



KINGSTON RESOURCES LIMITED

ABN 44 009 148 529

Half Yearly Financial Statements

31 December 2023

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Corporate Directory

DIRECTORS

Mick Wilkes (B Eng (Hons), MBA, GAICD)

Non-Executive Chairman

Andrew Corbett, (B Eng (Mining, Hons), MBA, MAICD)

Managing Director

Anthony Wehby, (MAICD)

Non-Executive Director

Stuart Rechner, (BSc, LLB, MAIG, MAusIMM, GAICD)

Non-Executive Director

COMPANY SECRETARY

Vinod Manikandan

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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AUSTRALIA

Telephone (02) 8021 7492
Email info@kingstonresources.com.au
Website www.kingstonresources.com.au

AUDITORS

Hall Chadwick (NSW)
Chartered Accountants

SHARE REGISTRY

Automic Group

BANKERS

Australia & New Zealand Banking Group Limited
Macquarie Group Limited
Bank of South Pacific

SOLICITORS

Cowell Clarke Commercial Lawyers
Ashurst Australia

STOCK EXCHANGE

Australian Securities Exchange (ASX)
The home Exchange is in Perth, Western Australia
Secondary Listing - Frankfurt Stock Exchange

ASX CODE

KSN

Directors' Report

Your Directors submit their report for the half year ended 31 December 2023.

DIRECTORS

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

- Mick Wilkes
- Andrew Corbett
- Anthony Wehby
- Stuart Rechner

PRINCIPAL ACTIVITIES

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

REVIEW OF OPERATING RESULTS AND OPERATIONS

Operating Results

Kingston reported a statutory net profit of \$2,689,226 for the half year (2022:\$1,343,790).

Review of Operations

Kingston commenced the half receiving strong support in its fully underwritten Share Purchase Plan (SPP), raising \$1M before costs. This was subsequent to a placement at the end of June 2023, raising \$5.5m. On the back of this, the company immediately commenced refurbishment of the processing plant and re-entry to the underground workings at the Mineral Hill mine. Initial work on the underground mine areas included a complete rehabilitation of the Eastern Decline Portal, as well as bolting, meshing and pumping down the decline. Access has now been re-established to the Southern Ore Zone (SOZ) access drive, where underground resource definition drilling is anticipated to commence later in calendar year 2024.



Figure 1: Rehabilitated Eastern Decline portal at Mineral Hill.

The design work for the refurbishment of the processing plant and costs relating to the development of the polymetallic Southern Ore Zone (SOZ) underground deposit in Mineral Hill is supported by the NSW government under the NSW Government CMAF1 funding of the Critical Minerals and High-Tech Metals Activation Fund – Project Activation Studies (see ASX Announcement on 22 November 2022).



Major components were ordered early in the half for the refurbishment of the crushing, grinding and flotation circuits. Key work included the installation of a new electrical system, replacement of structural steel around the footings and conveyors, and significant cleanout and modifications of the fine ore bins.



Figure 2: Mineral Hill plant - structural steel replacements and refurbished fine ore bin tunnels.

Kingston has continued to produce gold and silver dore from the tailings reprocessing operation during the half. The company experienced some operational challenges related to equipment maintenance, disruptions to regional power supply from weather events and periods of elevated copper and lead impacting gold recoveries. Numerous performance improvement initiatives have been implemented, including adding an additional dozer to maintain equipment availability, upgrading the hydraulic motors on the dragflow and replacing the agitator blades in the processing plant. The company has also recruited a new manager for Assets and Special Projects to focus on dragflow performance and mill supply.

The company is highly pleased with the rate of production and the level of cash flow from operations. Added tailwind support was received from commodity pricing, with the realised gold price increasing 3.8% half on half to \$2,983/oz. The project is a foundational asset for the company, facilitating the transition to hard rock mining later in calendar year 2024.

| | Units | Sep Q FY24 | DecQ FY24 | FY 24 YTD |
|----------------------------|--------|------------|-----------|-----------|
| Tonnes Processed | t | 146,910 | 136,531 | 283,441 |
| Grade | g/t | 1.51 | 1.34 | 1.43 |
| Recoveries | % | 59% | 58% | 59% |
| Gold Produced | oz | 4,229 | 3,409 | 7,638 |
| Gold Sales | oz | 4,167 | 3,627 | 7,794 |
| Silver Sales | oz | 5,154 | 5,685 | 10,838 |
| AISC | A\$/oz | 1,837 | 2,302 | 2,053 |
| Realised Gold Price | A\$/oz | 2,933 | 3,041 | 2,983 |
| Sales | A\$m | \$12.37 | \$11.20 | \$23.57 |
| Operating Profit | A\$m | \$4.78 | \$2.87 | \$7.65 |

Exploration drilling was completed at numerous areas within the mining and exploration leases. The company identified 15 new and promising exploration targets from an induced polarisation geophysical survey to the southeast of Mineral Hill. Diamond and reverse circulation drill holes were completed for a 10-hole program. Additionally, geotechnical drilling was completed at Pearse North in preparation for open pit mining. The results returned numerous high-grade gold intercepts, validating the existing geological model and enhancing the Company's confidence in the proposed mine plan.

The most significant exploration and development work during the half was a near-mine discovery at SOZ (see ASX announcement on 1 November 2023). Surface diamond drill holes intersected two new mineralised structures in the footwall of the current Mineral Resource. Structure #2 was a brand-new lode, while Structure #1 was delineated with guidance from information in historical drilling. Significant assays over Structure #2 returned 12.5m @ 3.41% CuEq. These zones provide strong potential for expanding the Mineral Resource estimate at SOZ.

