-specific wording even further. The AASB noted that IFRSs do not contain application paragraphs that identify the entities and financial reports to which the Standards (and Interpretations) apply. As a result, the AASB decided to move the application paragraphs previously contained in each Australian Accounting Standard (or Interpretation), unchanged, into a new Standard AASB 1057 Application of Australian Accounting Standards.	1 January 2016	1 July 2016
AASB 14	Regulatory Deferral Accounts	AASB 14 permits first-time adopters of Australian Accounting Standards who conduct rate-regulated activities to continue to account for amounts related to rate regulation in accordance with their previous GAAP. Accordingly, an entity that applies AASB 14 may continue to apply its previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of its regulatory deferral account balances. This exemption is not available to entities who already apply Australian Accounting Standards.	1 January 2016	1 July 2016
AASB 16 Leases	AASB 117 Leases Int. 4 Determining whether an Arrangement contains a Lease Int. 115 Operating Leases—Lease Incentives Int. 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease	AASB 16: • replaces AASB 117 Leases and some lease-related Interpretations • requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases • provides new guidance on the application of the definition of lease and on sale and lease back accounting • largely retains the existing lessor accounting requirements in AASB 117 • requires new and different disclosures about leases	1 January 2019	1 July 2019
AASB 2016-1	Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses	AASB 2016-1 amends AASB 112 Income Taxes to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost.	1 January 2017	1 July 2016
AASB 2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative:	AASB 2016-2 amends AASB 107 Statement of Cash Flows to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable	1 January 2017	1 July 2017

Reference	Title	Summary	Application date of standard*	Application date for Group*
	Amendments to AASB 107	users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.		

The Group has not yet determined the impact of the initial application of the above Standards or Interpretations. These Standards and Interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning on or after the effective date of each pronouncement.

c) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Current and deferred income tax expense (income) is charged or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive income.

Current tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and its intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Research and development credits are treated as Other Revenues and recognised to the extent that the related expenditure has been expensed in the Statement of Profit and Loss and Other Comprehensive Income. Research and development credits that pertain to expenditure on any capitalised amounts remaining on the Statement of Financial Position are deferred accordingly to be recognised in-line with expensing of those items.

Tax consolidation

Kingston Resources Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liability (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Australian Taxation Office that it had formed an income tax consolidated group to apply from 1 July 2003.

d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss on the statement of profit or loss and other comprehensive income.

Depreciation

The depreciable amount of all fixed assets is depreciated using the diminishing value method commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable asset are:

Class of Fixed Assets	Depreciation Rate
Office, furniture and equipment	5-40%
Software	40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. The gains and losses are included in profit or loss in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

e) Financial Instruments

Initial recognition and measurement

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instrument classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Classification and subsequent measurement

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets that are either designated as such or that are not classified in any of the categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. They are held at fair value with changes in fair value taken through the financial assets reserve directly to other comprehensive income.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantee) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in the financial assets reserve in other comprehensive income.

f) Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g) Intangibles

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life being 10 years.

Rights and licences

Rights and licences are recognised at cost of acquisition. Rights and licences have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Rights and licences are amortised over their useful life being 10 years.

h) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge in which case they would be recognised in other comprehensive income.

i) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Equity-settled compensation

The Group operates a share-based compensation plan which includes a share option arrangement. The bonus element over the exercise price of the employee's services rendered in exchange for the grant of options is recognised as an expense in the statement of profit or loss and other comprehensive income, with a corresponding increase to an equity account. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares of the options granted. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions.

j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

k) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

l) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

m) Exploration and Development Expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

Costs of site restoration are provided over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

o) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

p) Going Concern

The consolidated entity has incurred operating losses of $4,587,718 (2015: $2,391,602) and negative operating cash flows of $168,101 (2015: $357,502) for the year ended 30 June 2016. The consolidated entity's net current asset position as at 30 June 2016 was $586,546 (2015: $330,430).

Since the end of the financial year, on 8 July 2016, the Company completed a placement of shares raising $6.01 million. Details to this placement are described in Note 24. The entity has planned to use these funds largely on exploration activities, the expenditure of which can be varied and applied discretionarily.

The above circumstances have resulted in the financial statements being prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business and at the amounts stated in the financial report.

q) Joint Arrangements

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. A joint arrangement in which the Group has direct rights to underlying assets and obligations for underlying liabilities is classified as a joint operation.

Investments in associates and joint ventures are accounted for using the equity method. Interests in joint operations are accounted for by recognising the Group's assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Any goodwill or fair value adjustment attributable to the Group's share in the associate or joint venture is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates – Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by management review using Black Scholes or an agreed fair value. The related assumptions are detailed in Note 19. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and manufacturers' warranties (for plant and equipment). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Exploration and evaluation of expenditure

Costs arising from exploration and evaluation activities are carried forward provided the rights to tenure of the area of the interest are current and such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. Costs carried forward in respect of an area of interest that is abandoned are written off in the year in which the decision to abandon is made. The carrying value of the capitalised exploration and evaluation expenditure is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

The Group has applied AASB 6 Exploration for and Evaluation of Mineral Resources.

