# KINGSTON RESOURCES LIMITED

ABN 44 009 148 529

## Annual Financial Report

## For the year ended 30 June 2020

# Contents

# Corporate Directory

| | |
|---|---|
| **DIRECTORS** | **Anthony Wehby, (MAICD)**<br>Non-Executive Chairman<br>**Andrew Corbett, (B Eng (Mining, Hons), MBA)**<br>Managing Director<br>**Mick Wilkes (B Eng (Hons), MBA, GAICD)**<br>Non-Executive Director<br>**Stuart Rechner, (BSc, LLB, MAIG, MAusIMM, GAICD)**<br>Non-Executive Director |
| **COMPANY SECRETARY** | **Chris Drew (B Comm (Hons), CFA)** |
| **REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS** | 201/110 Pacific Highway<br>North Sydney NSW 2060<br>AUSTRALIA<br>Telephone (02) 8021 7492<br>Email info@kingstonresources.com.au<br>Website www.kingstonresources.com.au |
| **AUDITORS** | Hall Chadwick<br>Chartered Accountants |
| **SHARE REGISTRY** | Link Market Services |
| **BANKERS** | Australia & New Zealand Banking Group Limited |
| **SOLICITORS** | Cowell Clarke Commercial Lawyers<br>Ashurst Australia |
| **STOCK EXCHANGE** | Kingston Resources Limited ("KSN") shares are listed on the Australian Securities Exchange (ASX)<br>Secondary Listing - Frankfurt Stock Exchange |
| **ASX CODE** | KSN |

# Chairman's Letter

Dear Stakeholders of Kingston Resources Limited

Welcome to the Annual Financial Report for 2020.

A year of record gold prices, a global health pandemic leading to closed borders, unparalleled financial stimulus, zero real investment returns for the most highly rated paper and international trade and political actions and reactions. Of course this list could go on, however, my intention is not to be comprehensive, rather to put a background in place.

Given the uncertain and volatile conditions in financial markets, I was extremely pleased to see the response to our capital raisings in the period May to July 2020. Both the Placement and the SPP were oversubscribed, and the share price has held up well in the aftermarket. Thank you to all shareholders who participated and demonstrated your support for the company.

Operating an exploration business In remote locations is always logistically challenging. Since April 2020 those challenges have demanded innovative responses fully considered to protect our hosts in PNG, our staff and contractors and our assets. I have been extremely proud of the commitment of our senior management team in accepting the uncertainties facing them and refining our strategies and timetables to the realities imposed on them.

You will be aware that KSN has moved its Misima Project from exploration to development phase; one outcome of this change is the focus on completing a PFS by the end of 2020. We have entered an agreement, subject to PNG approvals, to acquire the balance of the Misima Project from our partners and expect this will complete early in 2021. This acquisition enhances our flexibility to capitalize on the various options which arise as we move toward development of the world class Misima resource. We expect to recommence drilling on Misima in October, subject to many uncertainties outside our control.

Our Livingstone Project in WA continues to demonstrate significant potential. Results from our most recent drilling program are being released as they become available and these will inform our program for the coming year.

Andrew Corbett's report on the years activities is exciting reading and I commend it to you. Andrew lead his team in difficult circumstances requiring empathetic decisions to balance the interests of all parties. On behalf of the Board I express our gratitude to Andrew and his team for their efforts.

As chair, I also record here my thanks to the Board, which has worked so well together for the benefit of the Company. We look forward to continuing progress and success in the year ahead.

Your sincerely

Anthony S Wehby

**Anthony S Wehby**

**Non-Executive Chairman**

15 September 2020

# 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 2020 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 $751,587 (2019: $2,240,006). The reduced FY20 loss relative to FY19 is due to reduced levels of expenditure and a gain on the sale of exploration assets.

**Review of Operations**

Over the year to 30 June 2020, Kingston has delivered a number of key milestones as it works towards its goal of becoming a gold producer. The most significant achievement for the year was the commencement of the Pre-Feasibility now underway at its flagship Misima Gold Project. This was possible following successful drilling over the first nine months of the financial year which primarily focused on the Ewatinona deposit. Following the drilling program the Misima Resource was updated, with Kingston reporting a 15% increase in total ounces to 3.21Moz. Immediately subsequent to the Resource update, the Misima Pre-Feasibility Study commenced.

The successful drilling significantly enhanced the Company's geological understanding of Ewatinona, this was reflected in the subsequent Resource update which confirmed it as the starter pit for the Project. Best holes from the Ewatinona drilling included:

- 20.0m @ 1.81g/t Au from 78m, incl. 3m @ 7.48g/t Au
- 16.0m @ 2.16g/t Au, incl. 7m @ 3.83g/t Au from 37m
- 15.7m @ 1.60g/t Au from 40m, incl. 7.0m @ 3.19g/t Au
- 10.2m @ 3.68g/t Au from 10m, incl. 4m @ 7.15g/t Au
- 15.6m @ 1.18g/t Au from 49.6m
- 14.0m @ 1.64g/t Au from 163m
- 13.5m @ 1.26g/t Au, incl. 10.5m @ 1.43g/t Au from 146m
- 13m @ 2.9g/t Au from 25m
- 12.0m @ 1.33g/t Au from 22m

Alongside the Ewatinona results, the Company made a new discovery at Abi with an initial drill result of:

- 23.6m @ 2.91g/t Au from 7.4m, incl. 13.5m @ 4.60g/t Au from 17.5m

Abi lies immediately South East of Ewatinona in the Quartz Mountain region. The Company aims to follow up on this discovery once drilling is able to recommence in FY21.

Drilling was also conducted at Umuna East during the year, with successful results indicating potential for additional near surface ounces to stem from this near-mine target. Best results from Umuna East drilling include:

- 12.0m @ 1.31g/t Au from 2m
- 14.6m @ 0.96g/t Au from 11.4m
- 6.0m @ 2.32g/t Au from 80m
- 10.0m @ 0.96g/t Au from 28m

Following the cessation of drilling in late March, Kingston completed the Misima Resource update. This resulted in a revised JORC Resource for Misima of 105Mt @ 0.93g/t for 3.21Moz Au, an increase of 15% on the previously reported total ounces. The Resource includes 1.52Moz Indicated ounces available for potential conversion to Reserve.

The Misima Pre-Feasibility Study (PFS) commenced upon completion of the Resource update. At year-end, PFS work was well underway, with key appointments in place and rapid progress being made. The benefits of having an extensive body of historical information available to Kingston through the Placer records has been evident in the speed with which the PFS has progressed. Kingston anticipates concluding the PFS by year end at which point it also anticipates reporting a Reserve at Misima.

In June, Kingston executed an agreement with its joint venture partner, Pan Pacific Copper Co., Ltd. (PPC), to acquire PPC's 19% interest in the Misima Gold Project. On completion, Kingston will move to 100% ownership of the Project. Under the terms of the Share Purchase Agreement (SPA), Kingston will pay a total consideration of $2 million for the acquisition in two tranches. The first tranche of $0.35 million was paid in June, with the second tranche of $1.65 million due on or before 28 February 2021, subject to PNG regulatory approval.

The onset of COVID-19 related travel restrictions in Australia and Papua New Guinea coincided with the conclusion of the Company's planned Resource drilling program at Misima. As such the initial impact of the pandemic on the Company's operations was limited as the focus turned to the Misima Resource update and PFS commencement which was able to continue without interruption. With travel restrictions having somewhat eased in Papua New Guinea, the Company is now working towards re-commencement of drilling activity on Misima in coming months.

At Livingstone, a number of key work programs were conducted through FY20. A 2,375m RC drilling program was followed up with metallurgical testing in the first half of the year. The metallurgical testing demonstrated excellent gold recoveries by conventional cyanide extraction methods averaging 93.8% across a range of samples of varying grade, lithology and weathering profiles. A multi-faceted structural program incorporated structural mapping over the western portion of the Livingstone Project, together with an 848m, 5-hole diamond drill program co-funded through the WA Government Exploration Incentive Scheme (EIS), and an extensive structural study. The work successfully established controls on gold mineralisation at Kingsley, enhanced prospectivity of known prospects and identified a new mineralised corridor. Follow up drilling at Kingsley and additional exploration targets commenced in July 2020.

## Project Summary

### Misima Gold Project

Misima Island is located 625km east of Port Moresby in the Solomon Sea. Gold was discovered on the island in 1888 with small scale underground mining continuing until WWII. Placer Dome Inc (Placer) commenced exploration in 1977, with large scale, open pit production beginning in 1989 and continuing for 15 years.

The operation was a success for Placer. It mined 87.5Mt at 1.46g/t Au producing 3.7Moz of gold and 22Moz of silver. Gold recoveries averaged 91.5% and costs averaged US$218/oz, resulting in an average margin of US$128/oz (37%). At the time the decision was made to close the mine, the gold price was below US$300/oz. Subsequently, Misima became the target of copper exploration under WCB Resources Ltd. Following Kingston's acquisition of WCB Resources in November 2017, the focus returned to gold. Kingston commenced drilling in May 2018. In May 2020 Kingston updated the Misima Mineral Resource Estimate announcing an increase JORC Resource of 105Mt @ 0.93g/t for 3.21Moz Au.

### Livingstone Gold Project

Livingstone, located northwest of Meekatharra in Western Australia, is an exploration project with an existing JORC 2004 Inferred Resource of 49,900 ounces of gold and a number of high-grade drilling intersections that indicate excellent potential for additional discoveries. The project area spans over 30km of prospective geological strike on the western limb of the highly prospective Bryah Basin.

Drilling has highlighted the potential of the main line of historic workings, with mineralisation defined over a strike length of 2.2km. Early results suggest potential for two or more sub-parallel zones of mineralisation including the structure previously mined by historic workings and a second, newly discovered zone slightly further south. Importantly, gold has been identified up to 850m west of the historic shafts and the prospect remains open along strike, greatly increasing the possible size of the mineralised zone. This prospect area, which was previously known as Mt Seabrook 1 and 2, has been renamed Kingsley and is the focus of current drilling by Kingston.