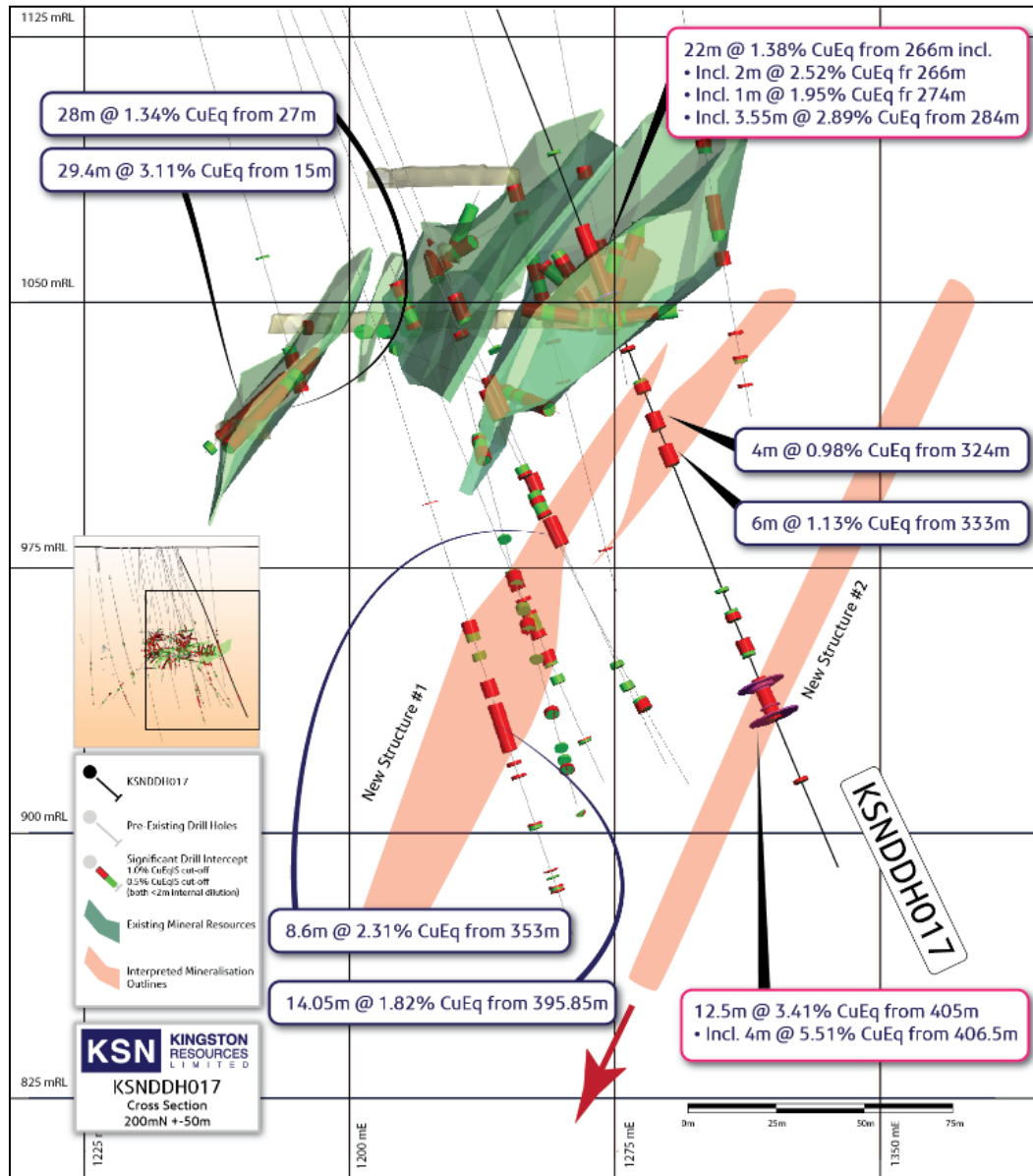


Figure 3: Near mine discovery in KSNDH017 (200mN cross-section, +/-50m window).

Additional surface drill holes were completed into SOZ to increase the confidence in the current Mineral Resource estimate. Key highlights include 5m @ 5.37% CuEq and 5.5m @ 3.83% CuEq. The mineralisation was observed exactly where the existing Mineral Resource is located, which has boosted the Company's confidence in the geological model for this area (See ASX announcement on 11 October 2023).

Two surface RC holes completed at the Eastern Ore Zone also showed the potential to re-enter this portion of the underground development and produce high grade gold. Assay results confirmed the presence of a continuous lode that extends along strike and down-plunge. Among the key highlights was an interval of 3m @ 25.94g/t gold. This intersection is on the same structure as other insitu high grade gold hits.