Impairment

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

An impairment exists when the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount. The asset or cash generating unit is then written down to the recoverable amount. Any impairment losses are recognised in profit or loss on the statement of profit or loss and other comprehensive income.

		Consolidated Group	
		2016 $	2015 $
2.	**REVENUE**		
	Other revenue		
	Interest from bank	9,157	17,236
	Interest from state	40,221	-
	Research and development tax credit	197,168	-
	Total revenue	246,546	17,236
3.	**RESULT FOR THE YEAR**		
	Depreciation and amortisation of non-current assets		
	Depreciation of:		
	- plant and equipment	453	573
	Total depreciation and amortisation	453	573
	Impairments		
	Impairment of exploration expenditure – Note 21	4,365,531	2,029,690
	Total impairments	4,365,531	2,029,690

4. INCOME TAX

(a) Income tax recognised in profit and loss

The prima facie tax expense (benefit) on operating result is reconciled to the income tax provided in the statement of profit or loss and other comprehensive income as follows:

	Consolidated Group	
	2016 $	2015 $
Accounting loss before income tax	(4,587,718)	(2,391,602)
Income tax benefit calculated at 30%	(1,376,315)	(717,481)
Non-deductible expenses	147	48,339
Movement in unrecognised temporary differences	1,103,869	520,472
Unused tax losses and temporary differences not recognised as deferred tax assets	272,299	148,670
Income tax expense (benefit)	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

(b) Unrecognised deferred tax balances

The following deferred tax assets and liabilities have not been brought to account:

	Consolidated Group	
	2016	2015
	$	$
Deferred tax assets (at 30%)		
Losses available for offset against future taxable	1,176,404	904,106
Provision for expenses	4,050	4,500
Capital raising costs	34,423	58,057
Impairment	2,689,961	1,664,369
Legal fees	6,376	16,181
	3,911,214	2,647,213
Deferred tax liabilities (at 30%)		
Mineral exploration	-	212,156
	-	212,156

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits from.

The potential deferred tax assets will only be obtained if:

(i) the Company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised in accordance with Division 170 of the Income Tax Assessment Act 1997;

(ii) the Company continues to comply with the conditions for deductibility imposed by the law; and

(iii) no changes in tax legislation adversely affect the Company in realising the benefits.

The carry-forward losses prior to the acquisition of Fleurieu Mines and the capital raising have been lost due to the group not meeting the continuity of ownership test and the same business test.

Tax Consolidation

Effective 1 July 2003, for the purposes of income taxation, the Company and its 100% wholly-owned subsidiaries formed a tax consolidated group; the head entity of the tax consolidated group is Kingston Resources Limited.

5. INTERESTS OF KEY MANAGEMENT PERSONNEL

(a) Key management personnel compensation

Key management personnel (KMP) remuneration has been included in the Remuneration Report section of the Directors' Report.

The totals of remuneration paid to KMP of the Group during the 2016 and 2015 reporting periods are as follows.

	Consolidated Group	
	2016	2015
	$	$
Short-term employee benefits	388,771	318,998
Equity-settled share-based payments - options	16,666	-
Total	405,437	318,998

	Consolidated Group	
	2016	2015
	$	$
6. AUDITOR REMUNERATION		
Grant Thornton Audit Pty Ltd		
Remuneration of the auditor of the Company for:		
- auditing or reviewing the financial statements	22,637	24,633
- non-audit services	-	-
Total	22,637	24,633

7. LOSS PER SHARE

(a)	Basic loss per share (cents per share)	(2.702)	(2.004)
(b)	Diluted loss per share (cents per share)	(2.702)	(2.004)
(c)	Weighted average number of ordinary shares on issue used in the calculation of basic loss per share	169,797,134	119,319,253
(d)	Loss used in calculation of basic loss per share	($4,587,718)	($2,391,602)

There are no dilutive potential ordinary shares as the exercise of options to ordinary shares would have the effect of decreasing the loss per ordinary share and would therefore be non-dilutive.

	Consolidated Group	
	2016	2015
	$	$
8. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	28,190	9,635
Short-term deposits	617,080	296,106
Total	645,270	305,741

Cash at bank earns interest at floating rates based on daily deposit rates. The carrying amounts of cash and cash equivalents represent fair value. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rate at 2.8% per annum (2015: 2.8%).

	Consolidated Group	
	2016	2015
	$	$
9. TRADE AND OTHER RECEIVABLES		
Current		
Other receivables	22,276	37,888
Total current trade and other receivables	22,276	37,888

Credit Risk – Trade and Other Receivables

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than those receivables specifically provided for as mentioned within this note. The class of assets described as Other Receivables is considered to be the main source of credit risk related to the Group.

The following table details the Group's trade and other receivables exposed to credit risk with ageing analysis and impairment provided thereon. Amounts are considered to be "past due" when the debt has not been settled within the terms and conditions agreed.