## MINERAL RESOURCES TABLE

### Misima Gold Project (PNG)

| Deposit | Oxide | Classification | Cutoff g/t Au | Tonnes Mt | Gold g/t Au | Silver g/t Ag | Au Moz | Ag Moz |
|---|---|---|---|---|---|---|---|---|
| **Umuna within US$1700 Pit Shell** | Oxide | Indicated | 0.4 | 4.6 | 0.74 | 11.0 | 0.11 | 1.6 |
| | | Inferred | 0.4 | 8.5 | 0.81 | 11.9 | 0.22 | 3.2 |
| | Primary | Indicated | 0.4 | 43.6 | 0.97 | 4.1 | 1.36 | 5.7 |
| | | Inferred | 0.4 | 37.8 | 0.92 | 5.3 | 1.12 | 6.5 |
| | Sub-total | Indicated | | 48.2 | 0.95 | 4.7 | 1.47 | 7.3 |
| | | Inferred | | 46.3 | 0.90 | 6.5 | 1.34 | 9.7 |
| | Total | Combined | | 94.5 | 0.93 | 5.6 | 2.81 | 17.0 |
| **Umuna Extension outside US$1700 Pit Shell** | Primary | Inferred | 0.8 | 3.4 | 1.40 | 4.1 | 0.20 | 0.5 |
| **Umuna Total Resource** | Indicated | | | 48.2 | 0.95 | 4.7 | 1.47 | 7.3 |
| | Inferred | | | 46.3 | 0.90 | 6.5 | 1.34 | 10.2 |
| **Umuna TOTAL** | | | | **97.9** | **0.94** | **5.6** | **3.01** | **17.5** |
| **Ewatinona within US$1700 Pit Shell** | Oxide | Inferred | 0.4 | 1.9 | 0.71 | 4.0 | 0.05 | 0.2 |
| | Primary | Indicated | 0.4 | 1.6 | 0.92 | 2.7 | 0.05 | 0.1 |
| | | Inferred | 0.4 | 3.9 | 0.85 | 2.7 | 0.11 | 0.3 |
| | Sub-total | Indicated | | 1.7 | 0.90 | 2.8 | 0.05 | 0.2 |
| | | Inferred | | 5.8 | 0.80 | 3.1 | 0.15 | 0.6 |
| **Ewatinona TOTAL** | | | | **7.5** | **0.83** | **3.0** | **0.20** | **0.7** |
| **MISIMA** | Indicated | | | 49.9 | 0.95 | 4.6 | 1.52 | 7.5 |
| | Inferred | | | 55.6 | 0.92 | 6 | 1.64 | 10.3 |
| **MISIMA TOTAL** | | | | **105.5** | **0.93** | **5.4** | **3.21** | **18.2** |

*Table 1: Misima Gold Project mineral Resource summary, prepared by Mr S. Hayward of Kingston Resources Ltd.. Rounding errors may occur. Misima Resource at 30 June 2019 available in Annual Report published 17 September 2019.*

## Livingstone Gold Project (WA)

| Deposit | Resource Category | Cut-off (g/t Au) | Tonnes | Gold (g/t Au) | Au (oz) |
|---|---|---|---|---|---|
| **Homestead** | Inferred | 0.5 | 989,000 | 1.57 | 49,900 |

*Table 2: Livingstone Gold Project mineral resource summary (no change since 30 June 2019).*

This resource estimate is from a JORC 2004 resource report prepared by Mr H. Cornelius for Talisman Mining Ltd in February 2007 and is not reported in accordance with the JORC 2012 Code. A Competent Person has not done sufficient work to classify the historical estimate as Mineral Resources in accordance with the JORC 2012 Code. It is uncertain that following further evaluation and/or further exploration work that the historical estimate will be able to be reported as Mineral Resources in accordance with the JORC 2012 Code. During the year Kingston completed a significant body of work at Livingstone (see Project Summary – Livingstone Gold Project above) with a view to verifying the historical estimate in accordance with the JORC 2012 in the coming year.

## COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results,Mineral Resources and overall Annual Report Compilation 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.

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 the end of the financial year, the Consolidated Entity had net assets of $27,444,462 (2019: $18,836,609) and held $6,511,170 in cash (2019: $5,197,394).

On 19 August 2019 the Company completed the placement of the shortfall from the Entitlement Offer announced 3 May 2019. The shortfall of 192,793,865 shares was placed at $0.016 per share raising $3.1m before fees.

On 27 May 2020, the Company completed a capital raising via placement issuing a total of 40 million shares at $0.16 raising $6.4m before fees. Alongside the placement, a Share Purchase Plan was undertaken raising a further $2.0m through the issuance of 12,500,000 shares at $0.16. The SPP closed in early July with funds received thereafter, as such the funds are not reflected in the financial statements for the year to 30 June 2020.

On 19 November 2019 Kingston completed a consolidation of its issued capital on a 10 for 1 basis as approved by Shareholders at the Annual General Meeting held on 6 November 2019. Post consolidation, the fully paid ordinary share count reduced from 1,765,920,584 to 176,592,317. All outstanding securities including performance rights and options were adjusted on an equivalent basis.

In May, Kingston executed an agreement with Vox Royalty Corp to sell its interest in its historical Higginsville Dry Creek Royalty that was established in 1992. Consideration totalled $650,000 comprised of a cash payment of $300,000, received in June and $350,000 of equity in Vox Royalty Corp, received in July.

## 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 3 July 2020 the $2,000,000 Share Purchase Plan announced on 27 May 2020 closed oversubscribed. 12,500,000 shares were subsequently issued at $0.16 on the 14th of July alongside receipt of funds.

On 17 July 2020 1,007,175 STI performance rights vested, a further 1,495,145 STI performance rights and 368,563 LTI performance rights lapsed.

Other than the above, there has been no other matter or circumstance which has arisen since 30 June 2020 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 and the Papua New Guinea Mining Act 1992, 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)
- Andrew Corbett – Director (Managing)
- Stuart Rechner - Director (Non-Executive)
- Mick Wilkes - Director (Non-Executive)

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

**Anthony Wehby, Chairman (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. He is also a Director of Ensurance Ltd (ASX:ENA) and Royal Rehab and was previously Chairman of |

Tellus Resources Limited, Non-Executive Chairman of Aurelia Metals 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 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 is Managing Director and CEO of the Company. Mr Corbett is a highly experienced mining engineer, having operated in the mining industry for over 25 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, MAIG, MAusIMM, 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, the Australasian Institute of Mining and Metallurgy 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 has been a Director of Strategic Energy Limited (ASX:SER) since 12 September 2014 and was a Director of GB Energy Limited (ASX:GBX) from 20 November 2013 until 28 September 2017.

**Mick Wilkes, Non-Executive Director (B Eng (Hons), MBA, GAICD)**

Term of Office Non-Executive Director of Kingston Resources Limited since 6 July 2018.

Skills and Experience: Mr Wilkes is a mining engineer with over 35 years of broad international experience with a strong emphasis on operations management and new mine development, predominantly in precious and base metals across Asia and Australia. He was the President and CEO of OceanaGold Corporation (ASX:OCG) from 2011 to 2020. In previous roles he was the Executive General Manager of Operations at OZ Minerals responsible for the development of the Prominent Hill copper/gold project in South Australia and General Manager of the Sepon gold/copper project for Oxiana based in Laos. His earlier experience included 10 years in various project development roles in Papua New Guinea. Mr Wilkes was appointed Non-Executive Director of Matador Mining Ltd (ASX:MZZ) on 20 July 2020. Mr Wilkes holds a Bachelor of Engineering from the University of Queensland, a Master of Business Administration from Deakin University, and is a member of both the Australian

Institute of Mining and Metallurgy, and the Australian Institute of Company Directors.

## COMPANY SECRETARY

Chris Drew has acted as Company Secretary since 18 December 2020. He holds a commerce degree from the University of Auckland, is a CFA Charterholder and is a Fellow Member of the Governance Institute of Australia. Prior to Mr Drew's appointment, Rozanna Lee acted as Company Secretary from 29 July 2016. Ms Lee holds both commerce and law degrees from the University of Queensland and is an Associate Member of the Governance Institute of Australia.

## DIRECTORS' INTERESTS

As at the date of this report the relevant interests 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 Options | Performance Rights |
|---|---|---|---|
| Anthony Wehby [1] | 1,161,491 | 300,000 | 174,205 |
| Andrew Corbett [2] | 2,292,923 | 4,171,563 | 1,667,374 |
| Stuart Rechner [3] | 294,669 | 300,000 | 136,875 |
| Mick Wilkes [4] | 467,500 | 300,000 | 136,875 |

[1] 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

[2] 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

[3] Stuart Rechner holds a relevant interest in the specified number of Shares and Options as a result of being a director of Osmium Holdings Pty Limited as trustee of Ferndale Superannuation Fund, which is the registered holder of those Shares and Options

[4] Mick Wilkes holds a relevant interest in the specified number of Shares and Options as a result of being a director of Integrated Mining Solutions Pty Limited, which is the registered holder of those Shares and Options. He was appointed on 6 July 2019

## MEETINGS OF DIRECTORS

The number of Directors' meetings and Committee meetings, and the number of meetings attended by each of the Directors who was a member of the Board and the relevant Committee, held during the year ended 30 June 2020 were:

| | Board Meetings | | Audit and Risk Committee | | Remuneration and Nomination Committee | |
|---|---|---|---|---|---|---|
| | Meetings held while a Director | Number attended | Meetings held while a Director | Number attended | Meetings held while a Director | Number attended |
| Anthony Wehby | 11 | 11 | 2 | 2 | 1 | 1 |
| Andrew Corbett | 11 | 11 | - | - | - | - |
| Mick Wilkes | 11 | 11 | 2 | 1 | 1 | 1 |
| Stuart Rechner | 11 | 11 | 2 | 2 | 1 | 1 |

## 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 2020 in accordance with the requirements of the Corporations Act 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:

| | |
|---|---|
| A Wehby | Non-Executive Chairman (appointed 4 July 2016) |
| A Corbett | Managing Director (appointed 4 July 2016) |
| S Rechner | Non-Executive Director (transitioned to Non-Executive Director on 4 July 2016) |
| M Wilkes | Non-Executive Director (appointed 6 July 2018) |
| C Drew | Chief Financial Officer (appointed as CFO on 10 July 2018) |

**(b) Remuneration Philosophy**

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders. The Board has established a separate Remuneration and Nomination committee. The Remuneration and Nomination Committee meets as required to review remuneration, recruitment, retention and termination procedures and to evaluate senior executives remuneration packages and incentives.

The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel. All matters of remuneration will continue to be in accordance with the Corporations Act requirement, including with regard to related party transactions. That is, none of the directors participate in any deliberations regarding their own remuneration or related issues.

To ensure market competitiveness and achievement of the company's remuneration philosophy, executive remuneration is:

- benchmarked against similar organisations in regards to industry and size; and
- from time to time, independent external advice is sought from remuneration consultants.

The Corporate Governance Statement provides further information on the Company's remuneration governance.

**(c) Executive remuneration policy and framework**

In determining executive remuneration, the Remuneration and Nomination Committee 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.

The Remuneration and Nomination Committee 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 and development phase of the Group's asset base.

