KINGSTON RESOURCES LIMITED

ABN 44 009 148 529

2017 Annual Financial Report

For the year ended 30 June 2017

Contents

Corporate Directory

DIRECTORS	**Anthony Wehby, (FCA, MAICD)** Non-Executive Chairman **Andrew Corbett, (B Eng (Mining, Hons), MBA)** Managing Director **Stuart Rechner, (BSc, LLB, MAIG, GAICD)** Non-Executive Director **Andrew Paterson (MAIG, GAICD)** Executive Director
COMPANY SECRETARY	**Rozanna Lee**
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	Suite 205, 283 Alfred Street North North Sydney NSW 2060 AUSTRALIA Telephone (02) 8021 7492 Email info@kingstonresources.com.au Website www.kingstonresources.com.au
AUDITORS	Grant Thornton Audit Pty Ltd Chartered Accountants Level 17, 383 Kent St Sydney NSW 2000
SHARE REGISTRY	Link Market Services Pty Ltd Level 12 250 St Georges Terrace Perth WA 6000
BANKERS	Australia & New Zealand Banking Group Limited Level 1, 1275 Hay Street West Perth WA 6005
SOLICITORS & CORPORATE ADVISERS	Cowell Clarke Commercial Lawyers Level 5 63 Pine St Adelaide SA 5000
STOCK EXCHANGE	Listed on the Australian Securities Exchange The home exchange is in Perth, Western Australia
ASX CODE	KSN – fully paid ordinary shares

Chairman's Letter

Dear Stakeholders

I am pleased to introduce the Annual Report and Financial Statements for the year ended 30 June 2017.

When KSN shareholders voted in July 2016 to approve the significant changes to the Company we embarked on a process to build KSN into a successful exploration company. Our approach has been to assess and test the potential within our portfolio and to pursue opportunities to grow that portfolio.

We began with a portfolio of promising lithium targets and adequate funding to rapidly assess their potential. As reported throughout the year and elsewhere in the Annual Report, we carried out a range of lithium exploration programs in Western Australia and Northern Territory. The results of this work now form the basis for developing our programs for 2018 and beyond.

The KSN team, led by Andrew Corbett, also evaluated a range of investment opportunities throughout the year. As a result of that work we were very pleased to enter into an option agreement to acquire an interest in the Livingstone Gold Project. Initial exploration work on this project indicates exciting potential which will be pursued in the coming year.

Expansion of our asset base remains a priority for board and management and we continue to seek value by applying a disciplined commercial approach to project opportunities.

The first year of the new KSN has been demanding on our small team and I take this opportunity to thank them for their efforts and to congratulate them on what has been achieved for the Company.

We are grateful to all our shareholders for your support and encouragement and we look forward to a successful 2018, which is already shaping up to be one of exciting challenges.

Your sincerely

Anthony S Wehby

Non-Executive Chairman

29 August 2017

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 2017 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 $1,153,471 (2016: $4,587,718), the reduced FY17 loss compared to FY16 reflects the absence of any asset impairments (2016 $4,365,531).

Review of Operations

Kingston Resources had an active and exciting year to 30 June 2017. On 4 July 2016, shareholder approval was received for a $6.85m capital raising and the concurrent acquisition of a portfolio of lithium exploration assets. New board and management appointments were also made. Following this transaction, Kingston holds lithium exploration licenses across four key project areas, three of which were advanced significantly during FY17. Aligned with its lithium/gold/copper focus, Kingston also completed the purchase of an option to acquire the Livingstone Gold project in December 2016. Initial sampling and auger drilling at Livingstone's Find has delivered very encouraging results. Both the Slipstream and Livingstone acquisitions and activity for the year are summarised below.

Summary of Acquisitions

- **Slipstream WANT:** On 4 July 2016, KSN received EGM approval for its $6.85m capital raising and concurrent acquisition of Slipstream WANT Pty Ltd. Slipstream WANT owned 20 lithium exploration tenements, 2 of which were granted, 18 were in the application stage. Consideration for the acquisition was 165m KSN shares plus $500,000 in cash. There were also Milestone shares provided, which would see KSN issue the vendor 90m shares if a 5Mt resource of >1% Li_20 was discovered on the tenements, plus a further 90m shares if a 15Mt resource of >1% Li_20 was discovered. The Milestone shares will expire on 30 June 2019.

- **Livingstone:** On 21 December 2016, KSN completed the acquisition of an option to purchase a 75% interest in the Livingstone Gold Project from Trillbar Resources. In consideration for the option, KSN paid the vendors 5.5m KSN shares and 5m 2.5c KSN options expiring in three years. KSN has 12 months to exercise the option. In order to exercise the option, KSN is required to have spent a minimum of $200,000 on exploration on the project. If KSN exercises the option, it will pay the vendor a further $300,000 in KSN equity issued at a 10% discount to the 20 day VWAP prior to the date of exercise.

Lithium Exploration Review

Bynoe / Wingate Projects: These projects cover 497 km^2 of the extensive Bynoe and Wingate tin-tantalum-lithium pegmatite fields where Core Exploration Limited (ASX:CXO) and Liontown Resources Limited (ASX:LTR) have had encouraging early exploration success. Through FY17, Kingston completed initial mapping and sampling programs, and a joint geophysics program with regional neighbours, Core Exploration Limited and Liontown Resources Limited. This was followed up with a drill program completed in June 2016, which delivered a best intersection of 12m at 1.43% Li_2O from 121m. Follow up geochemical sampling has helped further refine targets in the area and Kingston is also trialling the use of Deep Ground Penetrating Radar (DPGR) which it believes has the potential to deliver significant value as a targeting tool in the region. DPGR promises to help accurately distinguish pegmatites from surrounding country rock under cover. Pegmatites' lack of contrasting density, magnetic susceptibility, or conductivity makes them difficult to identify using conventional geophysical techniques. Kingston anticipates further fieldwork, including DPGR programs to be concluded in the six months to December 2017 ahead of a second drilling campaign in Bynoe.

North Arunta Project: The North Arunta region is known to host tin / tantalum rich pegmatites, a strong indicator that the extensive pegmatites in the area may be LCT type pegmatites, which host lithium mineralisation in other hard rock pegmatite fields. Initial fieldwork, including mapping and geochemical sampling was undertaken during the period with a number of high grade rock chips and soil anomalies identified. Two priority areas have been identified within the Spotted Wonder prospect, Delmore and Tank Hill. Kingston is progressing approvals for an RC program to test these targets.

Mount Cattlin Project: This project lies 15 km south west of the Mt Cattlin lithium mine owned by Galaxy Resources Limited (ASX:GXY). The tenements cover the Annabelle Volcanics, which host Lithium-Cesium-Tantalum (LCT) pegmatites and are considered prospective for lithium mineralisation. During the year Kingston completed its initial fieldwork programs, successfully identifying a significant lithium-in-soil anomaly at the Deep Purple Prospect. An initial small scale drill program was completed in January 2017, with a best intersection of 5m at 1.11% Li_2O from 7m. Kingston intends to work towards a follow up program in the region once further fieldwork has been completed.

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

Gold Exploration Review

Livingstone, located northwest of Meekatharra in Western Australia, is an advanced exploration project with an existing JORC2004 Inferred mineral resource of 49,900 ounces and a number of high-grade drilling intersections that indicate excellent potential for additional discoveries.

An initial 2190m drill program on the smaller scale Homestead and Winja prospects was completed in March 2017. Best results at Homestead include:

- 7m @ 12.59g/t from 35m
- 3m @ 5.81g/t from 30m
- 12m @ 2.46g/t from 87m

And best results at Winja include:

- 18m @ 3.03g/t from 45m, including 7m @ 5.14g/t

These results highlight the potential for these prospects to host structurally controlled zones of significant gold grades.

