



KINGSTON RESOURCES LIMITED

ABN 44 009 148 529

Annual Financial Report
For the year ended 30 June 2021

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Corporate Directory

DIRECTORS

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

Anthony Wehby (MAICD)
Non-Executive Director

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

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

COMPANY SECRETARY

Chris Drew (B Comm (Hons), CFA)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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North Sydney NSW 2060
AUSTRALIA

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

AUDITORS

Hall Chadwick Chartered Accountants

SHARE REGISTRY

Automic Group

BANKERS

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

SOLICITORS

Cowell Clarke Commercial Lawyers
Ashurst Australia

STOCK EXCHANGE

Australian Securities Exchange (ASX)
Secondary Listing - Frankfurt Stock Exchange

ASX CODE

KSN

Chairman's Letter

Dear Stakeholders of Kingston Resources Limited

Welcome to the Annual Report for 2021.

It has certainly been a challenging year with the ongoing pandemic affecting markets and businesses all over the world, including Kingston. Despite this, the Company completed the Pre-Feasibility Study (PFS) for the proposed project development at Misima Island. This study demonstrated the very robust economics of the Project, even at conservative gold prices. The Company also made excellent progress on the Environment and Social Impact Assessment (ESIA) and the Definitive Feasibility Study (DFS). In addition to the project development and permitting studies, a substantial drilling program was completed at Misima which led to a significant increase in the size and confidence in the gold resource at Misima. Total gold resources increased to 3.8Moz, while importantly the amount of indicated resources, as defined by the latest JORC code, increased by 39% to 2.5Moz. This is a very significant result. Andrew and his team have overcome significant challenges in PNG created by the restrictions due to Covid 19, and on behalf of the Board I would like to extend our appreciation to all employees for their continued hard work and resilience in these trying times.

Gold prices have come off a little this year but remain strong at around US\$1800 per ounce. This continued strong gold price underpins the assumptions for the DFS which I believe are conservative. Continued global uncertainty with the pandemic, geopolitical tensions, and huge budget deficits being run by governments across the world provide a strong outlook for gold over the medium to long term. For these reasons I remain confident in the future of the gold mining industry and the success of Misima.

The management and Board of your Company remain steadfast in our commitment to value creation through the development of this world class asset. During my 10 years living and working in PNG during the 1990's, I was very impressed with how well the Misima Mine operated. Misima was arguably a jewel in the crown for Placer Pacific, the former owner and operator, because of how efficiently it ran and what a great place it was to work. The mining and processing of the ore is proven and relatively straight forward, and the logistics are good being well located in the Coral Sea. The local people and the Government were very supportive, and continue to be so, which is testament to the way it was run before. I have no doubt that if we re-create the operating environment that existed then, the Misima mine will return to its status as a leading gold producer in PNG and indeed the South Pacific region.

However, this doesn't come without lots of hard work and principled development. Throughout my career I have made social performance a hallmark of the many mine developments I have been involved with. The commitment to maximising the benefits to all stakeholders including local communities and governments, whilst minimising environmental and social impact, is central to our philosophy for the redevelopment of Misima. It is with this mindset that we progress the environmental assessments and engineering studies, engaging with all affected communities every step of the journey, to reach the best outcome. I would like to thank all communities at Misima for their ongoing engagement.

I would also like to thank all of our shareholders for their continued support. The future of Kingston Resources is exciting and we are committed to creating real shareholder value by maximising the value of our assets.

Your sincerely

Mick Wilkes

Non-Executive Chair

17 September 2021

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 2021 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 \$1,954,631 (2020: \$751,587). The increased FY21 loss relative to FY20 is due to increased operating expenditure in FY21 and the gain on the sale of exploration assets that occurred in FY20.

Review of Operations

Kingston took a number of significant steps towards the development of the Misima Gold Project through FY21. Most notably, the first phase of mining studies was completed, with the Misima Pre-Feasibility Study (PFS) released on 24 November 2020. The study demonstrated compelling project economics and established Misima as a long life, large scale, low cost operation.

Key PFS metrics are summarised below:

PFS metric	Units	Value	
LOM	Years	17	
LOM gold production	oz	2,133,157	
LOM average annual gold production	oz	129,282	
Annual mill throughput	Mt	5.5	
Capital expenditure	A\$m	283	
LOM AISC	A\$/oz	1,159	
LOM average recovery	%	89.4%	
LOM strip ratio	waste:ore	5.1	
LOM strip ratio (excluding backfill)	waste:ore	3.7	
Gold Price	US\$/oz	\$1600	\$1900
Exchange Rate	AUD:USD	\$0.70	\$0.70
LOM revenue	A\$m	5,081	5,996
LOM free cash flow	A\$m	1,466	2,094
NPV (8%) pre tax	A\$m	822	1,279
NPV (8%) post tax	A\$m	535	857
IRR pre-tax	%	33%	48%
IRR post-tax	%	26%	37%
Payback	years	4.67	2.75

Table 1: Key PFS Metrics, for full details please see ASX Announcement 24 November 2020.

In completing the PFS on time and budget, the advantage of having an extensive body of historical information available to Kingston through the Placer records was clearly evident. This enabled a detailed understanding of the successful Placer operation and formed the basis from which Kingston advanced its mining studies. In developing the Misima Gold Project, Kingston is largely seeking to replicate what worked for Placer through its 15 years of mining at Misima over which it delivered 3.7Moz of gold production.

Alongside the PFS, Kingston's maiden Ore Reserve at Misima was announced at 1.35Moz. Following delivery of these key milestones, Kingston commenced work on its Definitive Feasibility Study (DFS) as well as the approvals process, with work on both the Environmental and Social Impact Assessment (ESIA) and Mining License (ML) application now well underway.