Options and performance rights may be issued to directors subject to approval by shareholders. All remuneration paid to directors 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 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 Remuneration and Nomination Committee has not set long-term and short-term performance indicators 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 four financial years.

| | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|
| Net Loss | ($751,587) | ($2,240,006) | ($5,750,302) | ($1,153,471) |
| Diluted loss per share (cents/share) | (0.424) | (0.176) | (0.646) | (1.777) |
| Share price at year end (cents) | 17 | 1.3 | 2.4 | 1.9 |

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

During the Financial Year the following Short Term and Long Term incentives were issued:

- Unlisted Options 7,681,957 - consisting of 72,819,561 unlisted Options issued prior to the share consolidation (equivalent to 7,281,957 on a post-consolidation basis) and 600,000 unlisted Options issued post the share consolidation. (FY19: 34,375,909 pre consolidation).
- STI Performance Rights 2,427,320 – consisting of 24,273,187 STI Performance Rights issued prior to the share consolidation (2,427,320 post-consolidation). (FY19 18,216,818 pre consolidation)
- No LTI Performance Rights were issued during the year – FY19 24,196,363 pre consolidation)

**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 $250,000 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.

### (e) Voting and comments made at the Company's 2019 Annual General Meeting

Kingston received over 99% of "yes" votes (0.7% of "no" votes) on its remuneration report for the 2019 financial year.

### (f) Remuneration Details for the Year Ended 30 June 2020

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.

| | Short-term Benefits | | | | Post-employment Benefits | | Long-term Benefits | | Equity-settled Share-based Payments | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Salary, Fees and Leave | Profit Share and Bonuses | Non-monetary | Other | Pension and Super-annuation | Other | Incentive Plans | LSL | Performance Rights/Shares | Options | Cash-settled Share-based Payments | Termination Benefits | Total |
| Director | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| Anthony Wehby | | | | | | | | | | | | | |
| 2020 | 66,000 | - | - | - | 6,270 | - | - | - | - | - | - | - | 72,270 |
| 2019 | 70,000 | - | - | - | 6,650 | - | - | - | 13,212 | 33,896 | - | - | 123,758 |
| Andrew Corbett | | | | | | | | | | | | | |
| 2020 | 285,000 | - | - | - | 27,075 | - | - | - | 22,782 | 137,644 | - | - | 472,501 |
| 2019 | 270,000 | - | - | - | 25,650 | - | - | - | 72,246 | 84,741 | - | - | 452,637 |
| Stuart Rechner[1] | | | | | | | | | | | | | |
| 2020 | 56,666 | - | - | - | - | - | - | - | - | - | - | - | 56,666 |
| 2019 | 60,225 | - | - | - | - | - | - | - | 10,381 | 33,896 | - | - | 104,502 |
| Mick Wilkes[2] | | | | | | | | | | | | | |
| 2020 | 61,685 | - | - | - | - | - | - | - | - | - | - | - | 61,685 |
| 2019 | 54,235 | - | - | - | - | - | - | - | 10,381 | 33,896 | - | - | 98,512 |
| Chris Drew[3] | | | | | | | | | | | | | |
| 2020 | 235,000 | - | - | - | 22,325 | - | - | - | 15,028 | 90,797 | - | - | 363,150 |
| 2019 | 215,000 | - | - | - | 20,424 | - | - | - | 38,948 | 61,521 | - | - | 335,893 |
| Andrew Paterson[4] | | | | | | | | | | | | | |
| 2020 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2019 | 244,349 | - | - | - | 23,213 | - | - | - | 66,092 | 73,442 | - | - | 407,096 |
| **Total** | | | | | | | | | | | | | |
| 2020 | 704,351 | - | - | - | 55,670 | - | - | - | 37,810 | 228,441 | - | - | 1,026,272 |
| 2019 | 913,809 | - | - | - | 75,937 | - | - | - | 211,260 | 321,392 | - | - | 1,522,398 |

[1] Stuart Rechner transitioned from an Executive Director to Non-Executive Director on 4 July 2016. He is remunerated through a related entity. Refer Note 21 for details on related party transactions.

[3] Mick Wilkes was appointed on 6 July 2018

[3] Chris Drew was appointed CFO on 10 July 2018

[4] Andrew Paterson resigned on 20 June 2019

### (g) 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.

<u>Anthony Wehby</u>

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.

<u>Andrew Corbett</u>

Mr Corbett was appointed as Managing 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 of six months' notice by Mr Corbett or the Company. Mr Corbett is not entitled to any termination benefits other than accrued pay, leave entitlements and other statutory payments unless paid at the discretion of directors.

<u>Stuart Rechner</u>

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. His appointment as Non-Executive Director 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 Rechner is not entitled to any termination benefits unless paid at the discretion of directors.

Michael Wilkes

Mr Wilkes was appointed a Non-Executive Director on 6 July 2018. 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 Wilkes is not entitled to any termination benefits unless paid at the discretion of directors.

Chris Drew

Mr Drew was appointed as Chief Financial Officer on 10 July 2018 (he was the Commercial Manger from 22 June 2016), he was appointed as Company Secretary on 18 December 2019. Mr Drew is remunerated pursuant to the terms and conditions of an employment agreement entered into with Mr Drew on 1 October 2016 and has no fixed term. The agreement may be terminated by either party on the giving on three months' notice by Mr Drew or the Company. Mr Drew is not entitled to any termination benefits other than accrued pay, leave entitlements and other statutory payments unless paid at the discretion of directors.

## (h) Equity Interests of KMP

### Options holdings of KMP

The number of options over ordinary shares held by each KMP of the Group during the 2019 and 2020 reporting periods is as follows:

| 2020 | | Balance at Beginning of Year | Grant Details | | | Exercised | | Lapsed | Other changes [3] | Vested and Exercisable at End of Year | Vested and Unexercisable at End of Year |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Issue Date | No. | Value $ | No. | Value $ | No. | | No. | No. |
| Anthony Wehby | LTI[1] | 3,000,000 | 09-Nov-18 | 3,000,000 | 33,896 | - | - | - | (2,700,000) | 300,000 | - |
| Andrew Corbett | LTI[1] | 7,500,000 | 09-Nov-18 | 7,500,000 | 84,741 | - | - | - | (6,750,000) | 750,000 | - |
| | LTI[2] | - | 06-Nov-19 | 34,215,628 | 137,644 | - | - | - | (30,794,065) | - | 3,421,563 |
| Stuart Rechner | LTI[1] | 3,000,000 | 09-Nov-18 | 3,000,000 | 33,896 | - | - | - | (2,700,000) | 300,000 | - |
| Mick Wilkes | LTI[1] | 3,000,000 | 09-Nov-18 | 3,000,000 | 33,896 | - | - | - | (2,700,000) | 300,000 | - |
| Chris Drew | LTI[1] | 6,000,000 | 23-Aug-18 | 6,000,000 | 61,521 | - | - | - | (5,400,000) | 600,000 | - |
| | LTI[2] | - | 06-Nov-19 | 22,570,309 | 90,797 | - | - | - | (20,313,278) | - | 2,257,031 |
| | | 22,500,000 | | 79,285,937 | 476,391 | - | - | - | | 2,250,000 | 5,678,594 |

[1] Unlisted LTI Options issued on 23 August 2018 and 9 November 2018 exercisable at 27c - expiry on 30 June 2021

[2] Unlisted LTI Options issued 28 August 2019 and 6 November 2019 exercisable at 1c, expiry 31 July 2023, vesting is subject to operational hurdles

[3] Adjustment to securities on issue upon 10:1 share consolidation completed on 19 November 2019

| 2019 | | Balance at Beginning of Year | Grant Details Issue Date | Grant Details No. | Grant Details Value $ | Exercised No. | Exercised Value $ | Lapsed No. | Vested and Exercisable at End of Year No. | Vested and Unexercisable at End of Year No. |
|---|---|---|---|---|---|---|---|---|---|---|
| Anthony Wehby | LTI[1] | - | 09-Nov-18 | 3,000,000 | 33,896 | - | - | - | 3,000,000 | - |
| | LTI[2] | 2,000,000 | 04-Jul-16 | 2,000,000 | 15,671 | - | - | 2,000,000 | - | - |
| Andrew Corbett | LTI[1] | - | 09-Nov-18 | 7,500,000 | 84,741 | - | - | - | 7,500,000 | - |
| | LTI[2] | 5,000,000 | 04-Jul-16 | 5,000,000 | 39,178 | - | - | 5,000,000 | - | - |
| Andrew Paterson[3] | LTI[1] | - | 09-Nov-18 | 6,500,000 | 73,442 | - | - | 6,500,000 | - | - |
| | LTI[2] | 4,000,000 | 04-Jul-16 | 4,000,000 | 31,343 | - | - | 4,000,000 | - | - |
| Stuart Rechner | LTI[1] | - | 09-Nov-18 | 3,000,000 | 33,896 | - | - | - | 3,000,000 | - |
| | LTI[2] | - | | - | - | - | - | - | - | - |
| Mick Wilkes[4] | LTI[1] | - | 09-Nov-18 | 3,000,000 | 33,896 | - | - | - | 3,000,000 | - |
| | LTI[2] | - | | - | - | - | - | - | - | - |
| Chris Drew | LTI[1] | - | 23-Aug-18 | 6,000,000 | 61,521 | - | - | - | 6,000,000 | - |
| | LTI[2] | 2,000,000 | 04-Jul-16 | 2,000,000 | 31,782 | - | - | 2,000,000 | - | - |
| | | 13,000,000 | | 42,000,000 | 439,366 | - | - | 19,500,000 | 22,500,000 | - |

[1] Unlisted LTI Options (issued on 23 August 2018 and 9 November 2018) exercisable at 2.7c - expiry on 30 June 2021

[2] Unlisted LTI Options (issued 4 July 2016) exercisable at 7c - expired on 30 June 2019

[3] Andrew Paterson resigned on 20 June 2019. The LTI options held at the time of his resignation are shown as lapsed on this date