An auger program was carried out over the large scale Livingstone's Find anomaly. The drilling, conducted over an area of approximately 17km^2, revealed high-tenor gold anomalies extending more than 2km across each of the Stanley and Mt Seabrook prospects. The results include gold values in excess of 1,000ppb or 1g/t Au. At the Mt Seabrook area, which includes two lines of old workings known as Mt Seabrook No.1 and No.2, auger drilling defined a large area of gold anomalism greater than 50ppb Au. The Mt Seabrook anomaly covers an area of over 2km long and up to 800m wide with a peak assay of 1.74g/t Au. The Mt

Seabrook workings were sampled in 2016 by Kingston, with grab samples returning assays as high as 75.65g/t Au. In the Stanley area, a second major anomaly has been defined, extending east-west for over 3km with a width of up to 350m. Kingston intends to follow this auger program up with aircore drilling in FY18.

FINANCIAL POSITION

On 4 July 2016, the Company completed a capital raising issuing a total of 326.2 million shares at $0.021 raising $6.85m, of which 40 million shares ($840,000) were issued in May 2016, with the balance being issued in July 2016.

At the end of the financial year the Consolidated Entity had net assets of $9,740,370, (2016: $798,058) and $3,877,551 in cash (2016: $645,270).

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 1 July 2017, the Company moved its registered address to Suite 205 / 283 Alfred St, North Sydney, NSW.

Other than the above, there has been no other matter or circumstance which has arisen since 30 June 2017 that has significantly affected or may significantly affect:

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

DIVIDENDS OR DISTRIBUTIONS

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

FUTURE DEVELOPMENTS AND EXPECTED RESULTS

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

ENVIRONMENTAL REGULATIONS

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

INFORMATION ON THE DIRECTORS

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

- Anthony Wehby – Chairman (Non-Executive), appointed 4 July 2016
- Andrew Corbett – Director (Managing), appointed 4 July 2016
- Stuart Rechner - Director (Non-Executive since 4 July 2016), appointed 23 February 2015
- Andrew Paterson – Director (Executive) appointed 1 March 2017 (Chief Geological Officer from 3 June 2016)
- Yafeng Cai - Director (Non-Executive), appointed 7 December 2012, resigned 30 November 2016

- Jonathan Davies - Chairman (Non-Executive), resigned 4 July 2016

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

Anthony Wehby, Chairman (FCA, MAICD)

Term of Office:	Non-Executive Chairman of Kingston Resources Limited since 4 July 2016.
Skills and Experience:	Mr Wehby is a highly experience board member and chairman. He is also a Director of 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 Fellow of the Institute of Chartered Accountants in Australia and a Member of the Australian Institute of Company Directors.

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

Term of Office:	Managing Director of Kingston Resources Limited since 4 July 2016.
Skills and Experience:	Mr Corbett has been appointed as Managing Director and CEO of the Company. Andrew is a highly experienced mining engineer and has operated in the mining industry for over 23 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, GAICD)

Term of Office:	Executive Director of Kingston Resources Limited since 23 February 2015, Non-Executive Director from 4 July 2016.
Skills and Experience:	Mr Rechner is an experienced company director and geologist with a background in project generation and acquisition in Australia and overseas. Mr Rechner holds degrees in both geology and law and is a member of the Australian Institute of Geoscientists and the Australian Institute of Company Directors. For over ten years Mr Rechner was an Australian diplomat responsible for the resources sector with postings to Beijing and Jakarta. Mr Rechner is currently a Director of GB Energy Limited (ASX:GBX) since 20 November 2013 and a Director of Strategic Energy Limited (ASX:SER) since 12 September 2014. He has held no other listed directorships in the past three years.

Andrew Paterson, Executive Director (MAIG, GAICD)

Term of Office	Executive Director of Kingston Resources Limited since 1 March 2017, Chief Geological Officer from 3 June 2016.
Skills and Experience:	Mr Paterson is a highly-experienced geologist with a track record of creating value in resources projects. He has held corporate, executive and operational roles in the gold, nickel sulphide and iron ore industries, including four years managing the exploration and resource teams for Atlas Iron Limited during its rapid growth phase between 2008 and 2012. More recently he established a successful consultancy practice, providing geological expertise to a number of companies in the WA gold sector. Mr Paterson has a Bachelor of Engineering in Geology and a Graduate Diploma in Mining, both from the Western Australian School of Mines.

Yafeng Cai, Non-Executive Director (CPA) (resigned 30 November 2016)

Term of Office:	Non-Executive Director of Kingston Resources Limited since 7 December 2012, resigned 30 November 2016.
Skills and Experience:	Mr Yafeng Cai is a Certified Practicing Accountant and has been the Chief Financial Officer of Yucai Australia Pty Ltd (Yucai) since 2010. Yucai is a substantial investor in the Company and is ultimately controlled by Soaraway Development. Mr Cai has a broad range of corporate and commercial experience in the Australian business and capital sector within a diverse range of industries. Mr Cai had no other listed directorships in the past three years.

Jonathan Davies, Chairman (BJuris, LLB (UWA)) (resigned 4 July 2016)

Term of Office:	Non-Executive Chairman of Kingston Resources Limited since 7 December 2012, resigned 4 July 2016.
Skills and Experience:	Mr Davies is a Barrister who has been practising for 28 years. He has extensive legal experience in matters that include commercial, mining and corporate law. Mr Davies was awarded the law Society of Western Australia Community Service Award in 2006 and, together with Thomas Percy QC and Malcolm McCusker QC, was awarded the Australian Lawyers Alliance Civil Justice Award in 2007. Mr Davies has had no other listed directorships in the past three years.

COMPANY SECRETARY

Rozanna Lee has acted as Company Secretary since 29 July 2016. She holds both commerce and law degrees from the University of Queensland and is an Associate Member of the Governance Institute of Australia. Ms Lee provides company secretarial services to a number of public listed companies.

Mathew Whyte resigned as Company Secretary on 29 July 2016.

DIRECTORS' INTEREST

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

Director	Fully Paid Ordinary Shares (KSN)	Unlisted STI Options[1]	Unlisted LTI Options[2]
Anthony Wehby[3]	2,380,952	2,000,000	2,000,000
Andrew Corbett[5]	10,810,808	5,000,000	5,000,000
Andrew Paterson[6]	1,571,190	4,000,000	4,000,000
Stuart Rechner	-	-	-
Yafeng Cai[7]	179,813	-	-
Jonathan Davies[4]	-	-	-

1. Unlisted Short Term Incentive (STI) Options exercisable at $0.04 each and expiring on 30 June 2018.
2. Unlisted Long Term Incentive (LTI) Options exercisable at $0.07 each and expiring on 30 June 2019.
3. Anthony Wehby holds a relevant interest in Options as he is a related party to Mrs Rosemary Wehby, who is the registered holder of the options. He has a relevant interest in the shares as the registered holder.
4. Resigned on 4 July 2016.
5. Andrew Corbett holds a relevant interest in the specified number of Shares and Options as a result of being a director of Milamar Group Pty Ltd as trustee of Milamar Family Trust, which is the registered holder of those Shares and Options.
6. Appointed on 1 March 2017
7. Resigned on 30 November 2016

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of Kingston's Directors held during the year ended 30 June 2017 and the number of meetings attended by each Director. There were a total of ten Directors' meetings for the financial year.

Director	Number Eligible to Attend	Number Attended
Anthony Wehby	10	10
Andrew Corbett	10	10
Andrew Paterson	4	4
Stuart Rechner	10	10
Jonathan Davies	0	0
Yafeng Cai	4	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 2017 in accordance with the requirements of the Corporations Act 2001 and its Regulations.

(a) Key management personnel disclosed in this report

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

Details of key management personnel:

A Wehby	Non-Executive Chairman (appointed 4 July 2016)
A Corbett	Managing Director (appointed 4 July 2016)
S Rechner	Non-Executive Director (transitioned to Non-Executive Director on 4 July 2016)
A Paterson	Executive Director (appointed 1 March 2017, Chief Geological Officer from 3 June 2016)
J Davies	Non-Executive Chairman (resigned 4 July 2016)
Y Cai	Non-Executive Director (resigned 30 November 2016)

(b) Remuneration Philosophy

Kingston does not have a formal remuneration policy and has not established a separate remuneration committee. The whole Board takes on the function of the remuneration committee with independent advice sought as required. Due to the early stage of development and small size of the Company a separate remuneration committee was not considered to add any efficiency to the process of determining the levels of remuneration for directors and key executives. The Board considers that it is more appropriate to set aside time at a Board meeting each year to specifically address matters that would ordinarily fall to a remuneration committee such as reviewing remuneration, recruitment, retention and termination procedures and evaluating senior executives remuneration packages and incentives.