While work on studies and approvals was ongoing, Kingston continued drilling activities with a focus on infill drilling of Kulumalia at the Southern end of the Umuna deposit. Significant drilling results reported during the period included:

- GDD093 10.7m @ 1.34g/t Au & 8.1g/t Ag from 44m
14.2m @ 1.61 g/t Au & 4g/t Ag from 146.8m
- GDD095 7m @ 1.14g/t Au & 15.7g/t Ag from 54.7m
3.8m @ 2.42g/t Au & 1.5g/t Ag from 183.8m
- GDD096 9.1m @ 1.6 g/t Au & 10.5g/t Ag from 194.9m
22.4m @ 0.99g/t Au & 27.8g/t Ag from 212m
- GDD101 20.7m @ 2.52g/t Au & 86.1g/t Ag from 99.3m
- GDD104 17.5m @ 2.28g/t Au & 2.5g/t Ag from 221.9m
- GDD108 21.3m @ 1.69g/t Au & 30.5g/t Ag from 218m
- GDD109 6m @ 2.32g/t Au & 46.5g/t Ag from 142m, and
21.5m @ 0.94g/t Au & 121g/t Ag from 210.9m

Notable in the Kulumalia drilling results was a number of high grade silver assays, with results reported during the period including:

- GDD095 13m @ 59.3g/t Ag from 214.9m
- GDD096 7.2m @ 149.8g/t Ag from 28m
- GDD098 21.5m @ 62.2g/t Ag from 169m
- GDD099 3.6m @ 195g/t Ag from 27.4m
4.9m @ 172g/t Ag from 49.4m
- GDD101 2m @ 193g/t Ag & 0.68g/t Au from 87m
- GDD101 37.4m @ 90.9g/t Ag & 1.5g/t Au from 91.6m
- GDD108 12m @ 44.0g/t Ag & 1.73g/t Au from 218m
- GDD109 6m @ 46.5g/t Ag & 2.32g/t Au from 142m
27.7m @ 107g/t Ag & 0.84g/t Au from 210.9m
- GDD110 3m @ 228g/t Ag & 2.53g/t Au from 104m
2m @ 91.3g/t Ag & 1.19g/t Au from 110m

The drilling during FY21 contributed to the Resource update released subsequent to the end of the financial year which delivered a 39% increase in Indicated gold ounces and 6% increase in total gold ounces. The total Misima Resource now stands at 169Mt @ 0.71g/t Au and 4.1g/t Ag for 3.8Moz Au and 22.1Moz Ag, (see Table 2), including an Indicated Resource of 97.7Mt at 0.79g/t Au and 4.3g/t Ag for 2.5Moz Au and 13.4Moz Ag. The updated Resource provides an enhanced platform from which to advance mining studies, with the

significant increase in Indicated ounces highlighting the potential to deliver a step-up in Ore Reserves following completion of the DFS in Q1 2022.

Kingston concluded FY21 having advanced work on the Misima Gold Project DFS, with metallurgical testing largely complete, geotechnical work underway, site surveys complete and tendering for major engineering packages released. Subsequent to the end of the year, geotechnical drilling has commenced, engineering packages have been awarded, and detailed engineering work has commenced on plant and mine infrastructure and mine planning.

Alongside the DFS work programs, a number of on-the-ground ESIA studies were completed or commenced during FY21 including water quality assessment, sediment sampling, hydrology and meteorological monitoring, alongside biodiversity, ecological, geochemical, and cultural heritage work programs.

COVID-19 has had an ongoing impact for the Misima operation during the period. Kingston has continued to operate successfully under its COVID-19 management plan and has worked with the PNG Government, Australian Government, the PNG Chamber of Mines and the local Misiman hospital to minimise COVID-19 related risks for all employees and stakeholders. The Company completed and passed an independent COVID-19 Safe Audit for its FIFO and on-site practices that PNG based mining and petroleum companies were required to undertake. This has ensured travel and quarantine related disruptions have been minimised. Domestic travel restrictions within PNG have been relatively limited allowing PNG nationals, who make up over 90% of the site based FIFO team, continued access to site under Kingston's established COVID-19 protocols to progress drilling and mining and environmental studies and work programs. Expatriate staff have been impacted by quarantining requirements, this has been minimised through longer rosters and in-country breaks where possible. Logistics chains have also been impacted with delivery times being subject to increased variability. The Kingston team has successfully adapted to this environment, and work programs have continued on time with the DFS, ESIA, and ML applications all remaining on track for submission in Q1 2022.

At the **Livingstone** Gold Project in Western Australia, the FY21 focus was a tenement-wide geological study designed to place the numerous individual prospects in the Livingstone area into a wider geological context. The intent of the program was to enhance the Company's understanding of the relationship between mineralisation at the various deposits, incorporate them within a Mineral Systems Model, and identify and rank areas that are highly prospective at both a deposit and district scale.

In order to progress this work, Kingston engaged an external consultant with expertise in Western Australian Archean and Paleoproterozoic gold systems. The work integrated all historic data, as well as new information gained during Kingston's tenure. A compilation and review of regional and prospect scale surface exploration datasets, geophysical datasets and 3D drilling data, resulted in the development of a Minerals Systems Model, which can now be applied to bringing a whole-of-tenement perspective to the exploration opportunity and target generation process. This work has significantly enhanced Kingston's understanding of the opportunity at Livingstone where previous exploration, while successfully identifying new deposits, had been focused on localised areas such as the Kingsley Prospect, Stanley Deeps, and the Homestead and Winja Prospects.

Recognition of the highly prospective characteristics of the Padbury basin and Bryah sub-basin and capturing the western extension of the Bryah Sub-basin, combined with a new mineralisation model and the limited historical exploration, has resulted in the definition of a compelling series of exploration targets across the tenement package. Work continues with recent surface sampling returning high-grade gold which will be followed up with regional soil sampling to define drill targets.

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 increased JORC Resource of 105Mt @ 0.93g/t for 3.21Moz Au and in November reported the results of the Pre-Feasibility Study and a maiden Reserve of 48.3Mt @0.87g/t for 1.35Moz 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 and historical workings that, combined with work undertaken by Kingston, 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.

MINERAL RESOURCES TABLE

Misima Gold Project (PNG)

An updated Mineral Resource and Reserve for the Misima Gold Project was reported by Kingston on 15 September 2021.