[4] Mick Wilkes was appointed on 6 July 2018

## Performance Rights Holdings of KMP

The number of performance rights in the Company held by each KMP of the Group during the 2019 and 2020 reporting periods is as follows:

| 2020 | | Balance at Beginning of Year | Grant Details Issue Date | Grant Details No. | Grant Details Value $ | Vested No. | Vested Value $ | Lapsed No. | Other changes [6] No. | Balance at End of Year |
|---|---|---|---|---|---|---|---|---|---|---|
| Anthony Wehby | LTI[5] | 1,742,045 | 09-Nov-18 | 1,742,045 | 13,212 | - | - | - | (1,567,840) | 174,205 |
| Andrew Corbett | STI[1] | 6,719,318 | 09-Nov-18 | 6,719,318 | 21,287 | 3,023,694 | 54,426 | 3,695,624 | - | - |
| | STI[2] | - | 06-Nov-19 | 11,405,209 | 22,782 | - | - | - | (10,264,688) | 1,140,521 |
| | LTI[3] | 2,144,375 | 19-Dec-16 | 2,144,375 | 6,397 | - | - | 2,144,375 | - | - |
| | LTI[4] | 4,977,207 | 01-Dec-17 | 4,977,207 | 30,859 | - | - | - | (4,479,486) | 497,721 |
| | LTI[5] | 6,719,318 | 09-Nov-18 | 6,719,318 | 50,960 | - | - | - | (6,047,386) | 671,932 |
| Stuart Rechner | LTI[5] | 1,368,750 | 09-Nov-18 | 1,368,750 | 10,381 | - | - | - | (1,231,875) | 136,875 |
| Mick Wilkes | LTI[5] | 1,368,750 | 09-Nov-18 | 1,368,750 | 10,381 | - | - | - | (1,231,875) | 136,875 |
| Chris Drew | STI[1] | 5,350,568 | 23-Aug-18 | 5,350,568 | 7,166 | 2,675,284 | 48,155 | 2,675,284 | - | - |
| | STI[2] | - | 06-Nov-19 | 7,523,436 | 15,028 | - | - | - | (6,771,092) | 752,344 |
| | LTI[3] | 1,551,250 | 19-Dec-16 | 1,551,250 | 4,627 | - | - | 1,551,250 | - | - |
| | LTI[4] | 3,600,533 | 01-Dec-17 | 3,600,533 | 22,323 | - | - | - | (3,240,479) | 360,054 |
| | LTI[5] | 5,350,568 | 23-Aug-18 | 5,350,568 | 31,782 | - | - | - | (4,815,511) | 535,057 |
| | | 40,892,682 | | 59,821,327 | 247,184 | 5,698,978 | 102,582 | 10,066,533 | (39,650,232) | 4,405,584 |

[1] STI Performance Rights issued on 23 August 2018 and 9 November 2018 vested as follows: (a) Up to 50% of STI Performance Rights will automatically vest if the Company's June 2019 VWAP is between 120% to 150% of the Company's June 2018 VWAP; and (b) Up to 50% of the STI Performance Rights will vest, at the Board's discretion, upon the achievement of operational performance measures before 30 June 2019.
All STI Performance Rights that had not vested by 31 July 2019 automatically lapsed.

[2] STI Performance Rights issued on 6 November 2019 will vest as follows: (a) Up to 50% of STI Performance Rights will automatically vest if the Company's June 2020 VWAP is between 120% to 150% of the Company's June 2019 VWAP; and (b) Up to 50% of the STI Performance Rights will vest, at the Board's discretion, upon the achievement of operational performance measures before 30 June 2020.
All STI Performance Rights that have not vested by 31 July 2020 will automatically lapse and be forfeited.

[3] LTI Performance Rights issued on 19 December 2016 lapsed on 30 June 2020.

[4] LTI Performance Rights issued on 1 December 2017 will vest if the Company achieves a market capitalisation greater than $70 million on or before 30 June 2021.

[5] LTI Performance Rights issued on 23 August 2018 and 9 November 2018 will automatically vest if the Company achieves a market capitalisation greater than $70 million on or before 30 June 2022.

[6] Adjustment to securities on issue upon 10:1 share consolidation completed on 19 November 2019

| 2019 | | Balance at Beginning of Year | Grant Details | | | Vested | | Lapsed | Balance at End of Year |
|---|---|---|---|---|---|---|---|---|---|
| | | | Issue Date | No. | Value $ | No. | Value $ | No. | |
| Anthony Wehby | STI | - | | - | - | - | - | - | - |
| | LTI[3] | 6,000,000 | 15-Jul-16 | 6,000,000 | - | - | - | 6,000,000 | - |
| | LTI[6] | - | 09-Nov-18 | 1,742,045 | 13,212 | - | - | - | 1,742,045 |
| Andrew Corbett | STI[1] | 6,399,266 | 01-Dec-17 | 6,399,266 | 12,798 | 3,199,633 | 76,791 | 3,199,633 | - |
| | STI[2] | - | 09-Nov-18 | 6,719,318 | 21,287 | - | - | - | 6,719,318 |
| | LTI[3] | 10,000,000 | 15-Jul-16 | 10,000,000 | - | - | - | 10,000,000 | - |
| | LTI[4] | 2,144,375 | 19-Dec-16 | 2,144,375 | 5,397 | - | - | - | 2,144,375 |
| | LTI[5] | 4,977,207 | 01-Dec-17 | 4,977,207 | 30,859 | - | - | - | 4,977,207 |
| | LTI[6] | - | 09-Nov-18 | 6,719,318 | 50,959 | - | - | - | 6,719,318 |
| Andrew Paterson[7] | STI[1] | 5,446,184 | 01-Dec-17 | 5,446,184 | 10,892 | 2,723,092 | 65,354 | 2,723,092 | - |
| | STI[2] | - | 09-Nov-18 | 6,146,932 | 19,473 | | | 6,146,932 | - |
| | LTI[3] | 8,000,000 | 15-Jul-16 | 8,000,000 | - | - | - | 8,000,000 | - |
| | LTI[4] | 1,825,000 | 19-Dec-16 | 1,825,000 | 5,444 | - | - | 1,825,000 | - |
| | LTI[5] | 4,235,921 | 01-Dec-17 | 4,235,921 | 26,263 | - | - | 4,235,921 | - |
| | LTI[6] | - | 09-Nov-18 | 6,146,932 | 46,619 | | | 6,146,932 | - |
| Stuart Rechner | STI | - | | - | - | - | - | - | - |
| | LTI[6] | - | 09-Nov-18 | 1,368,750 | 10,381 | - | - | - | 1,368,750 |
| Mick Wilkes | STI | - | | - | - | - | - | - | - |
| | LTI[6] | - | 09-Nov-18 | 1,368,750 | 10,381 | - | - | - | 1,368,750 |
| Chris Drew | STI[1] | 4,629,257 | 01-Dec-17 | 4,629,257 | 9,258 | 2,314,629 | 55,551 | 2,314,628 | - |
| | STI[2] | | 23-Aug-18 | 5,350,568 | 7,166 | - | | - | 5,350,568 |
| | LTI[3] | 4,000,000 | 15-Jul-16 | 4,000,000 | - | | | 4,000,000 | - |
| | LTI[4] | 1,551,250 | 19-Dec-16 | 1,551,250 | 4,627 | | | - | 1,551,250 |
| | LTI[5] | 3,600,533 | 01-Dec-17 | 3,600,533 | 22,323 | | | - | 3,600,533 |
| | LTI[6] | | 23-Aug-18 | 5,350,568 | 31,782 | - | - | - | 5,350,568 |
| | | 62,808,993 | | 103,722,174 | 339,121 | 8,237,354 | 197,696 | 54,592,138 | 40,892,682 |

[1] STI Performance Rights issued on 1 December 2017 partially vested on 18 July 2018 - remainder lapsed.

[2] STI Performance Rights issued on 23 August 2018 and 9 November 2018 will vest as follows: (a) Up to 50% of STI Performance Rights will automatically vest if the Company's June 2019 VWAP is between 120% to 150% of the Company's June 2018 VWAP; and (b) Up to 50% of the STI Performance Rights will vest, at the Board's discretion, upon the achievement of operational performance measures before 30 June 2019. All STI Performance Rights that have not vested by 31 July 2019 will automatically lapse and be forfeited.

[3] LTI Performance Rights issued on 15 July 2016 lapsed on 30 June 2019.

[4] LTI Performance Rights issued on 19 December 2016 will vest if the Company achieves a market capitalisation* greater than $50 million on or before 30 June 2020.

[5] LTI Performance Rights issued on 1 December 2017 will vest if the Company achieves a market capitalisation* greater than $70 million on or before 30 June 2021.

[6] LTI Performance Rights issued on 23 August 2018 and 9 November 2018 will automatically vest if the Company achieves a market capitalisation* greater than $70 million on or before 30 June 2022.

[7] Andrew Paterson resigned on 20 June 2019.

* Market capitalisation means the price of the Company's shares as quoted on ASX multiplied by the total number of Shares on issue.

## Share holdings of KMP

The number of ordinary shares in the Company held by each KMP of the Group during the 2019 and 2020 reporting periods is as follows:

| 2020 | Balance at Beginning of Year | Granted as Remuneration during the Year | Issued on Exercise of Options/Vesting of Performance Rights during the Year | Other (Net) Changes during the Year | Other Adjustments [1] | Balance at End of Year |
|---|---|---|---|---|---|---|
| Anthony Wehby | 9,739,899 | - | - | - | (8,765,908) | 973,991 |
| Andrew Corbett | 15,525,532 | - | 3,023,694 | - | (16,694,303) | 1,854,923 |
| Stuart Rechner | 1,169,188 | - | - | 84,000 | (1,052,269) | 200,919 |
| Mick Wilkes | 2,800,000 | - | - | - | (2,520,000) | 280,000 |
| Chris Drew | 6,626,332 | - | 2,675,284 | - | (8,371,454) | 930,162 |
| | 35,860,951 | - | 5,698,978 | 84,000 | (37,403,934) | 4,239,995 |

[1] Adjustment to securities on issues subsequent to 10:1 share consolidation completed on 19 November 2019

| 2019 | Balance at Beginning of Year | Granted as Remuneration during the Year | Issued on Exercise of Options/Vesting of Performance Rights during the Year | Other (Net) Changes during the Year[1] | Balance at End of Year |
|---|---|---|---|---|---|
| Anthony Wehby | 3,062,770 | - | - | 6,677,129 | 9,739,899 |
| Andrew Corbett | 11,492,626 | - | 3,199,633 | 833,273 | 15,525,532 |
| Andrew Paterson[2] | 1,571,190 | - | 2,723,092 | (4,294,282) | - |
| Stuart Rechner | 1,002,161 | - | - | 167,027 | 1,169,188 |
| Mick Wilkes[3] | - | - | - | 2,800,000 | 2,800,000 |
| Chris Drew[4] | - | - | 2,314,629 | 4,311,703 | 6,626,332 |
| | 17,128,747 | - | 8,237,354 | 10,494,850 | 35,860,951 |

[1] Changes during the year represent holding at the time of becoming or ceasing to be a KMP and not necessarily acquired or disposed

[2] Andrew Paterson resigned on 20 June 2019

[3] Mick Wilkes was appointed on 6 July 2018

[4] Chris Drew was appointed as CFO on 10 July 2018

### (i) Loans to key management personnel

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

### (j) 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 21 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-Jul-19 | Issued | Lapsed / Cancelled | Other Adjustments [1] | Held at 30-Jun-20 |
|---|---|---|---|---|---|---|---|
| 22-Dec-16 | 22-Dec-19 | 25 cents | 5,000,000 | - | 5,000,000 | - | - |
| 23-Aug-18 | 30-Jun-21 | 27 cents | 7,375,909 | - | - | (6,638,318) | 737,591 |
| 09-Nov-18 | 30-Jun-21 | 27 cents | 23,000,000 | - | - | (20,700,000) | 2,300,000 |
| 13-May-19 | 31-Mar-20 | 1 cent | 2,000,000 | - | 2000000 | - | - |
| 13-May-19 | 31-Dec-20 | 1 cent | 2,000,000 | - | - | (1,800,000) | 200,000 |
| 06-Nov-19 | 31-Jul-23 | 1 cent | - | 72,819,561 | - | (65,537,604) | 7,281,957 |
| 31-Jan-20 | 31-Jan-23 | 25 cents | - | 600,000 | - | - | 600,000 |

[1] Adjustment to securities on issue upon 10:1 share consolidation completed on 19 November 2019

During the year ended 30 June 2019 and 30 June 2020, no ordinary shares in the Company were issued pursuant to the exercise of options. Apart from as described in this report, 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.