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

Independent external advice is sought from remuneration consultants when required, however no advice has been sought during the period ended 30 June 2017. The Corporate Governance Statement provides further information on the Company's remuneration governance.

(c) Executive remuneration policy and framework

In determining executive remuneration, the Board aims to ensure that remuneration practices are:

- Competitive and reasonable, enabling the Company to attract and retain key talent;
- Aligned to the Company's strategic and business objectives and the creation of shareholder value;
- Transparent and easily understood; and
- Acceptable to shareholders.

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

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

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

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

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

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

	2017	2016	2015	2014	2013
Net Loss	($1,153,471)	($4,587,718)	($2,391,602)	(483,015)	(1,933,590)
Diluted loss per share (cents/share)	(1.777)	(2.702)	(2.004)	(0.578)	(3.86)
Share price at year end (cents)	2	2	2	2	6

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

There were 13,500,000 unlisted Options issued during the year as LTI and 13,500,000 unlisted Options as STI (2016:nil) . There were 5,954,063 Performance Rights issued during the year as STI and 27,969,375 Performance Rights issued during the year as LTI.

(e) Non-Executive Directors remuneration policy

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

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

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

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

(f) Voting and comments made at the Company's 2016 Annual General Meeting

Kingston received 93% of "yes" votes (0.1% of "no" votes) on its remuneration report for the 2016 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

(g) Remuneration Details for the Year Ended 30 June 2017

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

	Short-term benefits	Post-employment benefits	Long-term benefits	Termination benefits	Equity-settled share-based payments		Total
Director	Salary, fees and leave	Superannuation	LSL		Options	Performance Rights/Shares*	
Anthony Wehby (Non-Executive Chairman)							
2017	50,000	4,750	-	-	32,328	-	87,078
2016	-	-	-	-	-	-	-
Andrew Corbett (Managing Director) *^							
2017	235,500	22,235	-	-	80,820	9,660	347,805
2016	38,073	-	-	-	-	-	38,073
Stuart Rechner (Non-Executive Director) *							
2017	57,705	-	-	-	-	-	57,705
2016	153,600	-	-	-	-	-	153,600
Andrew Paterson (Non-Executive Director appointed 1 March 2017							
2017	229,351	9,500	-	-	64,656	8,221	311,728
2016	35,492	-	-	-	-	-	35,492
Yafeng Cai (Non-Executive Director) (resigned 30 November 2016)							
2017	8,581	-	-	-	-	-	8,581
2016	12,708	-	-	-	-	8,333*	21,041
Mathew Whyte (Non-Executive Director & Company Secretary) (resigned as director 21 July 2015*)							
2017	42,420	-	-	-	-	-	42,420
2016	100,900	-	-	-	-	-	100,900
Jonathan Davies (Non-Executive Chairman) (resigned 4 July 2016)							
2017	-	-	-	-	-	-	-
2016	12,707	-	-	-	-	8,333*	21,040
Barry Bourne (Non-Executive Director) (appointed 21 July 2015, retired on 20 November 2015)*							
2017	-	-	-	-	-	-	-
2016	35,291	-	-	-	-	-	35,291
TOTAL							
2017	623,557	36,485	-	-	177,804	17,881	855,727
2016	388,771	-	-	-	0	16,666	405,437

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

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

(h) Service Agreements

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

Anthony Wehby

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

Andrew Corbett

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

Stuart Rechner

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

Andrew Paterson

Mr Paterson was appointed as Executive Director on 1 March 2017 (has been in the role of Chief Geological Officer since 3 June 2016). Mr Paterson is remunerated pursuant to the terms and conditions of an employment agreement entered into with Mr Paterson on 3 June 2016 and has no fixed term. The agreement may be terminated by either party on the giving on three months' notice by Mr Paterson or 6 months' notice by the Company. Mr Paterson is not entitled to any termination benefits unless paid at the discretion of directors.

Jonathan Davies

Mr Davies was appointed a Non-Executive Director on 7 December 2012 and resigned on 4 July 2016. Mr Davies was not entitled to any termination benefits.

Yafeng Cai

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

Mathew Whyte

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

(i) Equity Interests of KMP

Options holdings of KMP

The number of options over ordinary shares held by each KMP of the Group during the 2016 and 2017 reporting periods is as follows:

2017	Balance 01-Jul-16	Granted STI*	Value STI	Value per STI	Granted LTI*	Value LTI	Value per LTI	Exercised/ Other changes	Vested and exercisable at the end of the year	Vested and un-exercisable at the end of the year
Anthony Wehby	-	2,000,000	16,657	0.008	2,000,000	15,671	0.008	-	4,000,000	-
Andrew Corbett	-	5,000,000	41,642	0.008	5,000,000	39,178	0.008	-	10,000,000	-
Andrew Paterson	-	4,000,000	33,313	0.008	4,000,000	31,343	0.008	-	8,000,000	-
Stuart Rechner	-	-	-	-	-	-	-	-	-	-
Jonathan Davies**	-	-	-	-	-	-	-	-	-	-
Mathew Whyte**	-	-	-	-	-	-	-	-	-	-
Yafeng Cai**	-	-	-	-	-	-	-	-	-	-
Total	-	11,000,000	91,612		11,000,000	86,192		--	22,000,000	-

*Unlisted STI Options exercisable at 4c (expiry 30/6/18) and LTI Options exercisable at 7c (expiry 30/6/19) issued to senior management and employees on 4 July 2016
** J Davies resigned on 4 July 2016, M Whyte resigned as Director on 21 July 2015 and Company Secretary on 29 July 2016 and Y Cai resigned on 30 November 2016

2016	Balance 01 July 15	Granted	Value	Exercised	Other changes	Vested and exercisable at the end of the year	Vested and un- exercisable at the end of the year
Stuart Rechner**	-	-		-	-	-	-
Jonathan Davies	2,000,000	-	52,800	-	(2,000,000)*	-	-
Mathew Whyte	2,000,000	-	52,800	-	(2,000,000)*	-	-
Yafeng Cai	1,000,000	-	26,400	-	(1,000,000)*	-	-
Total	5,000,000	-	158,400	-	(5,000,000)	-	-

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

** Stuart Rechner previously disclosed he had a relevant interest in 8,099,620 Options as his father, Anthony Rechner, is a director of Omen Pty Ltd which is a Substantial Shareholder of Kingston. Having considered the matter further, Stuart Rechner has determined that he has no power to dispose or vote any of the shares held by any of Anthony Rechner or his controlled entities and accordingly does not have a relevant interest in the Shares held by Anthony Rechner or his controlled entities.

Performance Rights Holdings of KMP

The number of performance rights in the Company held by each KMP of the Group during the 2017 reporting period (2016: Nil) is as follows:

2017	Balance 01-Jul-16	Granted STI[1]	Value STI	Value per STI	Granted LTI[2]	Value LTI	Granted LTI[3]	Value LTI	Value per STI	Vested	Lapsed/ Cancelled	Balance at the end of the year
Anthony Wehby	-	-	-	-	6,000,000	-	-	-	-	-	-	6,000,000
Andrew Corbett	-	3,216,563	3,264	0.001	10,000,000	-	2,144,375	6,397	0.003	-	-	15,360,938
Andrew Paterson	-	2,737,500	2,778	0.001	8,000,000	-	1,825,000	5,444	0.003	-	-	12,652,500
Stuart Rechner	-	-	-	-	-	-	-	-	-	-	-	-
Yafeng Cai	-	-	-	-	-	-	-	-	-	-	-	-
Jonathan Davies	-	-	-	-	-	-	-	-	-	-	-	-
Mathew Whyte	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	5,954,063	6,041		24,000,000	-	3,969,375	11,841		-	-	33,923,438

[1]STI Performance Rights will be granted in 3 tranches as follows (subject to satisfaction of the applicable Performance Hurdles and Vesting Conditions):

- If, the Share price as quoted on ASX at the close of trading on 30 June 2017 is equal to or greater than $0.028 per Share, shares will vest on a sliding scale with 6% vesting at 2.8c, and a a maximum of 30% STI Performance rights vesting if the share price exceeds 3.8cps
- Up to 50% of the STI Performance Rights will vest, at the Board's discretion, upon the achievement of operational performance measures, including the delivery of the Company's Operational Plan for 30 June 2017.
- Up to 20% of the STI Performance Rights will vest, at the Boards discretion, upon the achievement of business development objectives measured against the Company's business development plan by 30 June 2017.