			Past due but not impaired (days overdue)				
	Gross amount	Past due and impaired	<30	31 - 60	61 - 90	> 90	Within initial trade terms
	$	$	$	$	$	$	$
Consolidated Group 2016							
Other receivables	22,276	-	-	-	-	-	22,276
Total	22,276	-	-	-	-	-	22,276
2015							
Other receivables	37,888	-	-	-	-	-	37,888
Total	37,888	-	-	-	-	-	37,888

	Consolidated Group	
	2016	2015
	$	$
10. FINANCIAL ASSETS		
Financial assets at fair value through profit and loss:		
At fair value		
Shares in listed entities	1,944	11,908
	1,944	11,908

Financial assets at fair value through profit and loss consist of investments in ordinary shares, and therefore have no fixed maturity or coupon rate.

(i) Listed shares

The fair value of listed shares has been determined directly by reference to published price quotations in an active market.

There are no individually material investments.

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. A loss on revaluation of assets at FVTPL of $6,163 (2015: $10,457) was recognised during the year.

11. CONTROLLED ENTITIES

Name	Country of Incorporation	Principal Activity	Beneficial Percentage Interest Held By Economic Entity	
			2016 %	2015 %
Universal Rare Earths Pty Ltd	Australia	Mineral exploration	100	100
Fleurieu Mines Pty Ltd	Australia	Mineral exploration	100	100
Westernx Pty Ltd	Australia	Mineral exploration	100	100
U Energy Pty Ltd	Australia	Mineral exploration	100	100

12. PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2016 $	2015 $
Computing plant and equipment – at cost	258,290	258,290
Acquisitions for the year	2,296	-
Closing balance	260,586	258,290
Accumulated depreciation		
Opening balance	257,431	256,858
Depreciation for the year	453	573
Closing balance – accumulated depreciation	257,884	257,431
Net book value – computing plant and equipment	2,702	859
Office, furniture and equipment – at cost	20,211	20,211
Closing balance	20,211	20,211
Accumulated depreciation		
Opening balance	20,211	20,211
Closing balance – accumulated depreciation	20,211	20,211
Net book value – office, furniture and equipment	-	-
Software – at cost	377,863	377,863
Closing balance	377,863	377,863
Accumulated depreciation		
Opening balance	377,863	377,863
Closing balance – accumulated depreciation	377,863	377,863
Net book value – software	-	-
Total property, plant and equipment, net	**2,702**	**859**

	Computing, plant and equipment $	Total $
(a) Movements in carrying amounts		
Balance at 1 July 15	859	859
Acquisitions	2,296	2,296
Depreciation expense	(453)	(453)
Balance at 30 June 16	2,702	2,702
Balance at 1 July 14	1,432	1,432
Depreciation expense	(573)	(573)
Balance at 30 June 15	859	859

	Consolidated Group	
	2016 $	2015 $
13. TRADE AND OTHER PAYABLES		
Trade payables – unsecured	74,393	10,107
Other payables and accruals	13,500	15,000
Total	87,893	25,107

Given the short term nature of these amounts, their carrying value approximates their fair value.

	Consolidated Group			
	30 June 2016		30 June 2015	
	Number of Fully Paid Ordinary Shares	$	Number of Fully Paid Ordinary Shares	$
14. ISSUED CAPITAL				
(a) Movements in contributed equity for the year				
Balance at the beginning of the year	145,944,745	47,311,236	89,780,828	46,732,302
- Ordinary shares at 0.024 cents on 13 July 2015	916,666	22,000	-	-
- Ordinary shares at 0.017 cents on 28 August 2015	21,176,472	360,000	-	-
- Ordinary shares at 0.016 cents on 20 November 2015	1,041,626	16,666	-	-
- Ordinary shares at 0.021 cents on 25 May 2016	40,000,000	840,000	-	-
Shares issued during the previous financial year:				
- Ordinary shares at 0.015 cents on 24 November 2014	-	-	876,250	13,144
- Ordinary shares at 0.014 cents on 16 December 2014	-	-	33,682,589	471,555
- Ordinary shares at 0.014 cents on 23 December 2014	-	-	20,185,908	282,603
- Ordinary shares at 0.015 cents on 25 February 2015	-	-	379,170	5,687
- Ordinary shares at 0.015 cents on 23 March 2015	-	-	548,333	8,225
- Ordinary shares at 0.015 cents on 29 May 2015	-	-	491,667	7,375
Less capital raising costs	-	(114,743)	-	(209,655)
Total contributed equity	209,079,509	48,435,159	145,944,745	47,311,236

The Company has authorised share capital amounting to 209,079,509 (2015 : 145,944,745) fully paid ordinary shares of no par value. At shareholders' meetings each fully paid ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