Deposit	Oxide	Classification	Cutoff g/t Au	Tonnes Mt	Gold g/t Au	Silver g/t Ag	Au Moz	Ag Moz	
Umuna within USD\$1800 Pit Shell	Oxide	Indicated	0.3	20.2	0.65	8.5	0.4	5.5	
		Inferred	0.3	23.3	0.55	5.7	0.4	4.3	
	Primary	Indicated	0.3	73.3	0.82	3.2	1.9	7.5	
		Inferred	0.3	40.8	0.60	2.4	0.8	3.2	
Umuna Total Resource			<i>Indicated</i>	93.5	0.78	4.3	2.4	13.1	
			<i>Inferred</i>	64.1	0.58	3.8	1.2	7.5	
Umuna TOTAL				157.6	0.70	4.1	3.6	20.5	
Cooktown Stockpile	Ox-Trans-Prim	Inferred	0.5	3.8	0.65	7.0	0.1	0.9	
Cooktown Stockpile				3.8	0.65	7.0	0.1	0.9	
Ewatinona within USD\$1800 Pit Shell	Oxide	Indicated	0.3	0.4	0.68	3.2	0.01	0.04	
		Inferred	0.3	1.8	0.69	3.5	0.04	0.20	
	Primary	Indicated	0.3	3.7	0.9	2.5	0.11	0.30	
		Inferred	0.3	1.6	0.79	2.9	0.04	0.15	
	Sub-total			<i>Indicated</i>	4.2	0.88	2.6	0.12	0.3
				<i>Inferred</i>	3.4	0.74	3.2	0.08	0.3
Ewatinona TOTAL				7.6	0.81	2.8	0.2	0.7	
MISIMA			<i>Indicated</i>	97.7	0.79	4.3	2.5	13.4	
			<i>Inferred</i>	71.3	0.59	3.8	1.4	8.7	
MISIMA TOTAL				169	0.71	4.1	3.8	22.1	

Table 2: Misima Gold Project Mineral Resource summary as at 30 June 2021, rounding errors may occur.

Item	Mt	Au g/t	Ag g/t	Au koz	Ag koz
Ewatinona					
Probable	3.5	0.84	2.6	95	291
Ewatinona Total	3.5	0.84	2.6	95	291
Umuna					
Probable	44.8	0.87	4.3	1,251	6,191
Umuna Total	44.8	0.87	4.3	1,251	6,191
Probable	48.3	0.87	4.2	1,347	6,482
Misima Total	48.3	0.87	4.2	1,347	6,482

Table 3: Misima Gold Project Ore Reserve Estimate as at 30 June 2021, rounding errors may occur.

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 4: Livingstone Gold Project Mineral Resource summary (no change since 30 June 2020).

The Livingstone Gold Project 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.

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

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

FINANCIAL POSITION

At the end of the financial year, the Consolidated Entity had net assets of \$40,727,110 (2020: \$27,444,462) and held \$11,007,936, in cash (2020: \$6,511,170).

On 14 July 2020, the Company completed a placement of 12,500,000 shares at \$0.16 purchased under a Share Purchase Plan announced 27 May 2020, raising \$2,000,000.

On 11 December 2020, the Company completed a capital raising via placement issuing a total of 48,076,923 shares at \$0.26 raising \$12.5m before fees.

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 31 July 2021 2,417,611 STI performance rights vested, and 1,043,431 STI performance rights lapsed.

On 15 September 2021, the Company reported an update Mineral Resource for the Misima Gold Project as noted on page 7.

Other than the above, there has been no other matter or circumstance which has arisen since 30 June 2021 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 non-compliance with environmental laws.

INFORMATION ON THE DIRECTORS

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

- Mick Wilkes – Chair (Non-Executive), appointed 1 December 2020, previously Non-Executive Director
- Anthony Wehby – Director (Non-Executive) from 1 December 2020, previously Chair
- Andrew Corbett – Director (Managing)
- Stuart Rechner - Director (Non-Executive)

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

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

Term of Office: Appointed Non-Executive Chair of Kingston Resources Limited from 1 December 2020; previously Non-Executive Director of Kingston Resources Limited from 6 July 2018 to 1 December 2020.

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.

Anthony Wehby, Non-Executive Director (MAICD)

Term of Office: Non-Executive Director of Kingston Resources Limited from 1 December 2020; previously Non-Executive Chairman of Kingston Resources Limited from 4 July 2016 to 1 December 2020. Mr Wehby is Chair of the Audit and Risk Committee.

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: Non-Executive Director from 4 July 2016; previously Executive Director of Kingston Resources Limited from 23 February 2015. Mr Rechner is Chair of the Remuneration and Nomination Committee.

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.

COMPANY SECRETARY

Chris Drew has been Company Secretary since 18 December 2019. 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.

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
Anthony Wehby ¹	1,335,696	300,000
Andrew Corbett ²	4,386,128	4,507,864
Stuart Rechner ³	431,544	300,000
Mick Wilkes ⁴	2,527,452	300,000

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 Eligius Holdings Pty Limited as trustee of Eligius Holdings Pty Limited ATF, which is the registered holder of those Shares and Options.

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 2021 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	14	14	2	2	2	2
Andrew Corbett	14	14	-	-	-	-
Mick Wilkes	14	14	2	2	2	2
Stuart Rechner	14	14	2	2	2	2

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 2021 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:

M Wilkes	Non-Executive Chair (appointed Non-Executive Director 6 July 2018, appointed Non-Executive Chair 1 December 2020)
A Wehby	Non-Executive Director (appointed Non-Executive Chairman 4 July 2016, Non-Executive Director 1 December 2020)
A Corbett	Managing Director (appointed 4 July 2016)
S Rechner	Non-Executive Director (transitioned to Non-Executive Director on 4 July 2016)
C Drew	Chief Financial Officer (appointed as CFO on 10 July 2018)

(b) Remuneration Philosophy

The objective of the Group's executive remuneration framework is to attract, motivate and retain high quality personnel then incentivise and reward performance fairly and responsibly. The framework aligns executive reward with the achievement of strategic objectives and the creation of long-term value for shareholders. The Board has established a separate Remuneration and Nomination Committee which meets as required to review remuneration, recruitment, retention, and termination procedures and to evaluate KMP performance. Our values of safety, respect for the environment, respect for each other, social responsibility, honesty and accountability guide the Committee in policy formation and decision making.

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

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. 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 Non-Executive 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.

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

	2021	2020	2019	2018
Net Loss	(\$1,954,631)	(\$751,587)	(\$2,240,006)	(\$5,750,302)
Diluted loss per share (cents/share)	(0.76)	(0.42)	(0.18)	(0.65)
Share price at year end (cents)	22	17	1.3	2.4

Long-term (LTI) and short-term (STI) incentives are 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. Outstanding business and individual performance are required to achieve the maximum level of remuneration. This includes financial; health and safety; and environmental, social & governance components.

During the Financial Year the following incentive performance rights and options were issued:

- Unlisted Options 3,668,834 (FY20 7,681,957 post 10:1 consolidation adjustment)
- STI Performance Rights 3,461,042 (2020 2,427,320 post 10:1 consolidation adjustment).