[2]The LTI Performance Rights will be granted in 2 tranches as follows:

- Tranche 1 (50%) will vest on the establishment by the Company of a JORC Compliant 5 million tonne inferred Mineral Resource (or greater) of Li_2O of a grade of at least 1%;

- Tranche 2 (50%) will vest on the establishment by the Company of a JORC Compliant 15 million tonne inferred Mineral Resource (or greater) of Li_2O of a grade of at least 1%.

[3]The LTI Performance Rights will be granted if the Company achieves a market capitalisation greater than $50 million on or before 30 June 2020. Market capitalisation means the price of the Company's shares as quoted on ASX multiplied by the total number of Shares on issue

Share holdings of KMP

The number of ordinary shares in the Company held by each KMP of the Group during the 2016 and 2017 reporting periods is as follows:

2017	Balance 01 July 16	Acquired	Received on exercise	Other changes	Held at end of reporting period 30 June 17
Anthony Wehby	291,971	2,088,981	-	-	2,380,952
Andrew Corbett	1,167,883	8,355,925	-	-	9,523,808
Andrew Paterson	58,394	417,796	-	-	476,190
Stuart Rechner	-	-	-	-	-
Yafeng Cai	520,813*	-	-	(520,813)****	-
Jonathan Davies	1,270,813**	-	-	(1,270,813)****	-
Mathew Whyte	1,587,591***	-	-	(1,587,591)****	-
Total	4,897,465	11,489,395	-	(1,791,626)	14,595,234

* Held at the date of resignation 30 November 2016
** Held at the date of resignation 4 July 2016
*** Held at the date of resignation 29 July 2016
**** Represents holding at the time of ceasing to be a KMP and not necessarily disposed

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

* Stuart Rechner previously disclosed he held a relevant interest in 33,039,337 Shares as his father, Anthony Rechner, is a director of Omen Pty Ltd which is a Substantial Shareholder of Kingston. Having considered the matter further, Stuart Rechner has determined that he has no power to dispose or vote any of the shares held by any of Anthony Rechner or his controlled entities and accordingly does not have a relevant interest in the Shares held by Anthony Rechner or his controlled entities.
** Held at the date of resignation 20 November 2015

(j) Loans to key management personnel

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

(k) Other KMP transactions

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

END OF AUDITED REMUNERATION REPORT

SHARE OPTIONS

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

Grant Date	Date of Expiry	Exercise Price	Held at 01 July 16	Issued	Lapsed / Cancelled	Held at 30 June 2017
28 Aug 15	30 Jun 19	3 cents	7,058,823	-	-	7,058,823
8 July 16	30 Jun 18	4 cents	-	11,000,000	-	11,000,000
8 July 16	30 Jun 19	7 cents	-	11,000,000	-	11,000,000
26 Oct 16	30 Jun 18	4 cents		2,500,000		2,500,000
26 Oct 16	30 Jun 19	7 cents		2,500,000		2,500,000
22 Dec 16	22 Dec 19	2.5 cents		5,000,000		5,000,000

During the year ended 30 June 2016 and 30 June 2017 no ordinary shares in the Company were issued pursuant to the exercise of options. Apart from as described above, there have been no conversions to, calls of, or subscriptions for ordinary shares of issued or potential ordinary shares since the reporting date and before the completion of these financial statements.

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

PROCEEDINGS ON BEHALF OF THE GROUP

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

COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results, Minerals Resources or Reserves is based on information compiled by Mr Andrew Paterson, who is a member of the Australian Institute of Geoscientists. Mr Paterson is a full-time employee of the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a competent person as defined in the 2012 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Paterson consents to the inclusion in this report of the matters based upon the information in the form and context in which it appears.

INDEMNITIES GIVEN AND INSURANCE PREMIUMS PAID TO AUDITORS AND OFFICERS

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

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

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

d) provide access to any Company records which are relevant to the Director's holding of office with the Company, for a period of seven years after the Director has ceased to be a Director.

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

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

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

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

AUDIT COMMITTEE

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

NON AUDIT SERVICES

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

AUDITORS' INDEPENDENCE DECLARATION

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

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

a) is made in accordance with a resolution of the Directors; and
b) is dated 29 August 2017; and
c) is signed by Mr Anthony Wehby .

ANTHONY WEHBY
Non-Executive Chairman
Sydney, New South Wales
29 August 2017

Grant Thornton

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Kingston Resources Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

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

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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A J Archer
Partner - Audit & Assurance

Sydney, 29 August 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Consolidated Group 2017 $	Consolidated Group 2016 $
Continuing Operations			
Other income	2	210,671	246,546
Employee benefits		(489,735)	-
Consultant and legal fees		(210,845)	(216,102)
Depreciation and amortisation expenses	3	(875)	(453)
Director fees		(102,372)	(35,415)
Share based payments expense		(228,667)	(16,666)
Gain/(Loss) on revaluation of assets at fair value through profit and loss		-	24,652
Impairment of exploration expenditure	3, 21	-	(4,365,531)
Other expenses		(331,648)	(224,749)
Loss before income tax expense		(1,153,471)	(4,587,718)
Income tax expense	4	-	-
Loss for the year		(1,153,471)	(4,587,718)
Other comprehensive income/(loss)			
Other comprehensive income/(loss) – net of tax		-	-
Total comprehensive loss for the year		(1,153,471)	(4,587,718)
Basic loss per share (cents)		(0.177)	(2.702)
Diluted loss per share (cents)		(0.177)	(2.702)

The financial statements should be read in conjunction with the accompany notes.

Consolidated Statement of Financial Position

	Notes	Consolidated Group 2017 $	Consolidated Group 2016 $
Current assets			
Cash and cash equivalents	8	3,877,551	645,270
Trade and other receivables	9	92,142	22,276
Financial assets	10	1,944	1,944
Other current assets		-	4,948
Total current assets		3,971,637	674,438
Non-current assets			
Property, plant and equipment	12	1,312	2,702
Capitalised exploration expenditure	21	6,230,407	-
Other non-current assets		-	208,811
Total non-current assets		6,231,719	211,513
Total assets		10,203,356	885,951
Current liabilities			
Trade and other payables	13	399,474	87,893
Provisions		63,512	-
Total current liabilities		462,986	87,893
Total liabilities		462,986	87,893
Net assets		9,740,370	798,058
Equity			
Issued capital	14	58,262,992	48,435,159
Accumulated losses		(48,790,572)	(47,637,101)
Reserves	15	267,950	-
Total equity		9,740,370	798,058

The financial statements should be read in conjunction with the accompany notes.

Consolidated Statement of Changes in Equity

Consolidated Group

	Issued Capital Ordinary Shares $	**Accumulated Losses $**	**Reserves $**	**Total Equity $**
Balance at 1 July 2015	**47,311,236**	**(44,401,972)**	**1,352,589**	**4,261,853**
Loss for the year	-	(4,587,718)	-	(4,587,718)
Total comprehensive loss for the year	47,311,236	(48,989,690)	1,352,589	(325,865)
Transactions with shareholders				
Issue of share capital	1,238,666	-	-	1,238,666
Capital raising costs	(114,743)	-	-	(114,743)
Share-based payments lapsed	-	1,352,589	(1,352,589)	-
Balance at 30 June 2016	**48,435,159**	**(47,637,101)**	**-**	**798,058**
Balance at 1 July 2016	**48,435,159**	**(47,637,101)**	**-**	**798,058**
Loss for the year	-	(1,153,471)	-	(1,153,471)
	48,435,159	(48,790,572)	-	(355,413)
Issue of Shares	10,228,500	-	-	10,228,500
Cost of share issue	(400,667)	-	-	(400,667)
Share based payments		-	267,950	267,950
Balance at 30 June 2017	**58,262,992**	**(48,790,572)**	**267,950**	**9,740,370**

The financial statements should be read in conjunction with the accompany notes.