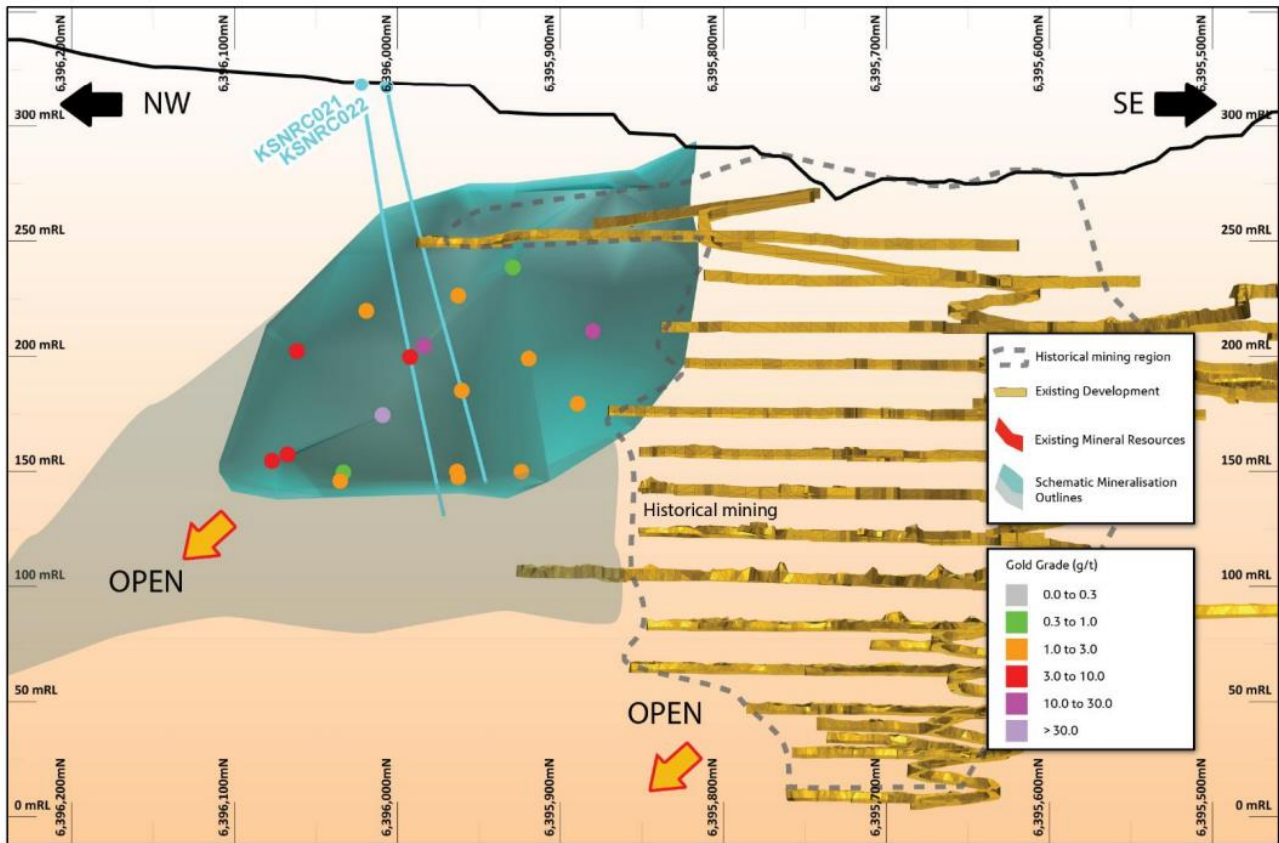


Figure 4: Long section view of Eastern Ore Zone (EOZ) showing extension potential.

Misima Gold Project

Kingston has been undertaking background environmental monitoring as part of the Environmental and Social Impact Assessment (ESIA), soil sampling activities, community and landownership studies as well as work to progress the Mining Licence application. The Company remains committed to realising the best value from the Misima Gold Project, which centres around bringing the project into production and creating prosperity for all stakeholders. The company has been in discussions with numerous interested parties in relation to potential partnerships and development arrangements.

MINERAL RESOURCES TABLE

Mineral Hill (NSW, Australia)

Table 1: Mineral Hill Mineral Resource summary, prepared by Mr S. Hayward of Kingston Resources Ltd. Rounding errors may occur.

| Resource Category | Tonnes kt | Au g/t | Ag g/t | Cu % | Pb % | Zn % | Au koz | Ag koz | Cu kt | Pb kt | Zn kt |
|-------------------|--------------|-------------|-----------|-------------|-------------|-------------|------------|--------------|-----------|------------|-----------|
| Measured | 228 | 2.11 | 11 | 1.3% | 0.5% | 0.3% | 15 | 80 | 3 | 1.2 | 0.7 |
| Indicated | 5,582 | 1.06 | 28 | 1.2% | 1.7% | 1.1% | 191 | 4,244 | 47 | 70 | 42 |
| Inferred | 3,091 | 1.17 | 23 | 0.7% | 1.4% | 1.2% | 116 | 2,242 | 22 | 42 | 38 |
| Total | 8,901 | 1.13 | 26 | 1.0% | 1.6% | 1.1% | 323 | 6,566 | 72 | 113 | 81 |

Table 2: Mineral Hill Mineral Reserve summary, prepared by Mr J. Wyche of Australian Mine Design and Development Pty Ltd. Rounding errors may occur.

| Reserve | Tonnes kt | Au g/t | Ag g/t | Cu % | Pb % | Zn % | Au koz | Ag koz | Cu kt | Pb kt | Zn kt |
|--------------|--------------|-------------|-----------|---------|---------|---------|-----------|------------|----------|----------|----------|
| Proved | - | - | - | | | | - | - | | | |
| Probable | 1,431 | 1.55 | 57 | | | | 71 | 470 | | | |
| Total | 1,431 | 1.55 | 57 | | | | 71 | 470 | | | |

Misima Gold Project (PNG)

Table 3: Misima Gold Project Mineral Resource summary, prepared by Mr S. Hayward of Kingston Resources Ltd. Rounding errors may occur.

| Deposit | Classification | Cutoff g/t Au | Tonnes Mt | Gold g/t Au | Silver g/t Ag | Au Moz | Ag Moz |
|---------------------------|----------------|------------------|--------------|----------------|------------------|------------|-------------|
| Umuna Total | Indicated | 0.3 | 93.5 | 0.78 | 4.3 | 2.4 | 13.1 |
| Resource | Inferred | 0.3 | 64.1 | 0.58 | 3.8 | 1.2 | 7.5 |
| Umuna TOTAL | | | 157.6 | 0.70 | 4.1 | 3.6 | 20.5 |
| Cooktown Stockpile | Inferred | 0.5 | 3.8 | 0.65 | 7.0 | 0.1 | 0.9 |
| Cooktown Stockpile | | | 3.8 | 0.65 | 7.0 | 0.1 | 0.9 |
| Ewatinona Total | Indicated | 0.3 | 4.2 | 0.88 | 2.6 | 0.12 | 0.3 |
| Resource | Inferred | 0.3 | 3.4 | 0.74 | 3.2 | 0.08 | 0.3 |
| Ewatinona TOTAL | | | 7.6 | 0.81 | 2.8 | 0.2 | 0.7 |
| Misima | Indicated | | 97.7 | 0.79 | 4.3 | 2.5 | 13.4 |
| | Inferred | | 71.3 | 0.59 | 3.8 | 1.4 | 8.7 |
| Misima TOTAL | | | 169 | 0.71 | 4.1 | 3.8 | 22.1 |