## 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 Board has established a separate Audit and Risk Management Committee to assist the Board to discharge its corporate governance duties in relation to implementing and maintaining appropriate policies and procedures relating to risk management, financial reporting, external and internal control and auditing.

## NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period as set out below:

*AASB 16 Leases*

AASB 16: Leases has been applied retrospectively, the cumulative effect of initially applying the Standard recognised as an adjustment to the opening balance of retained earnings at 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 117: Leases.

## NON AUDIT SERVICES

During the year the Company's auditor provided taxation and accounting services to the Company at a total cost of $10,840.

## 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. Hall Chadwick 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 15 September 2020 and

c) is signed by Mr Anthony Wehby .

Anthony Wehby

ANTHONY WEHBY
Non-Executive Chairman
Sydney, New South Wales
15 September 2020

AUDITOR'S INDEPENDENCE DECLARATION

# Consolidated Statement of Financial Position

| | Notes | Consolidated Group | |
|---|---|---|---|
| | | 2020 | 2019 |
| | | $ | $ |
| **Current assets** | | | |
| Cash and cash equivalents | 9 | 6,511,170 | 5,197,394 |
| Trade and other receivables | 10 | 888,764 | 70,917 |
| Financial assets | 11 | 1,943 | 1,943 |
| Other current assets | | 2,519 | 4,420 |
| **Total current assets** | | 7,404,396 | 5,274,674 |
| **Non-current assets** | | | |
| Property, plant and equipment | 13 | 44,314 | 123,385 |
| Capitalised exploration expenditure | 22 | 22,295,305 | 13,963,407 |
| Right of use assets | 5 | 92,805 | - |
| Other non-current assets | | 41,979 | 42,094 |
| **Total non-current assets** | | 22,474,403 | 14,128,886 |
| **Total assets** | | 29,878,799 | 19,403,560 |
| **Current liabilities** | | | |
| Trade and other payables | 14 | 2,249,961 | 396,113 |
| Lease liabilities | | 116,418 | - |
| Interest bearing liabilities | | - | 68,424 |
| Provisions | | 67,958 | 44,989 |
| **Total current liabilities** | | 2,434,337 | 509,526 |
| **Non-current liabilities** | | | |
| Interest bearing liabilities | | - | 57,425 |
| **Total non-current liabilities** | | - | 57,425 |
| **Total liabilities** | | 2,434,337 | 566,951 |
| **Net assets** | | 27,444,462 | 18,836,609 |
| **Equity** | | | |
| Issued capital | 15 | 83,808,031 | 74,817,881 |
| Accumulated losses | | (57,123,921) | (56,537,006) |
| Share based payment reserve | 16 | 893,327 | 683,229 |
| Foreign currency translation reserve | | (132,976) | (127,495) |
| **Total equity** | | 27,444,461 | 18,836,609 |

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

| | Notes | Consolidated Group 2020 $ | Consolidated Group 2019 $ |
|---|---|---|---|
| **Continuing Operations** | | | |
| Other income | 2 | 812,127 | 113,500 |
| Administration expenses | | (315,827) | (381,384) |
| Employee benefits | | (423,198) | (453,220) |
| Consultant and legal fees | | (107,451) | (192,546) |
| Depreciation and amortisation expenses | 3 | (37,070) | - |
| Director fees | | (190,621) | (199,473) |
| Share based payments expense | | (367,287) | (891,274) |
| Impairment of exploration expenditure | 3, 22 | (77,805) | - |
| Other expenses | | (14,186) | (71,975) |
| Foreign Exchange Gain/(Loss) | | (30,268) | (163,634) |
| Loss before income tax expense | | (751,587) | (2,240,006) |
| Income tax expense | 4 | - | - |
| **Loss for the year** | | (751,587) | (2,240,006) |
| **Other comprehensive income/(loss)** | | | |
| Other comprehensive income/(loss) – net of tax | | - | - |
| **Total comprehensive loss for the year** | | (751,587) | (2,240,006) |
| Basic loss per share (cents) | 8 | (0.424) | (0.176) |
| Diluted loss per share (cents) | 8 | (0.424) | (0.176) |

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

# Consolidated Statement of Changes in Equity

**Attributable to the shareholders of Kingston Resources Limited**

| | Ordinary Shares $ | Accumulated Losses $ | Foreign Exchange Reserves | Share Based Payment Reserve $ | Total Equity $ |
|---|---|---|---|---|---|
| **Balance at 1 July 2018** | **69,244,553** | **(54,427,748)** | **(44,121)** | **267,218** | **15,039,902** |
| Loss for the full year | - | (2,240,006) | - | - | (2,240,006) |
| Other comprehensive income | - | - | - | - | - |
| | **69,244,553** | **(56,647,754)** | **(44,121)** | **267,218** | **12,799,896** |
| Issue of Shares | 5,703,184 | - | - | - | 5,703,184 |
| Cost of share issue | (129,856) | - | - | - | (129,856) |
| Share based payments | - | - | - | 546,759 | 546,759 |
| Transfer from Share Based Payment Reserve on vesting/lapsing of securities | - | 130,748 | - | (130,748) | - |
| Additions to reserves | - | - | (83,374) | - | (83,374) |
| **Balance at 30 June 2019** | **74,817,881** | **(56,537,006)** | **(127,495)** | **683,229** | **18,836,609** |
| **Balance at 1 July 2019** | **74,817,881** | **(56,537,006)** | **(127,495)** | **683,229** | **18,836,609** |
| Loss for the full year | - | (751,587) | - | - | **(751,587)** |
| Other comprehensive income | - | - | - | - | - |
| | **74,817,881** | **(57,288,593)** | **(127,495)** | **683,229** | **18,085,022** |
| Issue of Shares | 9,532,109 | - | - | - | 9,532,109 |
| Cost of share issue | (555,121) | - | - | - | (555,121) |
| Share based payments | - | - | - | 387,931 | 387,931 |
| Transfer from Share Based Payment Reserve on vesting/lapsing of securities | 13,162 | 164,671 | - | (177,833) | - |
| Additions to reserves | - | - | (5,481) | - | (5,481) |
| **Balance at 30 June 2020** | **83,808,031** | **(57,123,921)** | **(132,976)** | **893,327** | **27,444,461** |

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

# Consolidated Statement of Cash Flows

| | Notes | Consolidated Group | |
|---|---|---|---|
| | | 2020 | 2019 |
| | | $ | $ |
| **Cash flows from operating activities** | | | |
| **Continued operations** | | | |
| Interest received | | 52,127 | 63,290 |
| Receipts from other income | | 110,000 | 16,842 |
| Payments to suppliers and employees | | (1,183,841) | (1,508,326) |
| **Net cash used in operating activities** | 19 | (1,021,715) | (1,428,194) |
| **Cash flows from investing activities** | | | |
| Payment for exploration and evaluation | | (6,453,121) | (4,993,488) |
| Payment for acquisition of mineral assets | | (350,000) | - |
| Proceeds from sale of royalty | | 350,000 | - |
| Proceeds from sale of exploration assets | | - | 2,103,597 |
| Payment for other non-current assets | | (58,725) | - |
| **Net cash used in investing activities** | | (6,511,846) | (2,889,891) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares and options | | 9,484,702 | 5,322,670 |
| Transaction costs related to issue of shares, convertibles, or options | | (555,121) | (129,859) |
| Repayment of borrowings | | (85,210) | (59,753) |
| **Net cash provided by financing activities** | | 8,844,371 | 5,133,058 |
| Net change in cash and cash equivalents held | | 1,310,810 | 814,973 |
| Cash and cash equivalents at beginning of financial year | | 5,197,394 | 4,379,799 |
| Effect of movement in exchange rate on cash held | | 2,965 | 2,622 |
| **Cash and cash equivalents at end of financial year** | 9 | **6,511,170** | **5,197,394** |

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

# 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').7

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 11 September 2020.

**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.

**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 2020. 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 12 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) Changes in Accounting Policies**

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period as set out below:

AASB 16: *Leases* has been applied retrospectively, with the cumulative effect of initially applying the Standard recognised as an adjustment to the opening balance of retained earnings at 1 July 2019. In accordance with AASB 16, the comparative information for the 30 June 2019 reporting period has not been restated and continues to be reported under AASB 117: *Leases*.

The Group has recognised a lease liability and right of use asset for all leases (with the exception of short-term and low value leases) recognised as operating leases under AASB 117: *Leases* where the Group is the lessee.

The lease liabilities are measured at the present value of the remaining lease payments. The Groups incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

In the previous year, the group only recognised lease assets and liabilities in relation to leases that were classified as "finance leases" under AASB 117: *Leases*. The assets were presented in property, plant and equipment and the liabilities as part of the group's borrowings.

The following summary indicates the adjustments and reclassifications of financial statement line items in the balance sheet due to the implementation of AASB 16 as at 1 July 2019.

| | **Carrying amount under AASB 117** | **Adjustments** | **Carrying amount under AASB 16** |
|---|---|---|---|
| | **$** | **$** | **$** |
| Property, plant and equipment | 123,385 | (123,385) | - |
| Right of use assets | - | 123,385 | 123,385 |
| Interest Bearing Liabilities - Current | 68,424 | (68,424) | - |
| Lease liabilities - Current | - | 68,424 | 68,424 |
| Interest Bearing Liabilities Non-Current | 57,425 | (57,425) | - |
| Lease liabilities – Non-Current | - | 57,425 | 57,425 |
| Retained earnings | | - | |

| *Measurement of lease liabilities* | **$** |
|---|---|
| Operating lease commitments disclosed as at 30 June 2019 | 97,597 |
| Elimination of leases expiring within 12 months | (13,600) |
| Discounted using the lessee's incremental borrowing rate of at the date of initial application | (9,852) |
| Add: finance lease liabilities recognised as at 30 June 2019 | 125,849 |
| Lease liabilities recognised as at 1 July 2019 | 199,994 |
| | |
| Represented by: | |
| – Current lease liabilities | 104,529 |
| – Non-current lease liabilities | 95,465 |
| | 199,994 |

*Measurement of right of use assets*

The associated right of use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

**c) New Accounting Standards and Interpretations**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2020. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

*New Conceptual Framework for Financial Reporting*
A revised Conceptual Framework for Financial Reporting has been issued by the AASB and is applicable for annual reporting periods beginning on or after 1 January 2020. This release impacts for-profit private sector entities that have public accountability that are required by legislation to comply with Australian Accounting Standards and other for-profit entities that voluntarily elect to apply the Conceptual Framework. Phase 2 of the framework is yet to be released which will impact for-profit private sector entities. The application of new definition and recognition criteria as well as new guidance on measurement will result in amendments to several accounting standards. The issue of AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework, also applicable from 1 January 2020, includes such amendments. Where the consolidated

entity has relied on the conceptual framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under Australian Accounting Standards, the consolidated entity may need to revisit such policies. The consolidated entity will apply the revised conceptual framework from 1 July 2020 and is yet to assess its impact.