Consolidated Statement of Cash Flows

	Notes	Consolidated Group 2017 $	2016 $
Cash flows from operating activities			
Continued operations			
Interest received		106,377	9,157
Receipts from other income		20,000	40,222
Research and development credit		83,509	197,168
Payments to suppliers and employees		(1,019,237)	(414,648)
Net cash used in operating activities	18	(809,351)	(168,101)
Cash flows from investing activities			
Payment for exploration and evaluation		(1,228,288)	(396,194)
Payment for acquisition of exploration assets		(304,907)	(208,811)
Payment for acquisition of property, plant and equipment		-	(2,295)
Payment for funds held on deposit		(35,805)	(4,948)
Proceeds from sale of investments		-	34,620
Proceeds from sale of fixed assets		1,300	-
Net cash used in investing activities		(1,567,700)	(577,628)
Cash flows from financing activities			
Proceeds from issue of shares and options		6,010,000	1,200,000
Capital raising costs		(400,668)	(114,743)
Net cash provided by financing activities		5,609,332	1,085,257
Net change in cash and cash equivalents held		3,232,281	339,529
Cash and cash equivalents at beginning of financial year		645,270	305,741
Cash and cash equivalents at end of financial year	8	**3,877,551**	**645,270**

The financial statements should be read in conjunction with the accompany 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').

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 29 August 2017.

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 2017. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June. A list of controlled entities is contained in Note 11 to the financial statements.

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

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

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

b) New Accounting Standards and Interpretations

(i) Changes in accounting policy

The following standards and interpretations have been applied for the first time for entities with years ended 30 June 2017 (unless early adopted):

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

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

(ii) Accounting Standards issued but not yet effective

The following standards and interpretations have been issued by the AASB but are not yet effective for the period ended 30 June 2017:

- AASB 9 Financial Instruments
- AASB 15 Revenue from Contracts with Customers
- AASB 16 Leases
- ASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15
- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share Based Payment Transactions

The Group's assessment is that there would be no material impact to the financial statements on first time adoption.

c) Income Tax

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

Current tax

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

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

Deferred tax

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

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

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

Tax consolidation

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

d) Property, Plant and Equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis.

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

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

Depreciation

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

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

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

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

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

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

e) Financial Instruments

Initial recognition and measurement

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

Derecognition

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

Classification and subsequent measurement

Financial assets at fair value through profit and loss

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

Loans and receivables

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

Available-for-sale financial assets

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

Financial liabilities

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

Fair value

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

Impairment

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

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

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

f) Impairment of Non-Financial Assets

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

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

g) 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.

h) 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.

i) Cash and Cash Equivalents

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

k) Provisions

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

l) Revenue 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).

m) Exploration and Development Expenditure

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

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

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

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

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

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

n) Goods and Services Tax (GST)

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

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

o) Comparative Figures

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

p) Going Concern

The consolidated entity has incurred operating losses of $1,153,471 (2016: $4,587,718) and negative operating cash flows of $809,351 (2016: $168,101) for the year ended 30 June 2017. The consolidated entity’s net current asset position as at 30 June 2017 was $3,508,650 (2016: $586,545).

During the financial year, on 8 July 2016, the Company completed a placement of shares raising $6.01 million. Details to this placement are described in Note 14. The entity has planned to use these funds largely on exploration activities, the expenditure of which can be varied and applied discretionarily.

The nature of an exploration company is to be loss making, however, the Company’s cash balance of $3,977,551 leaves it with sufficient funding to continue to meet operational expenditure requirements, including minimum exploration commitments across its tenement portfolio.

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

q) Joint arrangements 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 19. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Estimation of useful lives of assets

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

Exploration and evaluation of expenditure

Costs arising from exploration and evaluation activities are carried forward provided the rights to tenure of the area of the interest are current and such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. Costs carried forward in respect of an area of interest that is abandoned are written off in the year in which the decision to abandon is made. The carrying value of the capitalised exploration and evaluation expenditure is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Such capitalised exploration expenditure is carried at the end of the reporting period at $6,230,407 (see Note 21).

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

Treatment of acquisitions

The two acquisitions completed in FY17 have been treated as an acquisition of assets rather than a business combination. This is a result of both Slipstream WANT and Livingstone failing to meet the AASB3 definition of a business, in particular there were no employees, exploration work underway, or plans to commence exploration. As a result of this treatment, the acquisition price has been allocated across the assets acquired.

Impairment

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

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

	Consolidated Group	
	2017 $	2016 $
2. OTHER INCOME		
Other income		
Interest from bank	106,377	9,157
Geoscientist Assistance Program funding	-	40,221
Research and development tax credit	83,509	197,168
Profit on sale of fixed asset	785	-
Other income	20,000	-
Total income	210,671	246,546

3. RESULT FOR THE YEAR

Depreciation and amortisation of non-current assets

	2017 $	2016 $
Depreciation of:		
- plant and equipment	875	453
Total depreciation and amortisation	875	453

Impairments

	2017 $	2016 $
Impairment of exploration expenditure – Note 21	-	4,365,531
Total impairments	-	4,365,531

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	
	2017 $	2016 $
Accounting loss before income tax	(1,153,471)	(4,587,718)
Income tax benefit calculated at 30%	(346,041)	(1,376,315)
Non-deductible expenses	398,096	147
Movement in unrecognised temporary differences	(524,015)	1,103,869
Unused tax losses and temporary differences not recognised as deferred tax assets	471,960	272,299
Income tax expense (benefit)	-	-

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

(b) Unrecognised deferred tax balances

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

	Consolidated Group	
	2017 $	2016 $
Deferred tax assets (at 30%)		
Losses available for offset against future taxable	1,593,973	1,176,404
Provision for expenses	29,019	4,050
Capital raising costs	160,003	34,423
Impairment	1,248,318	1,248,318
Mineral Exploration	794,040	1,441,643
Legal fees	-	6,376
	3,825,353	3,911,214
Deferred tax liabilities (at 30%)		
Mineral exploration	-	-
	-	-

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

The potential deferred tax assets will only be obtained if:

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

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

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

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

Tax Consolidation

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

5. INTERESTS OF KEY MANAGEMENT PERSONNEL

(a) Key management personnel compensation

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

The totals of remuneration paid to KMP of the Group during the 2017 and 2016 reporting periods are as follows.

	Consolidated Group	
	2017 $	2016 $
Short-term employee benefits	623,557	388,771
Post- employment benefits	36,485	-
Equity-settled share-based payments	195,685	16,666
Total	855,727	405,437

6. AUDITOR REMUNERATION

	Consolidated Group	
	2017 $	2016 $
Grant Thornton Audit Pty Ltd		
Remuneration of the auditor of the Company for:		
- auditing or reviewing the financial statements	53,500	22,637
- non-audit services	-	-
Total	53,500	22,637

7. LOSS PER SHARE

		2017	2016
(a)	Basic loss per share (cents per share)	(0.177)	(2.702)
(b)	Diluted loss per share (cents per share)	(0.177)	(2.702)
(c)	Weighted average number of ordinary shares on issue used in the calculation of basic loss per share	653,455,155	169,797,134
(d)	Loss used in calculation of basic loss per share	($1,153,471)	($4,587,718)

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.

8. CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2017 $	2016 $
Cash at bank and in hand	47,746	28,190
Short-term deposits	3,829,805	617,080
Total	3,877,551	645,270

Cash at bank earns interest at floating rates based on daily deposit rates. The carrying amounts of cash and cash equivalents represent fair value. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rate at 1.6% per annum (2016: 2.8%).

	Consolidated Group	
	2017	2016
	$	$
9. TRADE AND OTHER RECEIVABLES		
Current		
Other receivables	92,142	22,276
Total current trade and other receivables	92,142	22,276

Credit Risk – Trade and Other Receivables

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

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

			Past due but not impaired (days overdue)				
	Gross amount	Past due and impaired	<30	31 - 60	61 - 90	> 90	Within initial trade terms
	$	$	$	$	$	$	$
Consolidated Group							
2017							
Other receivables	92,142	-	-	-	-	-	92,142
Total	92,142	-	-	-	-	-	92,142
2016							
Other receivables	22,276	-	-	-	-	-	22,276
Total	22,276	-	-	-	-	-	22,276

	Consolidated Group	
	2017	2016
	$	$
10. FINANCIAL ASSETS		
Financial assets at fair value through profit and loss:		
At fair value		
Shares in listed entities	1,944	1,944
	1,944	1,944

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.