Table 4: Misima Gold Project Ore Reserve summary, prepared by Mr J. Wyche of Australian Mine Design and Development Pty Ltd. Rounding errors may occur.

| | Tonnes Mt | Gold Au g/t | Silver Ag g/t | Au koz | Ag koz |
|-----------------------------|--------------|----------------|------------------|--------------|---------------|
| Ewatinona | | | | | |
| Probable | 3.9 | 0.8 | 2.4 | 100 | 300 |
| Ewatinona Total | 3.9 | 0.8 | 2.4 | 100 | 300 |
| Umuna | | | | | |
| Probable | 71.7 | 0.8 | 4.6 | 1,784 | 10,603 |
| Umuna Total | 71.7 | 0.8 | 4.6 | 1,784 | 10,603 |
| Probable | 75.6 | 0.8 | 4.5 | 1,944 | 10,938 |
| Misima Total Reserve | 75.6 | 0.8 | 4.5 | 1,944 | 10,938 |

COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr. Stuart Hayward BAppSc (Geology) MAIG, a Competent Person who is a member of the Australian Institute of Geoscientists. Mr. Hayward is an employee of the Company. Mr. Hayward has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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". Mr. Hayward consents to the inclusion in this report of the matters based upon the information in the form and context in which it appears.

The Competent Person signing off on the overall Ore Reserves Estimate is Mr John Wyche BE (Min Hon), of Australian Mine Design and Development Pty Ltd, who is a Fellow of the Australasian Institute of Mining and Metallurgy and who has sufficient relevant experience in operations and consulting for open pit metalliferous mines. Mr Wyche consents to the inclusion in this report of the matters based upon the information in the form and context in which it appears.

Kingston publicly reports Exploration Results and Mineral Resource estimates in accordance with the ASX Listing Rules and the requirements and guidelines of the 2012 edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves – the JORC Code. Kingston's governance for public reporting of Exploration Results and Mineral Resource estimates includes important assurance measures. All reports are signed-off by appropriate JORC Competent Persons with JORC Code Table 1 Checklists as required. Exploration Results and Mineral Resource estimates are also peer reviewed (either by Kingston technical staff or suitably qualified external consultants) before Board approval and ASX release.

FINANCIAL POSITION

At 31 December 2023 the consolidated entity had net assets of \$81,316,572 (30 June 202: \$76,454,900) and \$10,539,923 in cash (30 June 2023: \$18,206,767).

On 3 July 2023, the Company issued 52,941,176 Tranche 1 Placement shares at \$0.085 raising \$4,500,000 (before costs).

On 31 July 2023, 4,561,810 LTI performance Options were converted to shares raising \$45,618.10.

On 17 August 2023:

- the Company issued 11,764,705 shares at \$0.085 to Quintana Holdings LLP under Tranche 2 of the Placement offer. These proceeds reduce the final deferred consideration payable to Quintana Holdings LLP required after producing 30,000ozs after the acquisition of Mineral Hill.
- the Company issued 11,764,664 shares at \$0.085 under a fully underwritten Share Purchase Plan raising \$1,000,000 (before costs).

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.

DIVIDENDS

There were no dividends paid, recommended, or declared during the current or previous financial half-years.

OPTIONS AND PERFORMANCE RIGHTS

During the half-year ended 31 December 2023 Directors and employees of the Company were granted options and performance rights. Please see Note 9 for details.

EVENTS AFTER THE BALANCE DATE

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

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

The Auditor's Independence Declaration is set out on page 12 and forms part of the Directors' Report for the half year ended 31 December 2023.

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

- (a) is made in accordance with a resolution of the Directors;
- (b) is dated 1 March 2024; and
- (c) is signed by Mick Wilkes.

On behalf of the directors



Mick Wilkes
Chairman

1 March 2024

**KINGSTON RESOURCES LIMITED
ABN 44 009 148 529
AND CONTROLLED ENTITIES**

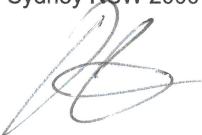
**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF KINGSTON RESOURCES LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Kingston Resources Limited. As the lead partner for the review of the financial report of Kingston Resources Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND
Partner
Dated: 1 March 2024

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SYDNEY
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Sydney NSW 2000

T: +61 2 9263 2600

Consolidated Statement of Financial Position

| | | Consolidated Group | |
|-------------------------------------------|-------|--------------------|--------------------|
| | | 31 December 2023 | 30 June 2023 |
| | | \$ | \$ |
| | Notes | | |
| Current assets | | | |
| | | 10,539,923 | 18,206,767 |
| Trade and other receivables | | 522,664 | 1,315,211 |
| Available for sale financial assets | | 337,900 | 269,150 |
| Inventory | | 2,077,877 | 3,030,080 |
| Other current assets | | 979,646 | 278,752 |
| Total current assets | | 14,458,010 | 23,099,960 |
| Non-current assets | | | |
| Property, plant and equipment | 5 | 23,006,106 | 17,256,109 |
| Capitalised exploration expenditure | 4 | 48,346,384 | 46,079,669 |
| Mine development expenditure | 4 | 19,901,175 | 16,650,984 |
| Right of use assets | | 842,143 | 935,006 |
| Rehabilitation bond and security deposits | 7 | 7,434,960 | 7,399,044 |
| Total non-current assets | | 99,530,768 | 88,320,812 |
| Total assets | | 113,988,778 | 111,420,772 |
| Current liabilities | | | |
| Trade and other payables | | 8,602,119 | 7,907,917 |
| Interest bearing loan | | 711,460 | 42,796 |
| Lease liabilities | | 375,608 | 360,334 |
| Employee provisions | | 590,721 | 539,486 |
| Deferred payables | | 5,796,602 | 9,579,789 |
| Total current liabilities | | 16,076,510 | 18,430,322 |
| Non-current liabilities | | | |
| Borrowings | 10 | 8,961,786 | 8,822,176 |
| Lease liabilities | | 290,715 | 400,687 |
| Rehabilitation provisions | 7 | 7,274,000 | 7,274,000 |
| Employee provisions | | 69,195 | 38,687 |
| Total non-current liabilities | | 16,595,696 | 16,535,550 |
| Total liabilities | | 32,672,206 | 34,965,872 |
| Net assets | | 81,316,572 | 76,454,900 |
| Equity | | | |
| Issued capital | 8 | 127,070,130 | 121,170,385 |
| Advanced Placement Fund (net) | | - | 3,867,452 |
| Accumulated losses | | (47,951,074) | (50,812,957) |
| Share Based Payment Reserve | | 2,046,468 | 2,043,126 |
| Foreign Currency Translation Reserve | | 151,048 | 186,894 |
| Total equity | | 81,316,572 | 76,454,900 |