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 \$350,000 per annum (approved by shareholders at 2018 AGM). Fees may also be paid to non-executive directors for additional consulting services provided to the Company above and beyond normal non-executive duties.

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 2020 Annual General Meeting

Kingston received over 99% of "yes" votes (0.8% of "no" votes) on its remuneration report for the 2020 financial year.

(f) Remuneration Details for the Year Ended 30 June 2021

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.

Director	Short-term Benefits				Post-employment Benefits		Long-term Benefits		Equity-settled Share-based Payments		Cash-settled Share-based Payments	Termination Benefits	Total
	Salary, Fees and Leave	Profit Share and Bonuses	Non-monetary	Other	Pension and Super-annuation	Other	Incentive Plans	LSL	Performance Rights/Shares	Options			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Anthony Wehby													
2021	80,083	-	-	-	7,608	-	-	-	-	15,584	-	-	103,275
2020	66,000	-	-	-	6,270	-	-	-	-	-	-	-	72,270
Andrew Corbett													
2021	308,000	-	-	-	29,260	-	-	-	77,786	56,118	-	-	471,164
2020	285,000	-	-	-	27,075	-	-	-	22,782	137,644	-	-	472,501
Stuart Rechner													
2021	75,555	-	-	-	-	-	-	-	-	15,584	-	-	91,139
2020	56,666	-	-	-	-	-	-	-	-	-	-	-	56,666
Mick Wilkes													
2021	87,481	-	-	-	-	-	-	-	-	15,584	-	-	103,065
2020	61,685	-	-	-	-	-	-	-	-	-	-	-	61,685
Chris Drew													
2021	247,000	-	-	-	23,465	-	-	-	49,904	36,003	-	-	356,372
2020	235,000	-	-	-	22,325	-	-	-	15,028	90,797	-	-	363,150
Total													
2021	798,119	-	-	-	60,333	-	-	-	127,690	138,874	-	-	1,125,016
2020	704,351	-	-	-	55,670	-	-	-	37,810	228,441	-	-	1,026,272

(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.

Anthony Wehby

Mr Wehby was appointed Non-Executive Chair on 4 July 2016 and transitioned to a Non-Executive Director on 1 December 2020. The appointment is contingent upon satisfactory performance and successful re-election by shareholders of the Company as and when required by the constitution of the Company and the Corporations Act. Mr Wehby is not entitled to any termination benefits unless paid at the discretion of directors.

Andrew Corbett

Mr Corbett was appointed as Managing Director on 4 July 2016. Mr Corbett is remunerated pursuant to the terms and conditions of an employment agreement entered into on 4 July 2016 with no fixed term. The agreement may be terminated by either party on the giving of six months' notice. 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.

Stuart Rechner

Mr Rechner was appointed as Executive Director on 23 February 2015 and transitioned to a Non-Executive Director on 4 July 2016. The 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. On 1 December 2020 Mr Wilkes was appointed as Non-Executive Chair. 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 on 1 October 2016 and has no fixed term. The agreement may be terminated by either party on the giving of three months' notice. 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 2021 and 2020 reporting periods is as follows:

2021	Balance at Beginning of Year	Grant Details			Exercised		Lapsed	Other changes	Vested and Exercisable at End of Year No.	Vested and Unexercisable at End of Year No.
		Issue Date	No.	Value	No.	Value	No.			
					\$					
Anthony Wehby	LTI ¹	300,000	09-Nov-18	300,000	33,896	-	-	300,000	-	-
	LTI ²	-	27-Nov-20	300,000	15,584	-	-	-	300,000	-
Andrew Corbett	LTI ¹	750,000	09-Nov-18	750,000	84,741	-	-	750,000	-	-
	LTI ³	3,421,563	06-Nov-19	3,421,563	137,644	-	-	-	-	3,421,563
	LTI ⁴	-	27-Nov-20	1,086,301	56,118	-	-	-	-	1,086,301
Stuart Rechner	LTI ¹	300,000	09-Nov-18	300,000	33,896	-	-	300,000	-	-
	LTI ²	-	27-Nov-20	300,000	15,584	-	-	-	300,000	-
Mick Wilkes	LTI ¹	300,000	09-Nov-18	300,000	33,896	-	-	300,000	-	-
	LTI ²	-	27-Nov-20	300,000	15,584	-	-	-	300,000	-
Chris Drew	LTI ¹	600,000	23-Aug-18	600,000	61,521	-	-	600,000	-	-
	LTI ³	2,257,031	06-Nov-19	2,257,031	90,797	-	-	-	-	2,257,031
	LTI ⁴	-	27-Nov-20	696,926	36,003	-	-	-	-	696,926
		7,928,594		10,611,821	615,266	-	-	2,250,000	900,000	7,461,821

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 27 November 2020 exercisable at 50c - expiry on 30 June 2023

³ Unlisted LTI Options issued 6 November 2019 exercisable at 1c, expiry 31 July 2023, exercise is subject to operational hurdles

⁴ Unlisted LTI Options issued 5 August 2020 and 27 November 2020 exercisable at 1c, expiry 31 July 2023, exercise is subject to share price hurdles

2020	Balance at Beginning of Year	Grant Details			Exercised		Lapsed	Other changes ³	Vested and Exercisable at End of Year No.	Vested and Unexercisable at End of Year No.
		Issue Date	No.	Value	No.	Value	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

Performance Rights Holdings of KMP

The number of performance rights in the Company held by each KMP of the Group during the 2021 and 2020 reporting periods is as follows:

2021	Balance at Beginning of Year	Grant Details			Vested		Lapsed	Other changes	Balance at End of Year	
		Issue Date	No.	Value \$	No.	Value \$	No.	No.		
Anthony Wehby	LTI ¹	174,205	09-Nov-18	174,205	13,212	174,205	45,293	-	-	
Andrew Corbett	STI ²	1,140,521	06-Nov-19	1,140,521	22,782	438,000	91,980	702,521	-	
	STI ³	-	27-Nov-20	1,357,877	77,786	-	-	-	1,357,877	
	LTI ⁴	497,721	01-Dec-17	497,721	30,859	497,721	129,407	-	-	
	LTI ¹	671,932	09-Nov-18	671,932	50,960	671,932	174,702	-	-	
Stuart Rechner	LTI ¹	136,875	09-Nov-18	136,875	10,381	136,875	35,588	-	-	
Mick Wilkes	LTI ¹	136,875	09-Nov-18	136,875	10,381	136,875	35,588	-	-	
Chris Drew	STI ²	752,344	06-Nov-19	752,344	15,028	288,926	60,674	463,418	-	
	STI ³	-	27-Nov-20	871,157	137,644	-	-	-	871,157	
	LTI ⁴	360,054	01-Dec-17	360,054	22,323	360,054	93,614	-	-	
	LTI ¹	535,057	23-Aug-18	535,057	31,782	535,057	139,115	-	-	
		4,405,584		6,634,618	423,137	3,239,645	805,961	1,165,939	-	2,229,034

¹ 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. The vesting hurdle was achieved in November 2020 with rights vesting on 18 December 2020.