There are no individually material investments.

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. No impairment was recorded for the 30 June 2017 Financial Year.

11. CONTROLLED ENTITIES

Name	Country of Incorporation	Principal Activity	Beneficial Percentage Interest Held By Economic Entity	
			2017 %	2016 %
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
U Energy Pty Ltd	Australia	Mineral exploration	100	100

12. PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group 2017 $	Consolidated Group 2016 $
Computing plant and equipment – at cost	260,586	258,290
Acquisitions for the year	-	2,296
Disposals	(7,145)	-
Closing balance	253,441	260,586
Accumulated depreciation		
Opening balance	257,884	257,431
Depreciation for the year	875	453
Accumulated Depreciation on disposal	(6,630)	-
Closing balance – accumulated depreciation	252,129	257,884
Net book value – computing plant and equipment	1,312	2,702
Total property, plant and equipment, net	**1,312**	**2,702**

	Computing, plant and equipment $	Total $
(a) Movements in carrying amounts		
Balance at 1 July 16	2,702	2,702
Acquisitions	-	-
Disposals	(515)	(515)
Depreciation expense	(875)	(875)
Balance at 30 June 17	1,312	1,312
Balance at 1 July 15	859	859
Acquisitions	2,296	2,296
Depreciation expense	(453)	(453)
Balance at 30 June 16	2,702	2,702

	Consolidated Group	
	2017 $	2016 $
13. TRADE AND OTHER PAYABLES		
Trade payables – unsecured	301,230	74,393
Other payables and accruals	98,244	13,500
Total	399,474	87,893

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

14. ISSUED CAPITAL

(a) Movements in contributed equity for the year

	Consolidated Group 30 June 2017 Number of Fully Paid Ordinary Shares	30 June 2017 $	30 June 2016 Number of Fully Paid Ordinary Shares	30 June 2016 $
Balance at the beginning of the year	209,079,509	48,435,159	145,944,745	47,311,236
- Ordinary shares at 0.021 cents on 7 July 2016	286,190,476	6,010,000		
- Ordinary shares at 0.025 cents on 8 July 2016	165,000,000	4,125,000		
- Ordinary shares at 0.017 cents on 22 December 2016	5,500,000	93,500		
Shares issued during the previous financial year:				
- Ordinary shares at 0.024 cents on 13 July 2015			916,666	22,000
- Ordinary shares at 0.017 cents on 28 August 2015			21,176,472	360,000
- Ordinary shares at 0.016 cents on 20 November 2015			1,041,626	16,666
- Ordinary shares at 0.021 cents on 25 May 2016			40,000,000	840,000
Less capital raising costs		(400,668)	-	(114,743)
Total contributed equity	665,769,985	58,262,991	209,079,509	48,435,159

The Company has authorised share capital amounting to 665,769,985 (2016 : 209,079,509) fully paid ordinary shares of no par value. At shareholders' meetings each fully paid ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Slipstream WANT Acquisition: On 4 July 2017 KSN received EGM approval for a $6.85m capital raising, and concurrent acquisition of Slipstream WANT Pty Ltd. Consideration for the acquisition was 165m KSN shares plus $500,000 in cash and 180m Milestone Shares. The $6.85m capital raising resulted in the issuance of a total of 336.2m shares at 2.1c, 40m of which were issued in May 2016, with the balance issued on 7 July 2017.

Livingstone Acquisition: On 21 December2017 KSN completed the acquisition of an option to purchase a 75% interest in the Livingstone Gold Project from Trillbar Resources. In consideration for the option KSN paid the vendors 5.5m KSN shares and 5m 2.5c KSN options expiring in three years.

	Consolidated Group			
	30 June 2017		30 June 2016	
	Number of Options	$	Number of Options	$
(b) Listed Options				
Listed options (ASX code: KSNOA)	-	-	-	-
Listed options (ASX code: KSNO)	-	-	-	-
Total listed options	-	-	-	-
Movements in listed options for the year				
Listed options (ASX code: KSNOA)				
Balance at the beginning of the year	-	-	28,624,769	-
Listed options issued during the financial year	-	-	-	-
Listed options expired during the financial year	-		(28,624,769)	
Total listed options	-	-	-	-
Listed options (ASX code: KSNO)				
Balance at the beginning of the year	-	-	25,702,500	-
Quotation granted during the financial year	-	-	-	-
Listed options expired during the financial year	-		(25,702,500)	
Total listed options	-	-	-	-

During the year Kingston issued 32,000,000 unlisted options with a total value of $243,080. Details for these are outlined in Note 19.

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

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

(c) Options

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

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

(d) Capital Management

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

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

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

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

15. RESERVES

(a) Share-based Payment Reserve

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

16. COMMITMENTS AND CONTINGENCIES

The Group has certain obligations to perform minimum exploration work and to expend minimum amounts of money on such work on mining tenements. These obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the Group. These commitments have not been provided for in the financial report. Due to the nature of the Group's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature and amount of future expenditure beyond the next year. Expenditure may be reduced by seeking exemption from individual commitments, by relinquishing of tenure or by new joint venture arrangements. Kingston notes that of the commitments not later than one year, $95,000 relates to minimum expenditure requirements on its remaining South Australian copper tenements which it has previously written down to zero and has flagged falls outside of its current strategic direction. Expenditure may be increased when new tenements are granted or joint venture agreements amended. The minimum expenditure commitment on the tenements is:

	Consolidated Group	
	2017	2016
Exploration commitment	$	$
Not later than one year	522,950	627,250
Later than one year and less than five years	1,621,011	224,833

The Group is a party to a lease on an office building which expires June 30, 2019. The future minimum lease payments are as follows:

	Consolidated Group	
Operating lease commitment	2017 $	2016 $
Not later than one year	14,742	26,610
Later than one year and less than five years	16,725	500

17. SEGMENT REPORTING

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

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

18. CASH FLOW INFORMATION

(a) Reconciliation to Statement of Cash Flows

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

	Consolidated Group	
	2017 $	2016 $
Reconciliation of Loss from Ordinary Activities to Net Cash Flows from Operating Activities		
Loss for the year	(1,153,471)	(4,587,718)
Non-cash flows in loss		
Depreciation	875	453
Director options	-	16,666
Share-based payments	228,667	2,000
Impairment of exploration expenditure	-	4,365,531
Reclassify GST to projects	-	(25,000)
Revaluation of assets at FVTPL	-	(24,652)
Gain on sale	(785)	-
Changes in assets and liabilities		
Decrease/(increase) in trade and other receivables	(71)	(71)
Decrease in prepayments	-	-
(Decrease) in trade payables	51,779	63,767
(Decrease)/increase in other payables and accruals	63,513	20,923
Net cash flows from operating activities	(809,351)	(168,101)

(b) Non-cash Investing Activities

During the year Kingston acquired Slipstream WANT and the Livingstone Gold Project. See Note 14 for details of the share based consideration provided for these acquisitions.

19. 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 2017.

Share options:

Date of grant	Share-based payment	Number granted	Value	Share price on issue	Exercise Price	Expiry
8 July 2016	STI Options	11,000,000	$91,612	$0.019	$0.04	30 June 2018
8 July 2016	LTI Options	11,000,000	$86,192	$0.019	$0.07	30 June 2019
26 Oct 2016	STI Options	2,500,000	$13,112	$0.021	$0.04	30 June 2018
26 Oct 2016	LTI Options	2,500,000	$12,882	$0.021	$0.07	30 June 2019
			$203,798[4]			

Performance Rights:

Date of grant	Share-based payment	Number granted	Value	Expiry
15 July 2016	LTI Performance Rights[1]	24,000,000	-	30 June 2019
20 Nov 2016	LTI Performance Rights[1]	5,000,000	-	30 June 2019
19 Dec 2016	STI Performance Rights[2]	8,280,936	$8,402	30 June 2017
19 Dec 2016	LTI Performance Rights[3]	5,520,625	$16,468	30 June 2020
			$24,870	

[1] These Performance Rights will be granted in 2 tranches as follows:

- Tranche 1 comprises 5,000,000 Performance rights, and will vest on the establishment by the Company of a JORC Compliant 5 million tonne inferred Mineral Resource (or greater) of Li_2O of a grade of at least 1%;
- Tranche 2 comprises 5,000,000 Performance Rights, and will vest on the establishment by the Company of a JORC Compliant 15 million tonne inferred Mineral Resource (or greater) of Li_2O of a grade of at least 1%.