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

| | | Consolidated Group | |
|---------------------------------------------------------|-------|--------------------|------------------|
| | | 31 December 2023 | 31 December 2022 |
| | | \$ | \$ |
| | Notes | | |
| Continuing Operations | | | |
| Sales | | 23,640,552 | 17,869,158 |
| Other revenue | 3 | 14,863 | 11,097 |
| Cost of sales | | (12,595,019) | (9,842,618) |
| Gross Profit | | 11,060,396 | 8,037,637 |
| Administrative expenses | | (278,702) | (206,866) |
| Consultant and legal fees | | (123,594) | (49,636) |
| Amortisation expense | 3 | (716,184) | (556,434) |
| Depreciation expense | 3 | (1,757,049) | (1,692,984) |
| Director fees | | (179,184) | (135,896) |
| Employee expenses | | (3,627,591) | (3,435,716) |
| Share based payments expense | | (300,611) | (158,301) |
| Interest expense | | (666,100) | (326,364) |
| Mark to market of financial assets gain/(loss) | | 68,750 | (131,250) |
| Exploration expenditure | | - | (400) |
| Foreign exchange loss | | (790,905) | - |
| Profit/(Loss) before income tax expense | | 2,689,226 | 1,343,790 |
| Income tax expense | | - | - |
| Profit for the period | | 2,689,226 | 1,343,790 |
| Other comprehensive income | | | |
| Other comprehensive income | | (35,845) | (22,116) |
| Total comprehensive income/(loss) for the period | | 2,653,381 | 1,321,674 |
| Basic profit per share (cents) | | 0.55 | 0.33 |
| Diluted profit per share (cents) | | 0.44 | 0.32 |

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

Consolidated Statement of Cash Flows

| | Consolidated Group | |
|------------------------------------------------------------------------|------------------------|------------------------|
| | 31 December 2023 \$ | 31 December 2022 \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Continued Operations | | |
| Receipts from customers | 23,695,187 | 18,089,127 |
| Interest received | 5,863 | 2,097 |
| Interest paid | (460,095) | (133,743) |
| Receipts from other income | 9,000 | 9,000 |
| Payments for exploration and evaluation | - | (400) |
| Payments to suppliers and employees | (14,928,537) | (14,140,810) |
| NET CASH FLOWS USED IN OPERATING ACTIVITIES | 8,321,418 | 3,825,271 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments for exploration and evaluation | (2,224,326) | (4,130,664) |
| Payment for bond deposits | (36,108) | (1,973,155) |
| Payment for property, plant and equipment | (5,680,765) | (1,171,890) |
| Payment for mine development | (4,765,839) | (1,417,719) |
| Payment from other entity | - | 175,000 |
| Payment for acquisition of Mineral Hill Pty Ltd | (3,648,274) | - |
| Proceeds from divestment of WesternX Pty Ltd | - | 1,500,000 |
| NET CASH FLOWS USED IN INVESTING ACTIVITIES | (16,355,312) | (7,018,428) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of shares and options | 1,045,618 | 22,570 |
| Payments for lease | (141,407) | (138,966) |
| Transaction costs related to issue of shares, convertibles, or options | (167,159) | (1,250) |
| Net proceeds from borrowings | - | 4,850,000 |
| Repayment of borrowings | (367,749) | (288,437) |
| NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES | 369,303 | 4,443,917 |
| Net change in cash and cash equivalents held | (7,664,591) | 1,250,760 |
| Cash and cash equivalents at beginning of period | 18,206,767 | 5,589,673 |
| Effect of movement in exchange rates on cash held | (2,253) | 1,567 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 10,539,923 | 6,842,000 |

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

Consolidated Statement of Changes in Equity

Consolidated

Attributable to the shareholders of Kingston Resources Limited

| | Ordinary Shares \$ | Advanced Placement Fund \$ | Accumulated Losses \$ | Foreign Exchange Reserves | Share based payment Reserve \$ | Total Equity \$ |
|-------------------------------------------------------------------------------------|--------------------------|-------------------------------------|-----------------------------|---------------------------------|--------------------------------------------|--------------------|
| Balance at 1 July 2022 | 121,051,877 | - | (60,738,440) | 206,788 | 609,952 | 61,130,177 |
| Profit for the half year | - | - | 1,343,790 | - | - | 1,343,790 |
| Total comprehensive income | - | - | - | (22,116) | - | (22,116) |
| | 121,051,877 | - | (59,394,650) | 184,672 | 609,952 | 62,451,851 |
| Issue of Shares | 22,570 | - | - | - | - | 22,570 |
| Cost of share issue | (2,500) | - | - | - | - | (2,500) |
| Share based payments | - | - | - | - | 660,475 | 660,475 |
| Transfer from share-based payment reserve on expiry/lapse/Issuance of options | 98,438 | - | 43,452 | - | (141,890) | - |
| Balance at 31 December 2022 | 121,170,385 | - | (59,351,198) | 184,672 | 1,128,537 | 63,132,396 |
| Balance at 1 July 2023 | 121,170,385 | 3,867,452 | (50,812,957) | 186,894 | 2,043,126 | 76,454,900 |
| Profit for the half year | - | - | 2,689,226 | - | - | 2,689,226 |
| Total comprehensive income | - | - | - | (35,846) | - | (35,846) |
| | 121,170,385 | 3,867,452 | (48,123,731) | 151,048 | 2,043,126 | 79,108,280 |
| Issue of Shares | 2,068,176 | - | - | - | - | 2,068,176 |
| Advanced Placement Fund | 4,500,000 | (4,500,000) | - | - | - | - |
| Cost of shares issued | (440,529) | 302,255 | - | - | - | (138,274) |
| Share based payments | (468,379) | 330,293 | - | - | 416,476 | 278,390 |
| Transfer from share-based payment reserve on expiry/lapse/Issuance of options | 240,477 | - | 172,657 | - | (413,134) | - |
| Balance at 31 December 2023 | 127,070,130 | - | (47,951,074) | 151,048 | 2,046,468 | 81,316,572 |