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 STI Performance Rights issued on 27 November 2020 will vest as follows: (a) Up to 50% of STI Performance Rights will automatically vest if the Company's June 2021 VWAP is between 120% to 150% of the Company's June 2020 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 2021. All STI Performance Rights that have not vested by 31 July 2021 will automatically lapse and be forfeited.

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. The vesting hurdle was achieved in November 2020 with rights vesting on 18 December 2020.

2020	Balance at Beginning of Year	Grant Details			Vested		Lapsed	Other changes ⁶	Balance at End of Year	
		Issue Date	No.	Value \$	No.	Value \$	No.	No.		
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

Share holdings of KMP

The number of ordinary shares in the Company held by each KMP of the Group during the 2021 and 2020 reporting periods is as follows:

2021	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	Balance at End of Year
Anthony Wehby	973,991	-	174,205	187,500	1,335,696
Andrew Corbett	1,854,923	-	1,607,652	-	3,462,575
Stuart Rechner	200,919	-	136,875	93,750	431,544
Mick Wilkes	280,000	-	136,875	2,110,577	2,527,452
Chris Drew	930,162	-	1,184,037	-	2,114,199
	4,239,995	-	3,239,644	2,391,827	9,871,466

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

(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-20	Issued	Exercised	Lapsed / Cancelled	Held at 30-Jun-21
23-Aug-18	30-Jun-21	27 cents	737,591	-	-	(737,591)	-
09-Nov-18	30-Jun-21	27 cents	2,300,000	-	-	(2,300,000)	-
13-May-19	31-Dec-20	1 cent	200,000	-	-	(200,000)	-
06-Nov-19	31-Jul-23	1 cent	7,281,957	-	-	(463,116)	6,818,841
31-Jan-20	31-Jan-23	25 cents	600,000	-	-	-	600,000
27-Nov-20	31-Jul-23	1 cent	-	2,768,834	-	-	2,768,834
27-Nov-20	31-Jul-23	50 cents	-	900,000	-	-	900,000

During the year ended 30 June 2021 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.

NON AUDIT SERVICES

During the year the Company's auditor provided taxation services to the Company at a total cost of \$23,232.

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 17 September 2021 and
- c) is signed by Mr Mick Wilkes.

Mick Wilkes

Non-Executive Chair
Sydney, New South Wales
17 September 2021

AUDITOR'S INDEPENDENCE DECLARATION

Consolidated Statement of Financial Position

	Notes	Consolidated Group	
		2021	2020
		\$	\$
Current assets			
Cash and cash equivalents	9	11,007,936	6,511,170
Trade and other receivables	10	764,418	888,764
Available for sale financial assets	11	234,731	1,943
Other current assets		61,101	2,519
Total current assets		12,068,185	7,404,396
Non-current assets			
Property, plant and equipment	13	79,216	44,314
Capitalised exploration expenditure	22	30,147,187	22,295,305
Right of use assets	5	-	92,805
Other non-current assets		44,464	41,979
Total non-current assets		30,270,865	22,474,403
Total assets		42,339,050	29,878,799
Current liabilities			
Trade and other payables	14	1,422,742	2,249,961
Interest Bearing Loan – Current portion		16,384	-
Lease Liabilities		-	116,418
Provisions		138,004	67,958
Total current liabilities		1,577,130	2,434,337
Non-current liabilities			
Interest Bearing Loan		34,810	-
Total non-current liabilities		34,810	-
Total liabilities		1,611,940	2,434,337
Net assets		40,727,110	27,444,462
Equity			
Issued capital	15	98,584,828	83,808,031
Accumulated losses		(58,713,189)	(57,123,921)
Share based payment reserve	16	690,419	893,327
Foreign currency translation reserve		165,051	(132,976)
Total equity		40,727,110	27,444,461

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	
		2021	2020
		\$	\$
Continuing Operations			
Other income	2	128,471	812,127
Administration expenses		(316,809)	(315,827)
Employee benefits		(562,196)	(423,198)
Consultant and legal fees		(415,274)	(107,451)
Depreciation and amortisation expenses	3	(39,834)	(37,070)
Director fees		(255,516)	(190,621)
Share based payments expense		(417,069)	(367,287)
Impairment of exploration expenditure	3, 22	-	(77,805)
Other expenses		(8,664)	(14,186)
Mark to market financial assets		(67,212)	
Foreign Exchange Gain/(Loss)		(529)	(30,268)
Loss before income tax expense		(1,954,631)	(751,587)
Income tax expense	4	-	-
Loss for the year		(1,954,631)	(751,587)
Other comprehensive income/(loss)			
Other comprehensive income/(loss) – net of tax		298,027	(5,481)
Total comprehensive loss for the year		(1,656,604)	(757,068)
Basic loss per share (cents)	8	(0.76)	(0.42)
Diluted loss per share (cents)	8	(0.76)	(0.42)

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 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
Balance at 1 July 2020	83,808,031	(57,123,921)	(132,976)	893,327	27,444,461
Loss for the full year	-	(1,954,631)	-	-	(1,954,631)
Other comprehensive income	-	-	-	-	-
	83,808,031	(59,078,553)	(132,976)	893,327	25,489,829
Issue of Shares	15,035,029	-	-	-	15,035,029
Cost of share issue	(483,833)	-	-	-	(483,833)
Share based payments	-	-	-	388,056	388,056
Transfer from Share Based Payment Reserve on vesting/lapsing of securities	225,600	365,364	-	(590,964)	-
Additions to reserves	-	-	298,027	-	297,886
Balance at 30 June 2021	98,584,828	(58,713,189)	165,051	690,419	40,727,110