[2] These Performance Rights will be granted in 3 tranches as follows (subject to satisfaction of the applicable Performance Hurdles and Vesting Conditions):

- STI Performance Rights will vest if, the Share price as quoted on ASX at the close of trading on 30 June 2017 is equal to or greater than $0.028 per Share, shares will vest on a sliding scale with 6% vesting at 2.8c, and a a maximum of 30% STI Performance rights vesting if the share price exceeds 3.8cps
- Up to 50% of the STI Performance Rights will vest, at the Board's discretion, upon the achievement of operational performance measures, including the delivery of the Company's Operational Plan for 30 June 2017.
- Up to 20% of the STI Performance Rights will vest, at the Boards discretion, upon the achievement of business development objectives measured against the Company's business development plan by 30 June 2017.

[3] These Performance Rights will be granted if the Company achieves a market capitalisation greater than $50 million on or before 30 June 2020. Market capitalisation means the price of the Company's shares as quoted on ASX multiplied by the total number of Shares on issue

[4] A further 5,000,000 options are on issue to Trillbar Resources Pty Ltd ($39,282). Refer to details in Note 19 (ii) below.

The principal assumptions used in estimating the value of the STI and LTI options include volatility of 85% determined with reference to the Company's historic volatility and the volatility of peer group companies, and a risk free interest rate of 1.9%.

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

	2017		2016	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding at the beginning of the period	-	-	6,000,000	$0.07
Issued during the period	27,000,000	$0.06	-	-
Expired during the period	-	-	6,000,000	$0.07
Outstanding at year-end	27,000,000	$0.06	-	-
Exercisable at year-end	27,000,000	$0.06	-	-

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

Share options:

Date of grant	Share-based payment	Number granted	Value	Share price on issue	Exercise Price	Expiry
28 Aug 2015	Shareholder option	7,058,823	-	$0.017	$0.03	30 June 2019
22 Dec 2016	Options on acquisition[6]	5,000,000	39,282	$0.017	$0.025	22 Dec 2019
			39,282			

Milestone shares:

Date of grant	Share-based payment	Number granted	Value	Exercise Price	Expiry
15 July 2016	Milestone shares[5]	180,000,000	-	Nil (Vesting Conditions)	30 June 2019
			-		

[5] On 15 July 2016, Kingston granted Slipstream Resources Pty Ltd, 180,000,000 Milestone Shares in partial consideration for the acquisition of Slipstream WANT,
[6] On 22 December 2016, Kingston granted Trillbar Resources Pty Ltd 5,000,000 options (exercisable at 2.5c until 22 December 2019) in partial consideration for an option over the Livingstone Gold Project.

There were no options exercised during the year ended 30 June 2017 (2016: nil).

20. RELATED PARTY TRANSACTIONS

(a) Key Management Personnel

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

(b) Directors' Interest

As at 30 June 2017 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 STI Options[1]	Unlisted LTI Options[2]
Anthony Wehby[3]	2,380,952	2,000,000	2,000,000
Andrew Corbett[5]	9,523,808	5,000,000	5,000,000
Andrew Paterson□	476,190	4,000,000	4,000,000
Stuart Rechner	-	-	-
Yafeng Cai□	-	-	-
Jonathan Davies□	-	-	-

1. Unlisted Short Term Incentive (STI) Options exercisable at $0.04 each and expiring on 30 June 2018.
2. Unlisted Long Term Incentive (LTI) Options exercisable at $0.07 each and expiring on 30 June 2019.
3. Anthony Wehby holds a relevant interest in Options as he is a related party to Mrs Rosemary Wehby, who is the registered holder of the options. He has a relevant interest in the shares as the registered holder.
4. Resigned on 4 July 2016.
5. Andrew Corbett holds a relevant interest in the specified number of Shares and Options as a result of being a director of Milamar Group Pty Ltd as trustee of Milamar Family Trust, which is the registered holder of those Shares and Options.
6. Appointed on 1 March 2017
7. Resigned on 30 November 2016

21. CAPITALISED EXPLORATION EXPENDITURE

	Notes	Consolidated Group 2017 $	Consolidated Group 2016 $
Opening Balance		-	3,930,564
Transfer from other non-current assets		208,811	-
Acquisition of Slipstream WANT		4,425,000	-
Acquisition of Livingstone Gold Project		132,783	-
Expenditure incurred during the year		1,463,813	434,967
Impairment of assets		-	(4,365,531)
Total exploration expenditure capitalised		6,230,407	-

A review of the Group's exploration assets was undertaken at the end of the FY16 and directors decided to impair the carrying value of capitalised exploration expenditure in the amount of $4,365,531. The drilling program undertaken by Kingston across the tenements held by Fleurieu and its subsidiaries did not provide further viable exploration or development opportunities and as such this asset was fully impaired.

Interests in Joint Ventures

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

Joint Operations Project	Percentage Interest	Principal Exploration Activities
Spencer	25%	IOCG
Myall Creek	50%	IOCG

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

22. FINANCIAL INSTRUMENTS

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

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

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

(a) Credit risk

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

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

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

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

(b) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management. The Group manages the liquidity risk by maintaining adequate cash reserves, and by continuously monitoring forecast and actual cash flows while matching the maturity profiles of financial assets and liabilities. There are no material financial assets or financial liabilities that are subjected to liquidity risk as at 30 June 2017 or 30 June 2016.

(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	
	2017 $	2016 $
Financial assets		
Cash and cash equivalents	3,877,551	645,270
	3,877,551	645,270
Impact on post tax profit / (loss) and equity		
+ 2% in interest rate	77,551	12,905
- 2% in interest rate	(77,551)	(12,905)

(d) Foreign currency risk

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

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

(e) Price risk

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

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

(f) Fair value

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

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

		2017		2016	
	Footnote	Net Carrying Value $	Fair Value $	Net Carrying Value $	Fair Value $
Consolidated Group					
Financial assets					
Cash and cash equivalents	(i)	3,877,551	3,877,551	645,270	645,270
Trade and other receivables	(i)	92,142	92,142	22,276	22,276
Financial assets at fair value	(ii)	1,944	1,944	1,944	1,944
Total financial assets		3,971,638	3,971,638	669,490	669,490
Financial liabilities					
Trade and other payables	(i)	399,474	399,474	87,892	87,892
Total financial liabilities		399,474	399,474	87,892	87,892

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

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

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

23. PARENT COMPANY INFORMATION

	Parent Entity	
	2017 $	2016 $
Assets		
Current assets	3,969,693	672,494
Non-current assets	6,197,829	211,513
Total assets	10,167,522	884,007
Liabilities		
Current liabilities	462,987	87,894
Non-current liabilities	-	33,890
Total liabilities	462,987	121,784
Equity		
Issued capital	58,262,994	48,435,161
Accumulated losses	(48,826,409)	(47,672,938)
Reserves		
Share-based payments	267,950	-
Total equity	9,704,535	762,223
Financial performance		
Loss for the year	(1,152,973)	(5,266,147)
Other comprehensive income / (loss)	-	-
Total comprehensive loss	(1,152,973)	(5,266,147)

Contractual commitments

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

24. SUBSEQUENT EVENTS

On 1 July 2017, the Company moved its registered address to Suite 205 / 283 Alfred St, North Sydney, NSW.

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

- Kingston Resources Limited's operations in future financial years; or
- The results of those operations in future financial years; or
- 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 19 to 22, and the Remuneration disclosures that are contained in page 10 to 15 of the Remuneration Report in the Directors' Report, are in accordance with the Corporations Act 2001, including:

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

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

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

   (b) the remuneration disclosures that are contained in page 10 to 15 of the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures.