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

Notes to the Financial Statements

1. CORPORATE INFORMATION

The financial statements of Kingston Resources Limited for the half year ended 31 December 2023 are authorised for issue in accordance with a resolution of the Directors on 1 March 2024. Kingston Resources Limited is a company incorporated in Australia and limited by shares listed on the ASX.

The nature of the operations and principal activities of the Group are described in the Review of Operating Results and Operations included in the Directors' Report and in Note 6 Segment Information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The half year financial statements should be read in conjunction with the annual Financial Statements of the Group as at 30 June 2023.

It is also recommended that the half year financial statements be considered together with public announcements made by Kingston Resources and its controlled entities during the half year ended 31 December 2023 and up to the date of this report in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

a) Basis of Preparation

These general purpose financial statements for the interim half year reporting period ended 31 December 2023 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The interim financial statements are intended to provide users with an update on the latest annual financial statements of Kingston Resources Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes during the half year within the Group. It is therefore recommended that these financial statements be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2023, together with any public announcements made during the half year and up to the date of this report.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

From 1 July 2023, the consolidated entity has adopted all Australian Accounting Standards and Interpretations effective for annual periods beginning on or before 1 July 2023. The adoption of new and amended standards and interpretations had no impact on the financial position or performance of the consolidated entity.

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

b) Going Concern

The consolidated entity has earned an operating profit of \$2,689,226 (2022: \$1,343,790) and positive operating cash flows of \$8,321,418 (2022: \$3,825,271) for the half year ended 31 December 2023. As at 31 December 2023 the consolidated entity held cash of \$10,539,923.

During the period the following significant equity raisings were made:

- On 27 June 2023, the Company announced its intention to undertake a two Tranche Share Placement offer raising a total of \$5,500,000. On 30 June 2023, advanced placement monies totalling \$4,500,000 were received under Tranche 1 of the Placement offer. On 3 July 2023, 52,941,176 Tranche 1 Placement shares were issued at \$0.085. On 17 August 2023, Tranche 1 of the Placement offer was completed upon issuing 26,245,576 unlisted attaching options expiring on 31 July 2025 with an exercise price of \$0.14.
- On 17 August 2023, the Company issued 11,764,705 shares at \$0.085 to Quintana Holdings LLP under Tranche 2 of the Placement offer. These proceeds reduce the final deferred consideration payable to Quintana Holdings LLP upon the Company producing 30,000ozs since the acquisition of Mineral Hill. Tranche 2 Placement offer was completed upon issuing 5,882,352 unlisted attaching options expiring on 31 July 2025 with an exercise price of \$0.14.
- On 17 August 2023, the Company issued 10,247,017 shares at \$0.085 under a fully underwritten Share Purchase Plan (SPP) raising \$871,000 (before costs). In addition, 5,123,459 unlisted attaching options were issued expiring on 31 July 2025 with an exercise price of \$0.14.
- On 18 August 2023, the Company issued 1,517,647 SPP shortfall shares at \$0.085 to sub underwriter Delphi Untemehmensberatung Akeingsellschaft an existing major shareholder and sophisticated investor raising \$129,000 (before costs). The Share purchase plan was completed upon issuing 758,823 unlisted attaching options expiring on 31 July 2025 with an exercise price of \$0.14.

The nature of an exploration and early stage mining company is to have negative cashflow from operations, which requires the Company to raise equity as required. If the Group is unsuccessful in raising capital, a material uncertainty exists, that may cast significant doubt on the Group's ability as a going concern and its ability to recover assets, and discharge liabilities in the normal course of business and at the amount shown in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Taking into account the current cash reserves of the Company, the Directors are confident the Company has adequate resources to continue in its main business activity for the foreseeable future. As a result, the financial statements have been prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business and at the amounts stated in the financial report.

c) New Accounting Standards Implemented

The Group has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

3. PROFIT FOR THE PERIOD

Consolidated Group

31 December 2023 31 December 2022
\$ \$

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

Other revenue

| | | |
|---------------------|--------|--------|
| Interest from bank | 5,863 | 2,097 |
| Rent | 9,000 | 9,000 |
| Total other revenue | 14,863 | 11,097 |

Expenses

Depreciation and amortisation on non-current assets

Depreciation of:

| | | |
|----------------------|-----------|-----------|
| - right of use asset | 80,847 | 112,146 |
| - building | 45,265 | 43,330 |
| - plant & equipment | 1,630,937 | 1,537,508 |
| Total depreciation | 1,757,049 | 1,692,984 |

Amortisation of:

| | | |
|--------------------|---------|---------|
| - Mine development | 122,549 | 122,549 |
| - Tailings removal | 593,635 | 433,885 |
| | 716,184 | 556,434 |