	Consolidated Group			
	30 June 2016		30 June 2015	
	Number of Options	$	Number of Options	$
(b) Listed Options				
Listed options (ASX code: KSNOA)	-	-	28,624,769	-
Listed options (ASX code: KSNO)	-	-	25,702,500	
Total listed options	-	-	54,327,269	-
Movements in listed options for the year				
Listed options (ASX code: KSNOA)				
Balance at the beginning of the year	28,624,769	-	-	-
Listed options issued during the financial year	-	-	28,624,769	-
Listed options expired during the financial year	(28,624,769)			
Total listed options	-	-	28,624,769	-
Listed options (ASX code: KSNO)				
Balance at the beginning of the year	25,702,500	-	10,302,500	-
Quotation granted during the financial year	-	-	15,400,000	-
Listed options expired during the financial year	(25,702,500)			
Total listed options	-	-	25,702,500	-

Option holders do not have any right, by virtue of the option, to vote, to participate in dividends or to the proceeds on winding up of the Company.

During the financial year no fully paid ordinary share were issued as a result of the exercise of options. No ordinary shares have been issued since the end of the financial year as a result of the exercise of options.

(c) Options

(i) For information relating to the Company's employee and consultant option scheme, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year end, refer to Note 19 Share-based Payments.

(ii) For information relating to share options issued to key management personnel during the financial year, refer to the Directors' Report.

(d) Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing its financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management debts levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

The gearing ratios for the year ended 30 June 2016 and 30 June 2015 are as follows:

	Consolidated Group	
	2016 $	2015 $
Total borrowings	87,892	25,107
Less cash and cash equivalents	(645,270)	(305,741)
Net debt	(557,378)	(280,634)
Total equity	798,058	4,261,853
Total capital	240,680	3,981,219
Gearing ratio (Net debt / Total equity)	(69.80%)	(6.58%)

15. RESERVES

(a) Share-based Payment Reserve

The share-based payment reserve records items recognised as expenses on valuation of unlisted employee and consultant option incentive scheme options. Refer to Note 19 Share-based Payments for further details.

16. COMMITMENTS AND CONTINGENCIES

The Group has certain obligations to perform minimum exploration work and to expend minimum amounts of money on such work on mining tenements. These obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the Group. These commitments have not been provided for in the financial report. Due to the nature of the Group's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature and amount of future expenditure beyond the next year. Expenditure may be reduced by seeking exemption from individual commitments, by relinquishing of tenure or by new joint venture arrangements. Expenditure may be increased when new tenements are granted or joint venture agreements amended. The minimum expenditure commitment on the tenements is:

	Consolidated Group	
	2016 $	2015 $
Not later than one year	627,250	805,000
Later than one year and less than five years	224,833	710,000

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

17. SEGMENT REPORTING

The group has identified that it has no operating segments disaggregated within the consolidated entity. This has been determined based on the fact that the board of directors (chief operating decision makers) assesses performance of the consolidated entity with no further review at a disaggregated level.

The group operates in one segment being Exploration and Evaluation of Minerals in Australia. Thus, segmented disclosures are not required.

18. CASH FLOW INFORMATION

(a) Reconciliation to Statement of Cash Flows

For the purposes of the Statement of Cash Flows, cash and cash equivalents are as reported above.

	Consolidated Group	
	2016 $	2015 $
Reconciliation of Loss from Ordinary Activities to Net Cash Flows from Operating Activities		
Loss for the year	(4,587,718)	(2,391,602)
Non-cash flows in loss		
Depreciation	453	573
Director option	16,666	-
Share-based payments	2,000	-
Impairment of exploration expenditure	4,365,531	2,029,690
Reclassify GST to projects	(25,000)	25,000
Revaluation of assets at FVTPL	(24,652)	10,457
Changes in assets and liabilities		
Decrease/(increase) in trade and other receivables	(71)	3,795
Decrease in prepayments	-	-
Decrease) in trade payables	63,767	(1,517)
(Decrease)/increase in other payables and accruals	20,923	(33,898)
Net cash flows from operating activities	(168,101)	(357,502)

(b) Non-cash Investing Activities

There were no non-cash investing activities during the year.

19. SHARE-BASED PAYMENTS

(i) Share options are granted to employees and directors of the Company, or any Associated Body Corporate of the Company.

The following employee share-based payment arrangements existed at 30 June 2016.

The number and weighted average exercise prices of share options is as follows:

	2016		2015	
	Number of Options	**Weighted Average Exercise Price $**	**Number of Options**	**Weighted Average Exercise Price $**
Outstanding at the beginning of the period	6,000,000	$0.07	6,000,000	$0.07
Issued during the period	-	-	-	-
Expired during the period	6,000,000	$0.07	-	-
Outstanding at year-end	-	-	6,000,000	$0.07
Exercisable at year-end	-	-	6,000,000	$0.07

On 8 September 2015, the Company issued 1,041,626 fully paid ordinary shares at a deemed issue price of $0.016 per share issued as consideration of director remuneration in lieu of cash as approved at the Annual General Meeting.

(ii) Other share-based payments granted to third parties.