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	
		2021	2020
		\$	\$
Cash flows from operating activities			
Continued operations			
Interest received		39,709	52,127
Receipts from other income		88,762	110,000
Payments to suppliers and employees		(1,521,361)	(1,183,841)
Net cash used in operating activities	19	(1,392,889)	(1,021,715)
Cash flows from investing activities			
Payment for exploration and evaluation		(6,857,661)	(6,453,121)
Payment for acquisition of mineral assets		(1,650,000)	(350,000)
Proceeds from sale of royalty		-	350,000
Payment for other non-current assets		(51,205)	(58,725)
Net cash used in investing activities		(8,558,866)	(6,511,846)
Cash flows from financing activities			
Proceeds from issue of shares and options		15,000,000	9,484,702
Transaction costs related to issue of shares, convertibles, or options		(483,833)	(555,121)
Proceeds from borrowings		51,194	-
Repayment of borrowings		(109,328)	(85,210)
Net cash provided by financing activities		14,458,033	8,844,371
Net change in cash and cash equivalents held		4,506,278	1,310,810
Cash and cash equivalents at beginning of financial year		6,511,170	5,197,394
Effect of movement in exchange rate on cash held		(9,511)	2,965
Cash and cash equivalents at end of financial year	9	11,007,936	6,511,170

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 17 September 2021.

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 2021. 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:

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 2021. 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.

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 an effective hedging relationship).

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 \$1,954,631 (2020: \$751,587) and negative operating cash flows of \$1,392,889 (2020 \$1,021,715) for the year ended 30 June 2021. The consolidated entity's net current

asset position as at 30 June 2021 was \$10,491,055 (2020: \$4,970,059) including \$11,007,936 in cash (2019: \$6,511,170).

During the year the following significant issues of capital were made:

- On 14 July 2020, the Company completed a placement 12,500,000 shares at \$0.16 purchased under a Share Purchase Plan announced 27 May 2020, raising \$2,000,000.
- On 18 December 2020, the Company completed the placement of a total of 48,076,923 shares at \$0.26 raising \$12,500,000.

For details on the remaining shares issued during the year see Note 15.

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 Group's cash balance of \$11,007,936 as at 30 June 2021 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 July and December 2020. If the Group is unsuccessful in raising capital, a material uncertainty exists, that may cast significant doubt on the Group's ability as a going concern and its ability to recover assets, and discharge liabilities in the normal course of business and at the amount shown in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

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

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 \$30,147,187 (see Note 22).

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

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.

	Consolidated Group	
	2021	2020
	\$	\$
2. OTHER INCOME		
Other income		
Interest income	39,709	52,127
DMIRS EIS funding	38,762	60,000
Gain on sale of exploration assets	-	650,000
Government grant	50,000	50,000
Total other income	<u>128,471</u>	<u>812,127</u>

	Consolidated Group	
	2021	2020
	\$	\$
3. DEPRECIATION AND ASSET IMPAIRMENTS		
Depreciation of:		
- right of use asset	(37,075)	(37,070)
- motor vehicles	(2,759)	-
Total depreciation and amortisation	<u>(39,834)</u>	<u>(37,070)</u>
Impairments		
Impairment of exploration expenditure	-	(77,805)
Total impairments	<u>-</u>	<u>(77,805)</u>

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	
	2021	2020
	\$	\$
Accounting loss before income tax	(1,954,631)	(751,587)
Income tax benefit calculated at 26 (FY20 27.5%)%	(508,204)	(206,686)
Non-deductible expenses	114,838	88,773
Tax losses/temporary difference not brought into account	393,366	117,913
Income tax expense (benefit)	<u>-</u>	<u>-</u>

The tax rate used in the above reconciliation is the corporate tax rate of 26% (FY20 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 \$5,869,720 (2020: \$4,748,803).

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 2021	30 June 2020¹
	\$	\$
a. Right of use assets		
Leased Buildings	74,145	74,145
Accumulated Amortisation	(74,145)	(37,070)
Net Carrying Value	-	37,075
Leased Equipment		
Excavator	200,786	200,786
Accumulated Amortisation	(200,786)	(145,056)
Net Carrying Value	-	55,730
Total Net Carrying Value	-	92,805
b. Lease liabilities		
Current	-	(116,418)
Non-current	-	-
	-	(116,418)

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.

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 2021 and 2020 reporting periods are as follows.

	Consolidated Group	
	2021	2020
	\$	\$
Short-term employee benefits	798,119	704,351
Post-employment benefits	60,333	55,670
Equity-settled share-based payments	266,564	266,251
Total	1,125,016	1,026,272

7. AUDITOR REMUNERATION

Remuneration of the auditor of the Company for:

	Consolidated Group	
	2021	2020
	\$	\$
- auditing or reviewing the financial statements	36,137	34,880
- non-audit services	23,232	10,840
Total	59,369	45,720

8. LOSS PER SHARE

	Consolidated Group	
	2021	2020
	\$	\$
(a) Basic loss per share (cents per share)	(0.76)	(0.42)
(b) Diluted loss per share (cents per share)	(0.76)	(0.42)
(c) Weighted average number of ordinary shares on issue used in the calculation of basic loss per share	258,138,770	177,093,415
(d) Loss used in calculation of basic loss per share	(\$1,954,631))	(\$751,587)

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	
	2021	2020
	\$	\$
Cash at bank and in hand	8,507,936	1,511,170
Short-term deposits	2,500,000	5,000,000
Total	11,007,936	6,511,170

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 a short-term deposit rate of 0.10% per annum depending on term (2020: 0.45% and 0.75%).

10. TRADE AND OTHER RECEIVABLES	Consolidated Group	
	2021	2020
	\$	\$
Current		
Royalty sale share consideration	-	300,000
Other receivables	764,418	588,764
Total current trade and other receivables	764,418	888,764

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 2021 and 30 June 2020.