4. EXPLORATION AND EVALUATION ACTIVITIES

Consolidated Group

| | Mine development expenditure \$ | Capitalised exploration expenditure \$ | Total \$ |
|------------------------------------------------|------------------------------------------|-------------------------------------------------|-------------|
| At 1 July 2023 | | | |
| Cost | 17,807,938 | 46,079,669 | 63,887,607 |
| Accumulated amortisation | (1,156,954) | - | (1,156,954) |
| Net Carrying Amount | 16,650,984 | 46,079,669 | 62,730,653 |
| Half Year ended 31 December 2023 | | | |
| Carrying amount at the beginning of the period | 16,650,984 | 46,079,669 | 62,730,653 |
| Additions | 4,570,162 | 2,264,820 | 6,834,982 |
| Transfer to Plant & Equipment | (603,788) | | (603,788) |
| Amortisation | (716,183) | - | (716,183) |
| Foreign exchange differences | - | 1,895 | 1,895 |
| Carrying amount at 31 December 2023 | 19,901,175 | 48,346,384 | 68,247,559 |
| At 31 December 2023 | | | |
| Cost | 21,774,313 | 48,346,384 | 70,120,696 |
| Accumulated amortisation | (1,873,138) | - | (1,873,138) |
| Net Carrying Amount | 19,901,175 | 48,346,384 | 68,247,559 |

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, where substantive expenditure on further exploration and evaluation is neither budgeted nor planned, or the period for which the Company has the right to explore will expire in the near future and is not expected to be renewed.

| | Consolidated Group | |
|------------------------------------------------|---------------------------|--------------|
| | 31 December 2023 | 30 June 2023 |
| | \$ | \$ |
| 5. PROPERTY, PLANT AND EQUIPMENT | | |
| Motor vehicles: | | |
| Opening balance | 226,352 | 226,352 |
| Closing Balance | 226,352 | 226,352 |
| Accumulated depreciation | | |
| Opening balance | 176,381 | 135,900 |
| Depreciation for the year | 15,027 | 40,481 |
| Closing balance | 191,408 | 176,381 |
| Net Book Value – Motor Vehicles | 34,944 | 49,971 |
| Buildings: | | |
| Opening balance | 909,687 | 895,222 |
| Additions | 127,892 | 14,465 |
| Closing Balance | 1,037,579 | 909,687 |
| Accumulated depreciation | | |
| Opening balance | 419,685 | 333,015 |
| Depreciation for the year | 45,265 | 86,670 |
| Closing balance | 464,950 | 419,685 |
| Net Book Value – Buildings | 572,629 | 490,002 |
| Plant & Equipment: | | |
| Opening balance | 23,698,998 | 20,265,787 |
| Transfer from mine development | 603,788 | - |
| Additions | 6,709,546 | 3,433,211 |
| Closing Balance | 31,012,332 | 23,698,998 |
| Accumulated depreciation | | |
| Opening balance | 6,982,862 | 3,919,264 |
| Depreciation for the period | 1,630,937 | 3,063,598 |
| Closing balance | 8,613,799 | 6,982,862 |
| Net Book Value – Plant & Equipment | 22,398,533 | 16,716,136 |
| Net Book Value – Property, Plant and Equipment | 23,006,106 | 17,256,109 |

6. SEGMENT INFORMATION

For the year half year ended 31 December 2023, the Group has two segments, being mining and exploration of minerals in Australia and Papua New Guinea.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period in that geographic region.

| | Australia | PNG | Total |
|-------------------------------|-------------------|-------------------|-------------------|
| External revenue | 23,640,552 | - | 23,640,552 |
| Other revenue | 9,000 | - | 9,000 |
| Interest income | 5,863 | - | 5,863 |
| Total revenue | 23,655,415 | - | 23,655,415 |
| EBITDA | 5,831,362 | (8,666) | 5,822,697 |
| Depreciation and amortisation | (2,473,233) | - | (2,473,233) |
| Reportable segment asset | 70,793,754 | 43,195,023 | 113,988,777 |
| Reportable segment liability | (32,502,489) | (169,716) | (32,672,205) |
| Net assets | 38,291,265 | 43,025,307 | 81,316,572 |

7. COMMITMENTS AND CONTINGENCIES

The Group has had 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 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 currently held tenements is:

| | Consolidated Group | |
|----------------------------------------------|---------------------------|--------------|
| | 31 December 2023 | 30 June 2023 |
| | \$ | \$ |
| Exploration commitment | | |
| Not later than one year | 1,780,527 | 1,465,151 |
| Later than one year and less than five years | 1,352,290 | 3,161,458 |

The Group has a commitment to increase the Rehabilitation Security Bond at Mineral Hill Pty Ltd as follows;

| | Consolidated Group | |
|------------------------------------------------|---------------------------|--------------|
| | 31 December 2023 | 30 June 2023 |
| | \$ | \$ |
| Rehabilitation Security Bond commitment | | |
| Total bond commitment | 7,408,000 | 7,247,000 |
| Less: bond paid to date | 7,247,000 | 7,247,000 |
| Bond commitment outstanding | 161,000 | - |
| Not later than one year | 161,000 | - |
| Later than one year and less than five years | - | - |

On 1 December 2023, the Rehabilitation Security Bond was increased from \$7,247,000 to \$7,408,000. As at 31 December 2023, the Rehabilitation Security Bond is not due to be paid.

The Group has finance leases between 6 months and three years for motor vehicle and plant and equipment for the Mineral Hill mine. The future minimum lease payments are as follows:

| | Consolidated Group | |
|----------------------------------------------|---------------------------|--------------|
| | 31 December 2023 | 30 June 2023 |
| Finance lease commitment | \$ | \$ |
| Not later than one year | 285,327 | 268,317 |
| Later than one year and less than five years | 257,754 | 327,276 |

The Group is a party to rental leases for its office premises. The future minimum lease payments are as follows:

| | Consolidated Group | |
|----------------------------------------------|---------------------------|--------------|
| | 31 December 2023 | 30 June 2023 |
| Operating lease commitment | \$ | \$ |
| Not later than one year | 90,281 | 86,342 |
| Later than one year and less than five years | 32,961 | 79,086 |