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

The number and weighted average exercise prices of the share-based options is as follows:

	2016		2015	
	Number of Options	**Weighted Average Exercise Price $**	**Number of Options**	**Weighted Average Exercise Price $**
Outstanding at the beginning of the period	38,024,769	$0.12	15,400,000	$0.20
Issued during the period	-	-	22,624,769	$0.07
Expired during the period	(38,024,769)	$0.12	-	-
Outstanding at year-end	-	-	38,024,769	$0.12
Exercisable at year-end	-	-	38,024,769	$0.12

There were no options exercised during the year ended 30 June 2016 (2015: nil).

20. RELATED PARTY TRANSACTIONS

(a) Key Management Personnel

Key management personnel compensation and transactions have been included in the Remuneration Report section of the Directors' Report and Note 5 Key Management Personnel.

(b) Directors' Interest

As at 30 June 2016 the relevant interest of each of the Directors, held either directly or indirectly through their associates, in the securities of Kingston Resources Limited are as follows:

Director	Fully Paid Ordinary Shares (KSN)	Unlisted STI Options[1]	Unlisted LTI Options[2]
Anthony Wehby[3]	2,380,952	2,000,000	2,000,000
Jonathan Davies[4]	1,270,813	-	-
Andrew Corbett[5]	9,523,808	5,000,000	5,000,000
Stuart Rechner[6]	-	-	-
Yafeng Cai[7]	520,813	-	-
Barry Bourne[8]	2,295,420	-	-
Mathew Whyte[9]	1,587,591	-	-

1. Unlisted Short Term Incentive (STI) Options exercisable at $0.04 each and expiring on 30 June 2018.
2. Unlisted Long Term Incentive (LTI) Options exercisable at $0.07 each and expiring on 30 June 2019.
3. Anthony Wehby holds a relevant interest in Options as he is a related party to Mrs Rosemary Wehby, who is the registered holder of the options. He has a relevant interest in the shares as the registered holder.
4. Held at date of resignation on 4 July 2016.
5. Andrew Corbett holds a relevant interest in the specified number of Shares and Options as a result of being a director of Milamar Group Pty Ltd as trustee of Milamar Family Trust, which is the registered holder of those Shares and Options.
6. Stuart Rechner previously disclosed having a relevant interest in Shares and Options as he is a related party to Mr Anthony Rechner who is a director of Omen Pty Ltd, EERC Australasia Pty Ltd and Tangram Pty Ltd which is a Substantial Shareholders of Kingston Resources Limited. 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
7. Yafeng Cai has a relevant interest in the shares as the registered holder.
8. Held at date of retirement on 20 November 2015.
9. Held at date of resignation on 21 July 2015.

(c) Other transactions with related parties

1) During the period $12,707 (2015: $27,500) was paid or payable to J Davies for directors fees. During the year shares valued at $8,333 (2015 : nil) were also issued to J Davies in lieu of cash payment for director fees.

2) During the period $153,600 (2015: $99,700) was paid or payable to S Rechner for geological services as follows:
(a) $153,600 (2015: $51,200) paid though Diplomatic Exploration Pty Ltd.
(b) $Nil (2015: $48,500) paid through Lupine Consulting.

3) During the period $35,291 (2015: $42,898) was paid or payable to Terra Resources Pty Ltd, a related party of B Bourne for geological services. In 2015 shares valued at $34,431 were also issued to Terra Resources Pty Ltd in lieu of cash payment for services provided.

4) During the period $12,708 (2015: $27,500) was paid or payable to Cai Shi Pty Ltd , a related party of Y Cai, for director fees. During the year shares valued at $8,333 were also issued to Y Cai in lieu of cash payment for director fees.

5) During the period $100,900 (2015: $113,900) was paid or payable to Whypro Corporate Services, a related party of M Whyte, as follows:
(a) $2,500 (2015: $27,500) for director fees.
(b) $98,400 (2015: $86,400) for company secretarial and corporate administration fees.

6) During the period $Nil (2015: $7,500) was paid or payable to Pulpart Pty Ltd, a related party of M Safrata, for director fees.

21. CAPITALISED EXPLORATION EXPENDITURE

	Notes	Consolidated Group	
		2016 $	2015 $
Opening Balance		3,930,564	5,307,186
Additions		434,967	653,068
Impairment of assets		(4,365,531)	(2,029,690)
Total exploration expenditure capitalised		-	3,930,564

A review of the Group's exploration assets was undertaken at the end of the financial year and directors decided to impair the carrying value of capitalised exploration expenditure in the amount of $4,365,531(2015 : 2,029,690) . Major impairment expenses related to:

1) Impairment of the Fleurieu Investment: the drilling program undertaken by Kingston Resources across the tenements held by Fleurieu and its subsidiaries did not provide further viable exploration or development opportunities and as such this asset has been fully impaired. An impairment expense of $3,222,000 was recorded against this asset.

Interests in Joint Ventures

The parent entity has entered into the following unincorporated joint operations:

Joint Operations Project	Percentage Interest	Principal Exploration Activities
Spencer	25%	IOCG
Myall Creek	50%	IOCG
Cootanoorina Central	Earning In	IOCG

The joint operations are not separate legal entities but are contractual arrangements between the participants for sharing costs and output and do not in themselves generate revenue and profit. Exploration expenditure is the only asset of the joint operations.

22. FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise receivables, payables, FVTPL financial assets, cash and short-term deposits.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Company uses different methods to measure and manage different types of risks to which it is exposed. These included monitoring levels of exposure to interest rate and market forecasts for interest rate. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks are summarised below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents, trade and other receivables and FVTPL financial assets. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount net of any provisions for these assets as disclosed in the statement of financial position and notes to the financial statements.

The Group has adopted a policy of only dealing with creditworthy counter parties as a means of mitigating the risk of financial loss from defaults. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit evaluations including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the Board. These risk limits are regulatory monitored. The Group does not require collateral in respect of financial assets.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. At the reporting date there were no significant concentrations of credit risk. Refer to Note 9 for further information on impairment of financial assets that are past due.

(b) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management. The Group manages the liquidity risk by maintaining adequate cash reserves, and by continuously monitoring forecast and actual cash flows while matching the maturity profiles of financial assets and liabilities. There are no material financial assets or financial liabilities that are subjected to liquidity risk as at 30 June 2016 or 30 June 2015.

(c) Interest rate risk

The Group's current exposure to the risk of changes in market interest rates relate primarily to cash assets rates. The Group does not account for fixed rate financial assets and liabilities at fair value through profit or loss.

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit / (loss) and equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. The Group's main interest rate risk arises from cash and cash equivalents with variable interest rates.

	Consolidated Group	
	2016 $	2015 $
Financial assets		
Cash and cash equivalents	645,270	305,741
	645,270	305,741
Impact on post tax profit / (loss) and equity		
+ 2% in interest rate	12,905	6,115
- 2% in interest rate	(12,905)	(6,115)

(d) Foreign currency risk

The Group is not exposed to significant financial risks from movements in foreign exchange rates.

There are no financial assets and no liabilities denominated in foreign currencies. The Group does not participate in any type of hedging transactions or derivatives. Therefore, no sensitivity analysis is required.

(e) Price risk

The Group's exposure to commodity and equity securities price risk is minimal. Equity securities price risk arises from investments in equity securities. In order to limit this risk the Group diversifies its portfolio in accordance with limits set by the Board. The majority of the equity investments are of a high quality and are publicly traded on the ASX.

The price risk for both listed and unlisted securities is immaterial in terms of a possible impact on profit and loss or total equity and as such a sensitivity analysis has not been completed.

(f) Fair value

For the financial assets and liabilities disclosed in this note, the fair value approximates their carrying value.

The aggregate fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial statements.

	Footnote	2016 Net Carrying Value $	2016 Fair Value $	2015 Net Carrying Value $	2015 Fair Value $
Consolidated Group					
Financial assets					
Cash and cash equivalents	(i)	645,270	645,270	305,741	305,741
Trade and other receivables	(i)	22,276	22,276	37,888	37,888
Financial assets at fair value	(ii)	1,944	1,944	11,908	11,908
Total financial assets		669,490	669,490	355,537	355,537
Financial liabilities					
Trade and other payables	(i)	87,892	87,892	25,107	25,107
Total financial liabilities		87,892	87,892	25,107	25,107

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.

(ii) For financial assets at fair value through profit and loss, closing quoted bid prices at the end of the reporting period used. These listed investments are included within level 1 of the hierarchy of financial assets.

23. PARENT COMPANY INFORMATION

	Parent Entity 2016 $	Parent Entity 2015 $
Assets		
Current assets	672,494	343,629
Non-current assets	211,513	3,934,235
Total assets	884,007	4,277,864
Liabilities		
Current liabilities	87,894	25,107
Non-current liabilities	33,890	-
Total liabilities	121,784	25,107
Equity		
Issued capital	48,435,161	47,311,238
Accumulated losses	(47,672,938)	(44,411,070)
Reserves		
Share-based payments	-	1,352,589
Total equity	762,223	4,252,757
Financial performance		
Loss for the year	(5,266,147)	(2,382,252)
Other comprehensive income / (loss)	-	-
Total comprehensive loss	(5,266,147)	(2,382,252)

Contingent liabilities

The parent company has a $5,000 contingent liability being a credit card limit.

Contractual commitments

There is no contractual commitments for the parent entity during the financial year. Refer to note 16 for exploration commitments.

24. SUBSEQUENT EVENTS

- On 13 May 2016 the Company entered into a binding Heads of Agreement for the acquisition of a package of tenements and interests prospective for Lithium ("Lithium Project Acquisition Agreement") (Refer ASX Announcement dated 13 May 2016). The acquisition completed on 8 July 2016. Subsequently, 165,000,000 shares were issued to the vendors in accordance with the Binding Heads of Agreement.