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

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

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

ANTHONY WEHBY
Non-Executive Chairman
Sydney, New South Wales
29 August 2017

Grant Thornton

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Kingston Resources Limited (the Company), and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying consolidated financial report of Kingston Resources Limited, is in accordance with the Corporations Act 2001, including:

a Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

b Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Grant Thornton

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial report of the current period. These matters were addressed in the context of our audit of the consolidated financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Treatment of the Slipstream and Livingstone Acquisitions (Notes 21)	
During the year ended 30 June 2017 the Group entered into the acquisitions of Slipstream & Livingstone exploration projects. The Slipstream assets were acquired on 4 July 2016. Acquisition was $500,000 cash as well as 165,000,000 in shares being a total acquisition cost of $4.6 million. An option to acquire 75% of Livingstone Gold tenement was entered into on 21 December 2016. The acquisition was paid through 5.5 million shares and 5 million options. These acquisitions are key audit matters due to judgements and estimates required in determining the appropriate accounting, including assessing the correct accounting treatment estimating the fair value of net assets acquired and estimating the value of the purchase consideration.	Our procedures included, amongst others: • Agreeing transactions to term sheets and option agreements; • Considered the accounting standards to determine if management's treatment was appropriate; • Agreeing inputs to the relevant terms within the term sheet and option agreements; • Vouching cash payments to bank statements and supporting documentation; • Vouching equity transactions to the share capital register and checked that the correct share price was used; • Verifying the mathematical accuracy of the Livingstone options valuation provided by management using the Black-Scholes Pricing Model. The model and assumptions was reviewed by our valuation specialists with particular reference to the volatility rate and risk free rate; and • Assessing the appropriateness of related disclosures within the financial statements.
Exploration and Evaluation Assets – valuation Note 21	

At 30 June 2017 the carrying value of Exploration and Evaluation Assets was $6.23 million.
 	
In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the company is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.
 	
The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.
 	
This area is a key audit matter due to the valuation of exploration and evaluation assets being a significant risk.
	Our procedures included, amongst others:
	
	• Obtaining the management prepared reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger;
	• Reviewing management's area of interest considerations against AASB 6;
	• Reviewing the appropriateness of the related disclosures within the financial statements
	• Assessing management assessment of impairment testing reviewing any key assumptions to supporting documents.
	• Conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including;
	  – Tracing projects to statutory registers, exploration licenses and third party support to determine whether a right of tenure existed;
	  – Enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of managements' budgeted expenditure;
	  – Understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale;
	• Assessing the appropriateness of the related disclosures within the financial statements.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Grant Thornton

Report on the remuneration report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 19 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Kingston Resources Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A J Archer

A J Archer
Partner - Audit & Assurance

Sydney, 29 August 2017

CORPORATE GOVERNANCE STATEMENT

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

The Company's Corporate Governance Statement for the financial year ending 30 June 2017 was approved by the Board on 29 August 2017. 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 15 August 2017.

SHAREHOLDER INFORMATION

Distribution of Ordinary Shares at 15 August 2017

Distribution	**No. of Shareholders (ASX code – KSN)**
100,001 and Over	438
10,001 to 100,000	495
5,001 to 10,000	35
1,001 to 5,000	102
1 to 1,000	140
Total	**1,210**

There are 462 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 15 August 2017

Contributed Equity (ASX code – KSN)

	Name	**Holding**	**%**
1.	SLIPSTREAM RESOURCES INVESTMENTS PTY LTD	132,000,000	19.73
2.	FARJOY PTY LTD	99,040,498	14.80
3.	MR SCOTT ARCHIE FERGUSON	26,400,000	3.95
4.	MR SONGNAN HUANG	24,801,000	3.71
5.	SOARAWAY DEVELOPMENT PTY LTD	18,567,922	2.78
6.	OMEN PTY LTD	13,477,889	2.01
7.	MILAMAR GROUP PTY LTD	10,810,808	1.62
8.	YUCAI AUSTRALIA PTY LTD	10,773,250	1.61
9.	DONE NOMINEES PTY LIMITED	10,714,284	1.60
10.	E E R C AUSTRALASIA PTY LTD	8,823,201	1.32
11.	LUXOR INVESTMENTS PTY LIMITED	6,266,944	0.94
12.	MANHATTAN CAPITAL PTY LTD	6,000,000	0.90
13.	TRILLBAR RESOURCES PTY LTD	5,500,000	0.82
14.	KRUPA CONSULTING PTY LTD	5,177,777	0.77
15.	MR CARL DILENA	5,000,000	0.75
16.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,956,483	0.74
17.	TANGRAM PTY LTD	4,717,071	0.71
18.	MR XIAOSONG ZHAO	4,436,035	0.66
19.	KEO PROJECTS PTY LTD	4,338,512	0.65
20.	OMEN PTY LTD	4,280,000	0.64
	Top 20 Total	**406,081,674**	**60.69**
	Other Shareholders	**263,001,062**	**39.31**
	Total on Issue	**669,082,736**	**100.00**

Substantial Shareholders at 15 August 2017

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

Farjoy Pty Ltd – 99,040,498 fully paid ordinary shares

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

Number of Holders of Each Class of Securities at 15 August 2017

As at 15 August 2017, the Company had 669,082,736 fully paid ordinary shares held by 1,210 individual shareholders and:

- 7,058,823 unlisted options (KSNOP1) held by six individual option holders;
- 13,500,000 unlisted options (KSNOP2) held by five individual option holders;
- 13,500,000 unlisted options (KSNOP3) held by five individual option holders;
- 5,000,000 unlisted options (KSNOP4) 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 had 82,500,000 securities subject to voluntary escrow which were released from escrow on 8 July 2017. There are no further restricted securities.

3. UNQUOTED SECURITIES

Holder	#Options over Ordinary Shares	Expiry Date	Exercise Price
Shareholder Options	7,058,823	30 June 2019	$0.03
Director and Employee Options	13,500,000	30 June 2018	$0.04
Director and Employee Options	13,500,000	30 June 2019	$0.07
Shareholder Options	5,000,000	22 December 2019	$0.025
Performance Rights	29,000,000	30 June 2019	Nil (Vesting Conditions)
Performance Rights	5,520,625	30 June 2020	Nil (Vesting Conditions)
Total Unlisted Securities on Issue	**71,079,448**		

4. ON MARKET BUY BACK

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

5. TENEMENT SCHEDULE

WATenements	Project/Name	Status	Ownership
E 74/570	Mt Cattlin	Live	100 %
E 74/571	Mt Cattlin	Live	100 %
E 74/589	Mt Cattlin	Live	100 %
E 70/4822	Greenbushes	Pending	100 %
E 52/3403	Livingstone	Live	0%
NT Tenements	Project/Name	Status	Ownership
EL 31091	Charlotte	Live	100 %
EL 31092	West Arm	Live	100 %
EL 31132	Wingate North	Live	100 %
EL 31133	Bynoe A	Live	100 %
EL 31134	Bynoe B	Pending	100 %
EL 31136	Bynoe South C	Pending	100 %
EL 31150	Bynoe South D	Live	100 %
EL 31151	Bynoe South A	Live	100 %
EL 31200	Bynoe SW A	Live	100 %
EL 31205	Bynoe SW BA	Pending	100 %
EL 31206	Bynoe SW BB	Live	100 %
EL 31207	Bynoe SW BC	Live	100 %
EL 31137	Utopia	Live	100 %
EL 31138	Spotted Wonder	Live	100 %
EL 31141	Barrow Ck B	Pending	100 %
EL 31148	Barrow Ck A	Live	100 %
EL 31242	Barrow Ck	Live	100 %
EL31212	Bundey	Live	100 %
EL31213	Milton	Live	100 %
EL31214	Powell	Live	100 %
EL31285	Echo Dam	Live	100 %
EL31419	Bynoe	Pending	100%
EL31485	Bynoe	Pending	100%
EL31534	Boxhole	Pending	100%
EL31535	Trackrider	Pending	100%
EL31553	Spotted Wonder	Pending	100%
SA Tenements	Project/Name	Status	Ownership
EL 5010	Spencer JV	Live	25 %
EL 5011	Myall Creek JV	Live	50 %