11. FINANCIAL ASSETS	Consolidated Group	
	2021	2020
	\$	\$
Financial assets at fair value through profit and loss:		
At fair value		
Shares in listed entities	234,731	1,943
	234,731	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	
			2021	2020
			%	%
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	100

	Consolidated Group	
	2021	2020
	\$	\$
13. PROPERTY, PLANT AND EQUIPMENT		
Motor vehicles:		
Opening balance	125,998	68,759
Exchange rate adjustment	-	(669)
Acquisitions	51,205	57,908
Disposals	-	-
Closing Balance	<u>125,998</u>	<u>125,998</u>
Accumulated depreciation		
Opening balance	81,684	68,759
Exchange rate adjustment	-	(669)
Depreciation for the year	16,303	12,670
Closing balance	<u>97,987</u>	<u>81,684</u>
Net Book Value – Motor Vehicles	<u>79,216</u>	<u>44,314</u>

	Consolidated Group	
	2021	2020
	\$	\$
14. TRADE AND OTHER PAYABLES		
Trade payables – unsecured	1,020,692	438,089
Other payables and accruals	402,050	161,872
Balance owing on Joint Venture share acquisition		1,650,000
Total	<u>1,318,652</u>	<u>2,249,961</u>

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

	Consolidated Group			
	30 June 2021		30 June 2020	
	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	217,043,243	83,808,031	1,567,427,741	74,817,881
- 14 July 2020	12,500,000	2,000,000		
- 17 Jul 2020	1,007,175	29,593		
- 27 Nov 2020	498,809	29,160		
- 18 Dec 2020	50,589,642	12,669,898		
- 2 Feb 2021	1,923,077	500,000		
- 8 April 2021	175,000	31,979		
Shares issued during the previous financial year:				
- 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
Less capital raising costs		(483,833)		(555,121)
Total contributed equity	<u>283,736,946</u>	<u>98,584,828</u>	<u>217,043,243</u>	<u>83,808,031</u>

During the period the Company issued share capital amounting to 66,693,703 fully paid ordinary shares of no par value. At shareholders' meetings each fully paid ordinary share is entitled to one vote when a poll is called.

On 14 July 2020, the Company completed a placement 12,500,000 shares at \$0.16 purchased under a Share Purchase Plan announced 27 May 2020, raising \$2,000,000.

On 18 December 2020, the Company completed the placement of a total of 48,076,923 shares at \$0.26 raising \$12,500,00.

On 2 February 2021 following the Company completed the placement of 1,923,077 shares raising \$500,000.

During the financial year, no fully paid ordinary shares were issued as a result of the exercise of options, 4,058,010 shares were issued as a result of Performance Rights vesting.

Since the end of the financial year end, no ordinary shares have been issued as a result of the exercise of options, 2,417,611 shares were issued as a result of Performance Rights vesting .

(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 equity 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	
	2021	2020
Exploration commitment	\$	\$
Not later than one year	123,000	123,000
Later than one year and less than five years	144,055	188,632

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:

	Consolidated Group	
	2021	2020
	\$	\$
Finance lease commitment		
Not later than one year	-	75,158
Later than one year and less than five years	-	-

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

	Consolidated Group	
	2021	2020
	\$	\$
Operating lease commitment		
Not later than one year	-	42,822
Later than one year and less than five years	-	-

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	
	2021	2020
	\$	\$
Reconciliation of Loss from Ordinary Activities to Net Cash Flows from Operating Activities		
Loss for the year	(1,954,631)	(751,587)
Depreciation	39,834	37,070
Share-based payments	417,069	435,577
Impairment of exploration expenditure	-	77,805
Revaluation of assets at FVTPL	67,212	-
(Gain)/Loss on sale	-	(650,000)
Unrealised fx (gain)/losses	529	30,268
Changes in assets and liabilities		
Decrease/(increase) in trade and other receivables	(222,661)	(530,925)
Decrease/(increase) in prepayments	(58,820)	1,963
Decrease/(increase) in other non-current assets	(6,682)	-
(Decrease) in trade payables	255,215	305,145
(Decrease)/increase in provisions	70,046	22,969
Net cash flows from operating activities	(1,392,889)	(1,021,715)

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 2021.

Share options:

Date of grant	Share-based payment	Number granted	Value	Share Price on Issue	Number on issue post consolidation adjustment	Exercise Price	Expiry
6 Nov 2019	LTI Options	7,281,957	292,942	0.170	7,281,957	0.010	31 Dec 2023
27 Nov 2020	LTI Options	2,768,834	143,037	0.295	2,768,834	0.010	31 July 2023
27 Nov 2020	LTI Options	900,000	46,753	0.295	900,000	0.500	31 July 2023

Performance Rights:

Date of grant	Share-based payment	Number granted	Value	Number on issue post consolidation adjustment	Expiry
27 Nov 2020	STI Performance Rights ¹	3,461,062	198,266	3,461,062	31 July 2021

¹ STI Performance Rights issued on 27 November 2020 will vest as follows:

- (a) Up to 50% of STI Performance Rights will automatically vest if the Company's June 2021 VWAP is between 120% to 150% of the Company's June 2020 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 2021.

Of these STI Performance Rights, those that have not vested by 31 July 2022 will automatically lapse and be forfeited..

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 1.0%.

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

	2021		2020	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at beginning of period	10,519,548	0.27	34,375,909	0.027
Expired during the period	(3,700,707)	0.22	(2,000,000)	0.001
Consolidation adjustment	-		(29,138,318)	
Issued during the period	3,668,834	0.05	7,281,957	0.01
Outstanding at year-end	10,487,675	0.01	10,519,548	0.08
Exercisable at year-end	900,000	0.50	3,037,591	0.27

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

Ordinary shares:

On 27 November 2020, Kingston granted 25,693 shares in partial settlement of consulting fees to Maxwell Energy & Resources Pty Ltd. The shares were valued at \$0.295 per share for a total value of \$7,579.

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).

21. RELATED PARTY TRANSACTIONS

(a) Key Management Personnel

Key management personnel compensation has been included in the Remuneration Report section of the Directors' Report and Note 6 Interests of Key Management Personnel.

During the year the Company incurred Consulting Fees of \$7,200 to Integrated Mining Solutions Pty Ltd, the Company's Chairman Mick Wilkes is a Director and Shareholder of Integrated Mining Solutions Pty Ltd.

(b) Directors' Interests

As at 30 June 2021 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
Anthony Wehby ¹	1,335,696	300,000
Andrew Corbett ²	3,462,575	4,507,864
Stuart Rechner ³	431,544	300,000
Mick Wilkes ⁴	2,527,452	300,000

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 Eligius Holdings Pty Limited as trustee of Eligius Holdings Pty Ltd ATF, which is the registered holder of those securities.