- On 9 May 2016 the Company entered into a mandate agreement with Bell Potter as lead manager to raise up to $6.85 million in a two-tranche Share placement to fund acquisition costs and exploration from the Lithium Project Acquisition Agreement (Placements).
  - Tranche 1 – was completed on 19 May 2016 raising $840,000 (before costs) by the issue of 40,000,000 shares at $0.021 per share; and
  - Tranche 2 – was completed on 8 July 2016 raising $6.01million (before costs) by the issue of 286,190,476 Shares at $0.021 per share.

- On 4 July 2016 Shareholders approved all Resolutions as put in the Notice of Meeting dated 2 June 2016, including approvals under ASX Listing Rules in relation to the Lithium Assets Acquisition Agreement and Placements.

- On 4 July 2016 Mr Andrew Corbett was appointed as Managing Director and Mr Anthony Wehby was appointed as Chairman. Mr Jonathan Davies also resigned as a director.

- On the 29 July the Company changes its registered address to 3 Spring Street, Sydney NSW and there was a change in Company Secretary with the appointment of Rozanna Lee and resignation of Mathew Whyte.

Other than the above, there has been no other matter or circumstance which has arisen since 30 June 2016 that has significantly affected or may significantly affect:

a) Kingston Resources Limited's operations in future financial years; or
b) the results of those operations in future financial years; or
c) Kingston Resources Limited's state of affairs in future financial years.

Directors' Declaration

The Directors of the Company declare that:

1. In the opinion of the Directors of the Company:

   (a) the financial statements and notes set out on page 23 to 54, and the Remuneration disclosures that are contained in page 13 to 19 of the Remuneration Report in the Directors' Report, are in accordance with the Corporations Act 2001, including:

      (i) giving true and fair view of the Group's financial position as at 30 June 2016 and of its performance, for the financial year ended on that date;

      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

      (iii) complying with International Financial Reporting Standards as disclosed in Note 1.

   (b) the remuneration disclosures that are contained in page 13 to 19 of the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures.

   (c) the directors have been given the declaration required by s295A of the Corporations Act 2001 by the persons undertaking the roles of Executive Director and Company Secretary.

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.

Anthony Wehby

ANTHONY WEHBY
Non-Executive Chairman
Sydney, New South Wales
27 September 2016

Grant Thornton

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

Report on the financial report

We have audited the accompanying financial report of Kingston Resources Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion
In our opinion:

a the financial report of Kingston Resources Limited is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2016 and of their performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the Corporations Regulations 2001.

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 13 to 19 of the directors' report for the year ended 30 June 2016. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Kingston Resources Limited for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

P W Warr
Partner - Audit & Assurance

Perth, 27 September 2016

CORPORATE GOVERNANCE STATEMENT

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such Kingston Resources Limited has adopted the third edition of the Corporate Governance Principles and Recommendations which was released by the ASX Corporate Governance Council and became effective for financial years beginning on or after 1 July 2014.

The Company's Corporate Governance Statement for the financial year ending 30 June 2016 was approved by the Board on 27 September 2016. The Corporate Governance Statement can be located on the Company's website www.kingstonresources.com.au

Additional Information required by the Australia Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

This additional information was applicable as at 13 September 2016.

SHAREHOLDER INFORMATION

Distribution of Ordinary Shares at 13 September 2016

Distribution	No. of Shareholders (ASX code – KSN)
1-1,000	132
1,001-5,000	107
5,001-10,000	33
10,001-100,000	308
100,001 – and over	356
Total	**936**

There are 397 holders of less than a marketable parcel of the Company's fully paid ordinary shares.

Statement of Top 20 Shareholders of the Quoted Equity Securities at 13 September 2016

Contributed Equity (ASX code – KSN)

	Name	Holding	%
1.	SLIPSTREAM RESOURCES INVESTMENTS PTY LTD <SLIPSTREAM CAPITAL A/C>	66,000,000	10.00
2.	SLIPSTREAM RESOURCES INVESTMENTS PTY LTD <SLIPSTREAM CAPITAL A/C>	66,000,000	10.00
3.	FARJOY PTY LTD	46,933,332	7.11
4.	SOARAWAY DEVELOPMENT PTY LTD	19,567,922	2.96
5.	OMEN PTY LTD	13,477,889	2.04
6.	MR SCOTT ARCHIE FERGUSON	13,200,000	2.00
7.	MR SCOTT ARCHIE FERGUSON	13,200,000	2.00
8.	OMEN PTY LTD	12,280,000	1.86
9.	BLUEHAWK CAPITAL PTY LTD	12,000,000	1.82
10.	J P MORGAN NOMINEES AUSTRALIA LIMITED	11,445,932	1.73
11.	MR ROBERT RAYMOND ROGET + MRS MARINA ROGET <LILYBROOK S/F A/C>	10,910,725	1.65
12.	YUCAI AUSTRALIA PTY LTD	10,773,250	1.63
13.	DONE NOMINEES PTY LIMITED <DONE SUPERANNUATION PLAN A/C>	10,714,284	1.62
14.	MOUNTS BAY INVESTMENTS PTY LTD	10,339,682	1.57
15.	UBS NOMINEES PTY LTD	9,584,786	1.45
16.	MILAMAR GROUP PTY LTD <MILAMAR FAMILY A/C>	9,523,808	1.44
17.	E E R C AUSTRALASIA PTY LTD <SUPER FUND A/C>	8,823,201	1.34
18.	GP SECURITIES PTY LTD	7,142,913	1.08
19.	LUXOR INVESTMENTS PTY LIMITED <LUXOR SUPER A/C>	6,266,944	0.95
20.	MANHATTAN CAPITAL PTY LTD	6,000,000	0.91
	Top 20 Total	364,184,668	55.16
	Other Shareholders	**296,085,317**	44.84
	Total on Issue	**660,269,985**	**100.00**