**d) 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.

*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.

**e) 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% |
| Vehicles and machinery | 13-33% |

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.

**f) Leases**

At inception of a contract the Group assesses if the contract contains or is a lease. If there is a lease present and the Group is the lessee, a right-of-use asset and a corresponding lease liability is recognised. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

**g) Fair Value of Assets and Liabilities**

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

**h) Financial Instruments**

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

**Classification and subsequent measurement**

*Financial liabilities*

Financial instruments are subsequently measured at:
- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:
- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:
- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or

- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in a effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

*Financial assets*

Financial assets are subsequently measured at:
- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:
- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:
- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss if:
- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

*Equity instruments*

At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3: Business Combinations applies, the Group made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

**Derecognition**

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

*Derecognition of financial liabilities*

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

*Derecognition of financial assets*

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (ie the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the general approach to impairment, as applicable under AASB 9: *Financial Instruments*:

Under the general approach, at each reporting period, the Group assesses whether the financial instruments are credit-impaired, and if:

- the credit risk of the financial instrument has increased significantly since initial recognition, the Group measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- there is no significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

*Recognition of expected credit losses in financial statements*

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

**i) 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.

**j) 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.

**k) 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 wholly 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, the fair value of Performance Rights is ascertained using the Monte Carlo method.

**l) 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.

**m) 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.

**n) Revenue and Other Income**

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

Research and development credits are treated as Other Income 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.

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

**o) 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.

**p) 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.

**q) Comparative Figures**

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

**r) Going Concern**

The consolidated entity has incurred operating losses of $751,587 (2019: $2,240,006) and negative operating cash flows of $1,021,715 (2019: $1,428,194) for the year ended 30 June 2020. The consolidated entity's net current asset position as at 30 June 2020 was $4,970,059 (2019: $4,765,148) including $6,511,170 in cash (2019: $5,197,394).

During the year the following issues of capital were made:

- 22 August 2019 - the Company completed the placement of the shortfall from the rights issue conducted in May 2019, placing a total of 192,793,865 shares (subsequently subject to a 10:1 consolidation) at $0.016 raising $3,084,702
- 1 June 2020 - the Company completed the placement of a total of 40,450,926 shares at $0.16 raising $6,447,407

For details on the remaining shares issued during the year see Note 20. Subsequent to the end of the financial year, a Share Purchase Plan concluded raising a further $2,000,000 on the issue of 12,500,000 at $0.16.

The entity has planned to use these funds largely on exploration and development activities, the expenditure of which can be varied and applied discretionarily.

The Groups cash balance of $6,511,170 as at 30 June 2020 leaves it with sufficient funding to continue to meet operational expenditure requirements, including minimum exploration commitments across its tenement portfolio. Nevertheless, the nature of an exploration company is to have negative cash flow from operations, as such the Company considers it likely that it may need to raise equity from time to time as successfully demonstrated most recently in June 2020, August 2019 and May 2019.

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.

**s) Joint arrangements and associates**

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, Monte Carlo, or an agreed fair value. The related assumptions are detailed in Note 20. 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. Such capitalised exploration expenditure is carried at the end of the reporting period at $22,295,304 (see Note 22).

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.

*Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the operations, assets, and geographic regions in which the consolidated entity operates. There does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

## 2. OTHER INCOME

| | **Consolidated Group** | |
|---|---|---|
| | 2020<br>$ | 2019<br>$ |
| **Other income** | | |
| Interest income | 52,127 | 63,290 |
| DMIRS EIS funding | 60,000 | 14,921 |
| Gain on sale of exploration assets | 650,000 | - |
| Government grant | 50,000 | - |
| Consulting fees | - | 13,991 |
| Profit on sale of available for sale financial assets | - | 21,298 |
| Total other income | 812,127 | 113,500 |

| | Consolidated Group | |
|---|---|---|
| | 2020 | 2019 |
| | $ | $ |
| **3. DEPRECIATION AND ASSET IMPAIRMENTS** | | |
| **Depreciation of:** | | |
| - right of use asset | (37,070) | - |
| - plant and equipment | - | - |
| Total depreciation and amortisation | (37,070) | - |
| **Impairments** | | |
| Impairment of exploration expenditure | (77,805) | - |
| Total impairments | (77,805) | - |

During the period two Northern Territory exploration licenses were relinquished. As a result $77,805 of capitalised exploration expenditure, being the full carrying amount of these exploration assets, was impaired.

## 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 | |
|---|---|---|
| | 2020 | 2019 |
| | $ | $ |
| Accounting loss before income tax | (751,587) | (2,240,006) |
| Income tax benefit calculated at 27.5% | (206,686) | (616,002) |
| Non-deductible expenses | 88,773 | 305,559 |
| Tax losses/temporary difference not brought into account | 117,913 | 310,443 |
| Income tax expense (benefit) | - | - |

The tax rate used in the above reconciliation is the corporate tax rate of 27.5% payable by Australian corporate entities on taxable profits under Australian tax law.

**(b) Analysis of deferred tax asset**

No deferred tax assets have been recognised other than to offset deferred tax liabilities, as it is currently not probable that future taxable profit will be available to realise the asset. The potential deferred tax asset on carry forward losses amounts to $4,748,803 (2019: $3,510,046).

**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. RIGHT OF USE ASSETS

The Groups Right of use Assets include buildings (in the form of an office lease) and plant and equipment. Both leases have a remaining term of under 2 years.

| | Consolidated Group | |
|---|---|---|
| | **30 June 2020**<br>**$** | **1 July 2019[1]**<br>**$** |
| **a. Right of use assets** | | |
| Leased Buildings | 74,145 | 74,145 |
| Accumulated Amortisation | (37,070) | - |
| Net Carrying Value | 37,075 | 74,145 |
| Leased Equipment | | |
| Excavator | 200,786 | 200,786 |
| Accumulated Amortisation | (145,056) | (77,401) |
| Net Carrying Value | 55,730 | 123,385 |
| **Total Net Carrying Value** | **92,805** | **197,530** |
| | | |
| **b. Lease liabilities** | | |
| Current | (116,418) | (104,529) |
| Non-current | - | (95,465) |
| | (116,418) | (199,994) |

[1] In the previous year, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as "finance leases" under AASB 117: Leases. The assets were presented in property, plant and equipment and the liabilities as part of the group's borrowings. This included the Excavator which was previously included in Property, Plant and Equipment. For adjustments on adoption of AASB 16 on 1 July 2019, please refer to Note 6a.

## 6. 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 2020 and 2019 reporting periods are as follows.

| | Consolidated Group | |
|---|---|---|
| | 2020<br>$ | 2019<br>$ |
| Short-term employee benefits | 704,351 | 913,809 |
| Post-employment benefits | 55,670 | 75,937 |
| Equity-settled share-based payments | 266,251 | 532,652 |
| Total | 1,026,272 | 1,522,398 |

## 7. AUDITOR REMUNERATION

| | Consolidated Group | |
|---|---|---|
| | 2020 $ | 2019 $ |
| Remuneration of the auditor of the Company for: | | |
| - auditing or reviewing the financial statements | 34,880 | 33,526 |
| - non-audit services | 10,840 | 31,733 |
| Total | 45,720 | 65,259 |

## 8. LOSS PER SHARE

| | | Consolidated Group | |
|---|---|---|---|
| | | 2020 $ | 2019 $ |
| (a) | Basic loss per share (cents per share) | (0.424) | (0.176) |
| (b) | Diluted loss per share (cents per share) | (0.424) | (0.176) |
| (c) | Weighted average number of ordinary shares on issue used in the calculation of basic loss per share | 177,093,415 | 1,272,659,816 |
| (d) | Loss used in calculation of basic loss per share | ($751,587) | ($2,240,006) |

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.

## 9. CASH AND CASH EQUIVALENTS

| | Consolidated Group | |
|---|---|---|
| | 2020 $ | 2019 $ |
| Cash at bank and in hand | 1,511,170 | 1,947,394 |
| Short-term deposits | 5,000,000 | 3,250,000 |
| Total | 6,511,170 | 5,197,394 |

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 of between 0.45% and 0.75% per annum depending on term (2019: 1.5-2.3%).

## 10. TRADE AND OTHER RECEIVABLES

| | Consolidated Group | |
|---|---|---|
| | 2020 $ | 2019 $ |
| **Current** | | |
| Royalty sale share consideration | 300,000 | - |
| Other receivables | 588,764 | 70,917 |
| Total current trade and other receivables | 888,764 | 70,917 |

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 Group applies the AASB 9 general approach to measuring expected credit losses, which permits the use of the lifetime expected loss provision for all other receivables. Under the general approach a nil expected loss rate was applied to all receivables as at 30 June 2020 and 30 June 2019.

| | Consolidated Group | |
|---|---|---|
| | 2020 | 2019 |
| | $ | $ |
| **11. FINANCIAL ASSETS** | | |
| **Financial assets at fair value through profit and loss:** | | |
| **At fair value** | | |
| Shares in listed entities | 1,943 | 1,943 |
| | 1,943 | 1,943 |

Financial assets at fair value through profit and loss consist of investments in ordinary shares.

(i) Listed shares

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

## 12. CONTROLLED ENTITIES

| Name | Country of Incorporation | Principal Activity | Beneficial Percentage Interest Held By Economic Entity | |
|---|---|---|---|---|
| | | | 2020 % | 2019 % |
| Slipstream WANT Pty Ltd | Australia | Mineral Exploration | 100 | 100 |
| 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 |
| Centex Resources Ltd (formerly U Energy Pty Ltd) | Australia | Mineral exploration | 100 | 100 |
| WCB Pacific Pty Limited | Australia | Mineral exploration | 100 | 100 |
| WCB Australia Pty Limited | Australia | Mineral exploration | 100 | 100 |
| WCB PNG Limited | Papua New Guinea | Mineral exploration | 100 | 100 |
| WCB PNG Exploration Limited | Papua New Guinea | Mineral exploration | 100 | 100 |
| Gallipoli Exploration (PNG) Limited | Papua New Guinea | Mineral exploration | 100* | 70 |

* As at 30 June 2020 Kingston held an 81% interest in Gallipoli, it secured agreement to acquire the remaining 19% on 24 June 2020.