8. ISSUED CAPITAL

| | Consolidated Group | |
|-----------------------------------------------------------------------|---------------------------|--------------------|
| | 31 December 2023 | 30 June 2023 |
| | \$ | \$ |
| a) Ordinary shares | | |
| 497,961,834 fully paid ordinary shares (30 June 2023: 415,653,656) | 127,070,130 | 121,170,385 |
| b) Movements in contributed equity for the period | | |
| Balance at the beginning of the period | 121,170,385 | 121,051,877 |
| Shares issued during the current financial period: | | |
| - 3 July 2023 – Tranche 1 Placement Offer | 4,169,707 | - |
| - 26 July 2023 (exercise of options) | 229,133 | - |
| - 17 August 2023 (Exercise of NED ZEPOs) | 52,197 | - |
| - 17 August 2023 (Vesting of Employee STI) | 27,323 | - |
| - 17 August 2023 - Tranche 2 Placement Offer | 930,957 | - |
| - 17 August 2023 - SPP | 810,864 | - |
| - 18 August 2023 - SPP Shortfall | 120,093 | - |
| Shares issued during the previous period: | | |
| - 5 August 2022 | - | 7,641 |
| - 5 December 2022 (exercise of options) | - | 113,367 |
| Less share issuance costs | (440,529) | (2,500) |
| Total contributed equity | 127,070,130 | 121,170,385 |

9. SHARE BASED PAYMENTS

- (i) Share options and performance options granted to employees and directors of the Company, or any Associated Body Corporate of the Company:
- On 17 August 2023, Kingston granted 37,048 LTI Performance Options as part of their employment contract.
 - On 28 November 2023, Kingston granted senior management and staff 3,145,092 FY24 STI Performance Options and 6,700,843 LTI Performance Options.
 - On 28 November 2023, Kingston granted non-executive directors 669,313 FY23 service fee options.
 - On 28 November 2023, Kingston granted non-executive directors 874,576 FY24 service fee options.
- (ii) Shares granted on the vesting of performance rights and long-term incentive options held by employees and directors of the Company, or any Associated Body Corporate of the Company:
- On 26 July 2023, Kingston issued 4,561,810 shares upon exercise of 4,561,810, \$0.01 LTI options raising \$45,618.
 - On 17 August 2023, Kingston issued the non-executive directors 326,233 shares upon exercise of zero exercise price service fee options.
 - On 17 August 2023 Kingston issued senior management and staff 742,826 shares on the vesting of FY23 STI Performance rights. 6,043,019 FY23 STI Performance rights lapsed, unvested.
 - On 17 August 2023, Kingston issued staff 206,764 shares for nil consideration to an employee as part of their employment contract.
- (iii) Share options granted to employees and directors of the Company, or any Associated Body Corporate of the Company, lapsed during the period:
- On 31 July 2023, 2,591,940, \$0.01 LTI Options lapsed unvested.

10. BORROWINGS

| | Consolidated Group | |
|------------------------|---------------------------|--------------|
| | 31 December 2023 | 30 June 2023 |
| | \$ | \$ |
| Interest bearing loans | 8,961,786 | 8,822,176 |

On 7 July 2022, the Company secured a two tranche \$10m debt facility with PURE Asset Management. Under Tranche 1, \$5 million was drawn under a 4-year secured loan facility at an interest rate of 9.90% per annum with 25,000,000 detached warrant shares at an exercise price of \$0.20. An establishment fee of \$150,000 was recognised as a reduction in proceeds.

On 29 June 2023, \$5 million under Tranche 2 of the facility was drawn, under a 3-year secured loan facility at an interest rate of 9.90% per annum with 35,714,286 detached warrant shares at an exercise price of \$0.14. An establishment fee of \$150,000 was recognised as a reduction in proceeds.

Conversion by the lender

Tranche 1 Warrants - The lender may elect at any time up to 7 July 2027, to convert any number greater than or equal to 5,000,000 warrant shares per conversion, at a rate of \$0.20 share for every warrant share converted (this conversion rate may be adjusted in the event of significant future capital raisings). The noteholder is not entitled to any additional payments on account of this conversion.

Tranche 2 Warrants - The lender may elect at any time up to 29 June 2028, to convert any number greater than or equal to 5,000,000 warrant shares per conversion, at a rate of \$0.14 share for every warrant share converted (this conversion rate may be adjusted in the event of significant future capital raisings). The noteholder is not entitled to any additional payments on account of this conversion.

Failure to Redeem

If the noteholder does not convert all their warrant shares during the exercise period, then the balance of the debt facility under Tranche 1 facility will be repaid on 7 July 2026 and the balance of the debt facility under the Tranche 2 facility will be repaid on 29 June 2027.

Movement in interest bearing loan

| | Consolidated Group | |
|-------------------------------------------------------|---------------------------|------------------|
| | 31 December 2023 | 30 June 2023 |
| | \$ | \$ |
| Carrying value at the beginning of the period | 8,822,176 | - |
| Loan– face value | - | 10,000,000 |
| Less: 3% Establishment fee | - | (300,000) |
| Less: Fair value of equity component – share warrants | - | (1,004,579) |
| Add: Amortised interest expense | 139,610 | 126,755 |
| Carrying value as at end of the period | 8,961,786 | 8,822,176 |

11. EVENTS SUBSEQUENT TO REPORTING DATE

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

Directors' Declaration

In the opinion of the Directors:

- (a) the financial statements and the notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2023 and the performance for the half year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Board



Mick Wilkes
Chairman

1 March 2024

KINGSTON RESOURCES LIMITED
ABN 44 009 148 529
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE OWNERS OF
KINGSTON RESOURCES LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Kingston Resources Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year then ended; and
- (ii) complying with AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of Financial Report performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) to the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. As stated in Note 2(b), these events or conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Half-Year Financial Report

The directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

**KINGSTON RESOURCES LIMITED
ABN 44 009 148 529
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE OWNERS OF
KINGSTON RESOURCES LIMITED**

Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*.

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



HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND
Partner
Dated: 1 March 2024