22. CAPITALISED EXPLORATION EXPENDITURE

	Consolidated Group	
	2021	2020
	\$	\$
Opening Balance	22,295,305	13,963,407
Impairment of assets	-	(77,805)
Acquisition of mining assets of Gallipoli	-	2,000,000
Capitalised exploration expenditure	7,725,237	6,405,297
Foreign exchange differences	126,645	4,405
Total exploration expenditure capitalised	30,147,187	22,295,305

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 2021 are not reasonable, require impairment, or do not meet the requirements of AASB 6.

Of the total \$30,147,187 capitalised exploration expenditure, \$26,772,516 is attributable to the Misima Gold Project, \$3,335,686 is attributable to the Livingstone Gold Project, and \$38,985 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 commercial loan.

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 which 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 2021 or 30 June 2020.

(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	
	2021	2020
	\$	\$
Financial assets		
Cash and cash equivalents	11,007,936	6,511,170
	<u>11,007,936</u>	<u>6,511,170</u>
Impact on post tax profit / (loss) and equity		
+ 2% in interest rate	220,159	130,223
- 2% in interest rate	(220,159)	(130,223)

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

(f) Fair value

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

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

	Footnote	2021		2020	
		Net Carrying Value \$	Fair Value \$	Net Carrying Value \$	Fair Value \$
Consolidated Group					
Financial assets					
Cash and cash equivalents	(i)	11,007,936	11,007,936	6,511,170	6,511,170
Trade and other receivables	(i)	764,418	764,418	888,764	888,764
Financial assets at fair value	(ii)	234,731	234,731	1,943	1,943
Total financial assets		12,002,699	12,002,699	7,401,877	7,401,877
Financial liabilities					
Trade and other payables	(i)	1,422,742	1,422,742	2,249,961	2,249,961
Interest bearing liabilities		51,194	51,194	116,418	116,418
Total financial liabilities		1,369,846	1,369,846	2,366,379	2,366,379

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 are 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	
	2021	2020
	\$	\$
Assets		
Current assets	10,642,969	6,795,783
Non-current assets	30,350,366	20,974,206
Total assets	<u>40,993,334</u>	<u>27,769,989</u>
Liabilities		
Current liabilities	751,733	561,593
Non-current liabilities	0	-
Total liabilities	<u>751,733</u>	<u>561,593</u>
Equity		
Issued capital	98,584,828	83,808,031
Accumulated losses	-59,033,646	(57,492,962)
Share-based payments reserve	690,419	893,327
Total equity	<u>40,241,601</u>	<u>27,208,396</u>
Financial performance		
Loss for the year	(1,906,048)	(618,311)
Other comprehensive income / (loss)	-	-
Total comprehensive loss	<u>(1,906,048)</u>	<u>(618,311)</u>

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 31 July 2021 2,417,611 STI performance rights vested, and 1,043,431 STI performance rights lapsed.

On 15 September 2021, the Company reported an update Mineral Resource for the Misima Gold Project as noted on page 7.

Other than the above, there has been no other matter or circumstance which has arisen since 30 June 2021 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 47, and the Remuneration disclosures that are contained in page 12 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 2021 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 12 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.

MICK WILKES
Non-Executive Chairman
Sydney, New South Wales

17 September 2021

AUDITOR REPORT

AUDITOR REPORT

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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 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 2021 was approved by the Board on 17 September 2021. 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 31 August 2021.

SHAREHOLDER INFORMATION

Distribution of Ordinary Shares at 31 August 2021

Distribution	No. of Shareholders (ASX code – KSN)
above 0 up to and including 1,000	270
above 1,000 up to and including 5,000	565
above 5,000 up to and including 10,000	348
above 10,000 up to and including 100,000	844
above 100,000	224
Total	2,251

There are 490 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 31 August 2021

Contributed Equity (ASX code – KSN)

	Name	Holding	%
1	WINCHESTER INVESTMENTS GROUP PTY LIMITED	34,000,000	11.88%
2	DELPHI UNTERNEHMENSBERATUNG AKTIENGESELLSCHAFT	21,755,938	7.60%
3	DELPHI UNTERNEHMENSBERATUNG AKTIENGESELLSCHAFT	20,686,219	7.23%
4	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	15,911,249	5.56%
5	FARJOY PTY LTD	15,187,141	5.31%
6	CS FOURTH NOMINEES PTY LIMITED	11,636,879	4.07%
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	10,994,507	3.84%
8	SLIPSTREAM RESOURCES INTERNATIONAL PTY LTD	7,450,250	2.60%
9	BNP PARIBAS NOMS PTY LTD	7,283,150	2.55%
10	BNP PARIBAS NOMINEES PTY LTD	5,375,542	1.88%
11	CITICORP NOMINEES PTY LIMITED	5,271,358	1.84%
12	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,071,110	1.77%
13	WGS PTY LTD	3,916,888	1.37%
14	MS GABRIELA BALLANOVA DREW	2,750,280	0.96%
15	TLG TRADING PTY LTD	2,650,000	0.93%
16	LIGHTNING JACK PTY LTD	2,571,225	0.90%
17	ELIGIUS HOLDINGS PTY LTD	2,527,452	0.88%
18	MILAMAR GROUP PTY LTD	2,283,313	0.80%
19	TRILLBAR RESOURCES PTY LTD	2,191,304	0.77%
20	MILAMAR GROUP PTY LTD	2,102,816	0.73%
	Total	181,616,621	63.47%
	Total on Issue	286,154,557	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:

Delphi Unternehmensberatung Aktiengesellschaft – 42,442,157 fully paid ordinary shares

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

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

Number of Holders of Each Class of Securities at 31 August 2021

As at 31 August 2021, the Company had 286154,557 fully paid ordinary shares held by 2251 individual shareholders and:

- 6,818,841 unlisted options (KSNLTUO7) held by three individual option holders;
- 2,768,834 unlisted options (KSNLTUO8) held by five individual option holders;
- 900,000 unlisted options (KSNOP9), held by three 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
Employee Options	6,818,841	31/07/2023	\$0.01 (Vesting conditions apply)
Employee Options	2,768,834	31/07/2023	\$0.01 (Vesting conditions apply)
Employee Options	900,000	30/06/2023	\$0.50
Unlisted Options	600,000	31/01/2023	\$0.25
Total Unlisted Securities on Issue	11,087,675		

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	100%
Tenement	Project/Name	Status	Ownership
E 52/3403	Livingstone	Live	75%
E 52/3667	Livingstone	Live	75%