## 13. PROPERTY, PLANT AND EQUIPMENT

| | Consolidated Group 2020 $ | Consolidated Group 2019 $ |
|---|---|---|
| Plant and equipment:[1] | | |
| At cost | - | 201,952 |
| Accumulated depreciation | - | (78,597) |
| | - | 123,385 |
| Motor vehicles: | | |
| Opening balance | 68,759 | 68,759 |
| Exchange rate adjustment on opening balance | (669) | 924 |
| Acquisitions | 57,908 | - |
| Disposals | - | - |
| Closing Balance | 125,998 | 69,683 |
| | | |
| Accumulated depreciation | | |
| Opening balance | 68,759 | 68,759 |
| Exchange rate adjustment on opening balance | (669) | 924 |
| Depreciation for the year | 12,670 | - |
| Closing balance | 81,684 | 69,683 |
| | | |
| Net Book Value – Motor Vehicles | 44,314 | - |

[1] see Note 2(b) for adjustments recognised on adoption of AASB 16 on 1 July 2019

## 14. TRADE AND OTHER PAYABLES

| | Consolidated Group 2020 $ | Consolidated Group 2019 $ |
|---|---|---|
| Trade payables – unsecured | 438,089 | 483,205 |
| Other payables and accruals | 161,872 | (87,092) |
| Balance owing on Joint Venture share acquisition | 1,650,000 | - |
| Total | 2,249,961 | 396,113 |

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

| | Consolidated Group | | | |
|---|---|---|---|---|
| | 30 June 2020 | | 30 June 2019 | |
| | Number of Fully Paid Ordinary Shares | $ | Number of Fully Paid Ordinary Shares | $ |
| **15. ISSUED CAPITAL** | | | | |
| **(a) Movements in contributed equity for the year** | | | | |
| Balance at the beginning of the year | 1,567,427,741 | 74,817,881 | 1,214,961,029 | 69,244,553 |
| - 25 July 2019 | 5,698,978 | 13,162 | | |
| - 22 Aug 2019 | 192,793,865 | 3,084,702 | | |
| - 19 Nov 2019 consolidation adjustment | (1,589,328,267) | - | | |
| - 1 June 2020 | 40,450,926 | 6,447,407 | | |
| Shares issued during the previous financial year: | | | | |
| - 18 July 2018 | | | 8,237,354 | 197,696 |
| - 29 April 2019 | | | 164,062,500 | 2,625,000 |
| - 6 May 2019 | | | 2,250,000 | 36,000 |
| - 7 May 2019 | | | 90,350,000 | 1,445,600 |
| - 9 May 2019 | | | 28,900,000 | 460,218 |
| - 5 June 2019 | | | 58,666,858 | 938,670 |
| Less capital raising costs | | (555,121) | - | (129,856) |
| Total contributed equity | 217,043,243 | 83,808,031 | 1,567,427,741 | 74,817,881 |

During the period the Company issued share capital amounting to 198,492,843 fully paid ordinary shares of no par value which were subsequently subject to a 10:1 consolidation effective 19 November 2019. A further 40,450,926 fully paid ordinary shares of no par value were issued post the consolidation (2019: 1,567,427,741). At shareholders' meetings each fully paid ordinary share is entitled to one vote when a poll is called.

On 22 August 2019, the Company completed the placement of the shortfall from the rights issue conducted in May 2019, placing a total of 192,793,865 shares at $0.016 raising $3,084,702.

On 1 June 2020, the Company completed the placement of a total of 40,450,926 shares at $0.16 raising $6,447,407. For details on the remaining shares issued during the year see Note 20.

During the financial year no fully paid ordinary shares 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.

**(b) 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 20 Share-based Payments.

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

**(c) 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.

## 16. RESERVES

**(a) Share-based Payment Reserve**

The share-based payment reserve records items recognised as expenses on valuation of unlisted employee and consultant incentive scheme options and performance rights. Refer to Note 20 Share-based Payments for further details.

## 17. 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 currently held tenements is:

| | Consolidated Group | |
|---|---|---|
| **Exploration commitment** | 2020<br>$ | 2019<br>$ |
| Not later than one year | 123,000 | 102,000 |
| Later than one year and less than five years | 188,632 | 210,241 |

In April 2018 the Group entered into a three year finance lease for the purchase of exploration equipment on Misima Island. The future minimum lease payments are as follows:

| **Finance lease commitment** | **Consolidated Group** 2020 $ | 2019 $ |
|---|---|---|
| Not later than one year | 75,158 | 68,424 |
| Later than one year and less than five years | - | 57,425 |

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

| **Operating lease commitment** | **Consolidated Group** 2020 $ | 2019 $ |
|---|---|---|
| Not later than one year | 42,822 | 54,775 |
| Later than one year and less than five years | - | 42,822 |

## 18. 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. Thus, segmented disclosures are not required.

## 19. 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** 2020 $ | 2019 $ |
|---|---|---|
| **Reconciliation of Loss from Ordinary Activities to Net Cash Flows from Operating Activities** | | |
| Loss for the year | (751,587) | (2,240,006) |
| Depreciation | 37,070 | - |
| Share-based payments | 435,577 | 891,274 |
| Impairment of exploration expenditure | 77,805 | - |
| Revaluation of assets at FVTPL | - | - |
| (Gain)/Loss on sale | (650,000) | (21,298) |
| Unrealised fx (gain)/losses | 30,268 | 162,445 |
| Changes in assets and liabilities | | |
| Decrease/(increase) in trade and other receivables | (530,925) | (65,880) |
| Decrease/(increase) in prepayments | 1,963 | - |
| (Decrease) in trade payables | 305,145 | 10,236 |
| (Decrease)/increase in other payables, provisions and accruals | 22,969 | (296,725) |
| Exchange rate impact on balances | | - |
| Net cash flows from operating activities | (1,021,715) | (1,428,194) |

**(b) Non-cash investing activity**

Included in trade and other payables is $1,650,000 balance owing to Joint Venture share acquisition that is considered as non-cash investing activity.

## 20. SHARE-BASED PAYMENTS

(i) Share options and performance rights 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 2020.

**Share options:**

| Date of grant | Share-based payment | Number granted | Value | Share Price on Issue | Number on issue post consolidation adjustment | Exercise Price | Expiry |
|---|---|---|---|---|---|---|---|
| 28 Aug 2018 | LTI Options | 7,375,909 | 75,629 | 0.022 | 737,591 | 0.270 | 30 June 2021 |
| 09 Nov 2018 | LTI Options | 23,000,000 | 259,871 | 0.024 | 2,300,000 | 0.270 | 30 June 2021 |
| 13 May 2019 | STI Options | 2,000,000 | - | 0.017 | 200,000 | 0.010 | 31 Dec 2020 |
| 6 Nov 2019 | LTI Options | 7,281,957 | 292,942 | 0.170 | 7,281,957 | 0.010 | 31 Dec 2023 |

**Performance Rights:**

| Date of grant | Share-based payment | Number granted | Value | Number on issue post consolidation adjustment | Expiry |
|---|---|---|---|---|---|
| 01 Dec 2017 | LTI Performance Rights[1] | 8,577,740 | 53,182 | 857,775 | 30 June 2021 |
| 28 Aug 2018 | LTI Performance Rights[2] | 5,350,568 | 31,782 | 535,057 | 30 June 2022 |
| 09 Nov 2018 | LTI Performance Rights[2] | 11,198,863 | 84,932 | 1,119,887 | 30 June 2022 |
| 8 April 2019 | LTI Performance Rights[3] | 1,500,000 | 18,452 | 150,000 | 8 April 2021 |
| 6 Nov 2019 | STI Performance Rights[4] | 2,427,320 | 48,486 | 2,427,320 | 31 July 2020 |

[1] FY18 LTI Performance Rights issued on 1 December 2017 will vest if the Company achieves a market capitalisation greater than $70 million on or before 30 June 2021.

[2] FY19 LTI Performance Rights issued on 23 August 2018 and 9 November 2018 will vest if the Company achieves a market capitalisation greater than $70 million on or before 30 June 2022.

[3] These Performance Rights were granted to key employees as a retention incentive. The remaining balance will be granted if the holders are employed as at 8 April 2021

[4] FY20 STI Performance Rights issued on 6 November 2019 had the following vest criteria:

(a) Up to 50% of STI Performance Rights will automatically vest if the Company's June 2020 VWAP is between 120% to 150% of the Company's June 2019 VWAP; and

(b) Up to 50% of the STI Performance Rights will vest, at the Board's discretion, upon the achievement of operational performance measures before 30 June 2020.

On 17 July 2020 Kingston issued senior management 932,175 shares on vesting of the FY20 STI Performance Rights (1,495,145 lapsed)

The principal assumptions used in estimating the value of the STI and LTI options include volatility of 55% determined with reference to the Company's historic volatility and the volatility of peer group companies, and a risk free interest rate of 1.9%.

The number and weighted average exercise prices of share options granted to employees and directors is as follows:

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | **Number of Options** | **Weighted Average Exercise Price $** | **Number of Options** | **Weighted Average Exercise Price $** |
| Outstanding at beginning of period | 34,375,909 | 0.027 | 13,500,000 | $0.07 |
| Expired during the period | (2,000,000) | 0.001 | 13,500,000 | $0.07 |
| Consolidation adjustment | (29,138,318) | | | |
| Issued during the period | 7,281,957 | 0.01 | 34,375,909 | $0.024 |
| Outstanding at year-end | 10,519,518 | 0.08 | 34,375,909 | $0.024 |
| Exercisable at year-end | 3,037,591 | 0.27 | 30,375,909 | $0.027 |

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

**Share options:**

| Date of grant | Share-based payment | Number granted | Value | Share price on issue | Exercise Price | Expiry |
|---|---|---|---|---|---|---|
| 31 Jan 2020 | Advisory fees | 600,000 | $28,051 | $0.175 | $0.25 | 31 Jan 2023 |

There were no options exercised during the year ended 30 June 2020 (2019: nil).

**Ordinary shares:**

On 1 June 2020, Kingston granted 325,926 shares in settlement of marketing and advisory fees to S3 Consortium Pty Ltd. The shares were valued at $0.16 per share (total value $47,407).

## 21. 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 6 Interests of Key Management Personnel. There were no other transactions with Key management personnel.