Substantial Shareholders at 13 September 2016

The names of the substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

Omen Pty Ltd – 40,098,161 fully paid ordinary shares

Farjoy Pty Ltd – 46,933,332 fully paid ordinary shares

Slipstream Resources Investments Pty Ltd – 132,000,000 fully paid ordinary shares

Number of Holders of Each Class of Securities at 13 September 2016

As at 13 September 2016, the Company had 660,269,985 fully paid ordinary shares held by 936 individual shareholders and:

- 7,058,823 unlisted options (KSNAA) held by four individual optionholders;
- 11,000,000 unlisted options (KSNSTI) held by three individual optionholders;
- 11,000,000 unlisted options (KSNLTI) held by three individual optionholders.

Voting Rights

The Company's share capital is of one class with the following voting rights:

Ordinary shares

a) each shareholder entitled to vote, may vote in person or by proxy, attorney or representative;

b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held, or in respect of which he / she is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

2. STATEMENT OF RESTRICTED SECURITIES

The Company has 82,500,000 securities subject to voluntary escrow as at 13 September 2016 and will be released from escrow on 8 July 2017.

3.UNQUOTED SECURITIES

Holder	**#Options over Ordinary Shares**	**Expiry Date**	**Exercise Price**
Director Options	7,058,823	30 June 2019	$0.03
Director Options	11,000,000	30 June 2018	$0.04
Director Options	11,000,000	30 June 2019	$0.07
Performance Rights	24,000,000	30 June 2019	Nil (Vesting Conditions)
Total Unlisted Securities on Issue	**53,058,823**		

4. ON MARKET BUY BACK

The Company does not currently have an on market buy back in operation.

5. TENEMENT SCHEDULE

Tenement	Project/Name	Status	Ownership	Area km^2
E 74/570	Mt Cattlin	Live	100 %	17
E 74/571	Mt Cattlin	Live	100 %	60
E 74/589	Mt Cattlin	Pending	100 %	9
E 74/577	Recruit Hill	Pending	100 %	130
E 70/4822	Greenbushes	Pending	100 %	6
Subtotals WA				***222***
Tenement	Project/Name	Status	Ownership	Area km^2
EL 31091	Charlotte	Live	100 %	15
EL 31092	West Arm	Live	100 %	18
EL 31132	Wingate North	Pending	100 %	193
EL 31133	Bynoe A	Live	100 %	23
EL 31134	Bynoe B	Pending	100 %	13
EL 31136	Bynoe South C	Pending	100 %	77
EL 31150	Bynoe South D	Live	100 %	3
EL 31151	Bynoe South A	Live	100 %	26
EL 31200	Bynoe SW A	Live	100 %	54
EL 31205	Bynoe SW BA	Pending	100 %	27
EL 31206	Bynoe SW BB	Live	100 %	30
EL 31207	Bynoe SW BC	Live	100 %	19
EL 31137	Utopia	Pending	100 %	200
EL 31138	Spotted Wonder	Pending	100 %	73
EL 31141	Barrow Ck B	Pending	100 %	12
EL 31148	Barrow Ck A	Pending	100 %	173
EL 31242	Barrow Ck	Pending	100 %	236
EL31212	Bundey	Pending	100 %	344
EL31213	Milton	Pending	100 %	287
EL31214	Powell	Pending	100 %	107
EL31285	Echo Dam	Pending	100 %	130
Subtotals NT				***2,060***
Tenement	Project/Name	Status	Ownership	Area km^2
EL 5625	Cootanoorina	Live	100 %	508
EL 5487	Cootanoorina East	Live	100 %	311
EL 5599	Cootanoorina North	Live	100 %	24
EL 5626	Six Mile Hill	Live	100 %	296
EL 5498	Six Mile Hill East	Live	100 %	540
EL 5591	Six Mile Hill North	Live	100 %	131
EL 4915	Mt Eba	Live	100 %	237
EL 5379	Sunset Hill	Live	100 %	161
EL 5010	Spencer JV	Live	25 %	321
EL 5011	Myall Creek JV	Live	50 %	381
EL 5671	Hiltaba	Live	100 %	427
EL 5309	Barney Bore	Live	Earn in	36
Subtotals SA				***3,373***
Total Kingston tenure				***5,656***