### (b) Directors' Interests

As at 30 June 2020 the relevant interests 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 LTI Options | Performance Rights |
|---|---|---|---|
| Anthony Wehby [1] | 1,161,491 | 300,000 | 174,205 |
| Andrew Corbett [2] | 2,292,923 | 4,171,563 | 1,667,374 |
| Stuart Rechner [3] | 294,669 | 300,000 | 136,875 |
| Mick Wilkes [4] | 467,500 | 300,000 | 136,875 |

[1] 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

[2] Andrew Corbett holds a relevant interest in the specified number of `securities 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 securities

[3] Stuart Rechner holds a relevant interest in the specified number of securities as a result of being a director of Osmium Holdings Pty Limited as trustee of Ferndale Superannuation Fund, which is the registered holder of those securities

[4] Mick Wilkes holds a relevant interest in the specified number of securities as a result of being a director of Integrated Mining Solutions Pty Limited, which is the registered holder of those securities. He was appointed on 6 July 2019

## 22. CAPITALISED EXPLORATION EXPENDITURE

| | Consolidated Group | |
|---|---|---|
| | 2020 $ | 2019 $ |
| Opening Balance | 13,963,407 | 8,839,290 |
| Foreign exchange adjustment | 4,405 | - |
| Impairment of assets | (77,805) | - |
| Acquisition of mining assets of Gallipoli | 2,000,000 | - |
| Capitalised exploration expenditure | 6,405,297 | 5,124,117 |
| Total exploration expenditure capitalised | 22,295,305 | 13,963,407 |

During the period two exploration licenses were relinquished. As a result, $77,805 of capitalised exploration expenditure, being the full carrying amount of these exploration assets, was impaired.

An impairment assessment was undertaken of the Group's exploration assets held at the end of FY20. Nothing has come to the Company's attention to indicate that amounts recorded as Capitalised Exploration Expenditure as at 30 June 2020 are not reasonable, require impairment, or do not meet the requirements of AASB 6.

Of the total $22,295,305 capitalised exploration expenditure, $19,809,985 is attributable to the Misima Gold Project, $2,446,276 is attributable to the Livingstone Gold Project, and $39,043 is other projects.

## 23. FINANCIAL INSTRUMENTS

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

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 10 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 2020 or 30 June 2019.

**(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 | |
|---|---|---|
| | 2020<br>$ | 2019<br>$ |
| **Financial assets** | | |
| Cash and cash equivalents | 6,511,170 | 5,197,394 |
| | 6,511,170 | 5,197,394 |
| **Impact on post tax profit / (loss) and equity** | | |
| + 2% in interest rate | 130,223 | 103,948 |
| - 2% in interest rate | (130,223) | (103,948) |

**(d) Foreign currency risk**

The Group is not exposed to significant financial risks from movements in foreign exchange rates. 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. The majority of the equity investments are of a high quality and are publicly traded on global exchanges.

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.

| | | **2020** | | **2019** | |
|---|---|---|---|---|---|
| | **Footnote** | **Net Carrying Value<br>$** | **Fair Value<br>$** | **Net Carrying Value<br>$** | **Fair Value<br>$** |
| **Consolidated Group** | | | | | |
| **Financial assets** | | | | | |
| Cash and cash equivalents | (i) | 6,511,170 | 6,511,170 | 5,197,394 | 5,197,394 |
| Trade and other receivables | (i) | 888,764 | 888,764 | 70,917 | 70,917 |
| Financial assets at fair value | (ii) | 1,943 | 1,943 | 1,943 | 1,943 |
| **Total financial assets** | | 7,401,877 | 7,401,877 | 5,270,254 | 5,270,254 |
| **Financial liabilities** | | | | | |
| Trade and other payables | (i) | 2,249,961 | 2,249,961 | 396,113 | 396,113 |
| Interest bearing liabilities | | 75,158 | 75,158 | 125,849 | 125,849 |
| **Total financial liabilities** | | 2,325,119 | 2,325,119 | 521,962 | 521,962 |

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.

(iii) Interest bearing liabilities are carried at amortised cost.

## 24. PARENT COMPANY INFORMATION

| | Parent Entity | |
|---|---|---|
| | 2020<br>$ | 2019<br>$ |
| **Assets** | | |
| Current assets | 6,795,783 | 5,048,911 |
| Non-current assets | 20,974,206 | 13,603,406 |
| Total assets | 27,769,989 | 18,652,317 |
| **Liabilities** | | |
| Current liabilities | 561,593 | 190,528 |
| Non-current liabilities | - | - |
| Total liabilities | 561,593 | 190,528 |
| **Equity** | | |
| Issued capital | 83,808,031 | 74,817,881 |
| Accumulated losses | (57,492,962) | (57,039,322) |
| Share-based payments reserve | 893,327 | 683,229 |
| Total equity | 27,208,396 | 18,481,788 |
| **Financial performance** | | |
| Loss for the year | (618,311) | (2,712,587) |
| Other comprehensive income / (loss) | - | - |
| Total comprehensive loss | (618,311) | (2,712,587) |

**Contractual commitments**

There are no contractual commitments for the parent entity during the financial year. Refer to note 17 for exploration commitments.

## 25. SUBSEQUENT EVENTS

On 3 July 2020 the $2,000,000 Share Purchase Plan announced on 27 May 2020 closed oversubscribed. 12,500,000 shares were subsequently issued at $0.16 on the 14th of July alongside receipt of funds.

On 17 July 2020 1,007,175 STI performance rights vested, a further 1,495,145 STI performance rights and 368,563 LTI performance rights lapsed.

Other than the above, there has been no other matter or circumstance which has arisen since 30 June 2020 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 21 to 49, and the Remuneration disclosures that are contained in page 10 to 17 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 2020 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 10 to 17 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 Managing Director and Chief Financial Officer.

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**
Non-Executive Chairman
Sydney, New South Wales

15 September 2020

AUDITOR REPORT

AUDITOR REPORT

AUDITOR REPORT

AUDITOR REPORT

AUDITOR REPORT

**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. For FY21 Kingston is transitioning to adoption of the fourth 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 January 2020.

The Company's Corporate Governance Statement for the financial year ending 30 June 2020 was approved by the Board on 11 September 2020. 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 28 August 2020.

## SHAREHOLDER INFORMATION

### Distribution of Ordinary Shares at 28 August 2020

| Distribution | No. of Shareholders (ASX code – KSN) |
|---|---|
| 100,001 and Over | 216 |
| 10,001 to 100,000 | 851 |
| 5,001 to 10,000 | 369 |
| 1,001 to 5,000 | 529 |
| 1 to 1,000 | 282 |
| **Total** | **2,247** |

There are 299 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 28 August 2020

Contributed Equity (ASX code – KSN)

| | Name | Holding | % |
|---|---|---|---|
| 1 | WINCHESTER INVESTMENTS GROUP PTY LIMITED | 34,000,000 | 14.75 |
| 2 | DELPHI UNTERNEHMENSBERATUNG AKTIENGESELLSCHAFT | 19,536,219 | 8.47 |
| 3 | FARJOY PTY LTD | 15,187,141 | 6.59 |
| 4 | J P MORGAN NOMINEES AUSTRALIA PTY LIMITED | 14,830,835 | 6.43 |
| 5 | SLIPSTREAM RESOURCES INVESTMENTS PTY LTD | 9,581,240 | 4.16 |
| 6 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 8,276,888 | 3.59 |
| 7 | BNP PARIBAS NOMS PTY LTD | 4,937,254 | 2.14 |
| 8 | CITICORP NOMINEES PTY LIMITED | 4,511,379 | 1.96 |
| 9 | BNP PARIBAS NOMINEES PTY LTD | 4,183,712 | 1.81 |
| 10 | TLG TRADING PTY LTD | 2,650,000 | 1.15 |
| 11 | LIGHTNING JACK PTY LTD | 2,571,225 | 1.12 |
| 12 | PASAGEAN PTY LIMITED | 2,458,378 | 1.07 |
| 13 | TRILLBAR RESOURCES PTY LTD | 2,191,304 | 0.95 |
| 14 | MR CARL DILENA | 2,000,000 | 0.87 |
| 15 | CARPENTARIA CORPORATION PTY LTD | 1,816,558 | 0.79 |
| 16 | SOARAWAY DEVELOPMENT PTY LTD | 1,574,382 | 0.68 |
| 17 | BERNE NO 132 NOMINEES PTY LTD | 1,562,500 | 0.68 |
| 18 | ALBIANO HOLDINGS PTY LTD | 1,542,000 | 0.67 |
| 19 | DIADEM INVESTMENTS PTY LTD | 1,418,750 | 0.62 |
| 20 | KAOS INVESTMENTS PTY LIMITED | 1,407,869 | 0.61 |
| | Top 20 Total | **136,237,634** | **59.09** |
| | Other Shareholders | **94,312,784** | **40.91** |
| | Total on Issue | **230,550,418** | **100.00** |

### Substantial Shareholders at 28 August 2020

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

Winchester Investments Group Pty Limited – 34,000,000 fully paid ordinary shares

Delphi Unternehmensberatung Aktiegesellshaft – 19,536,219 fully paid ordinary shares

Farjoy Pty Ltd – 15,187,141 fully paid ordinary shares

**Number of Holders of Each Class of Securities at 28 August 2020**

As at 28 August 2020, the Company had 230,550,418 fully paid ordinary shares held by 2546 individual shareholders and:

- 200,000 unlisted options (KSNSTUO2) held by two individual option holders;
- 3,037,591 unlisted options (KSNLTUO6) held by eight individual option holders;
- 7,281,957 unlisted options (KSNLTUO7) held by four individual option holders;
- 600,000 unlisted options (KSNOP8), held by one individual option holder.

**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 no restricted securities at 30 August 2020.

**3. UNQUOTED SECURITIES**

| | **Options/Rights over Ordinary Shares (No.)** | **Expiry Date** | **Exercise Price** |
|---|---|---|---|
| Director and Employee Options | 3,037,591 | 30/06/2021 | $0.27 |
| Employee Options | 200,000 | 31/12/2020 | $0.001 (Vesting Conditions) |
| Employee Options | 7,281,957 | 31/07/2023 | $0.001 (Vesting Conditions) |
| Unlisted Options | 600,000 | 31/01/2023 | $0.25 |
| Performance Rights | 857,775 | 30/06/2021 | Nil (Vesting Conditions) |
| Performance Rights | 1,654,944 | 30/06/2022 | Nil (Vesting Conditions) |
| Performance Rights | 75,000 | 8/4/2021 | Nil (Vesting Conditions) |
| **Total Unlisted Securities on Issue** | **13,707,267** | | |

**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 |
|---|---|---|---|
| EL1747 | Misima | Live | 81% |
| Tenement | Project/Name | Status | Ownership |
| E 52/3403 | Livingstone | Live | 75% |
| E 52/3667 | Livingstone | Live | 75% |