



KINGSTON RESOURCES LIMITED

ABN 44 009 148 529

Half Yearly Financial Statements

31 December 2020

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Corporate Directory

DIRECTORS

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

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

Anthony Wehby, (MAICD)
Non-Executive Director

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

COMPANY SECRETARY

Chris Drew, (B Comm (Hons), CFA)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

201/110 Pacific Highway
North Sydney NSW 2060
AUSTRALIA

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

AUDITORS

Hall Chadwick (NSW)
Chartered Accountants

SHARE REGISTRY

Link Market Services

BANKERS

Australia & New Zealand Banking Group Limited

SOLICITORS

Cowell Clarke Commercial Lawyers
Ashurst Australia

STOCK EXCHANGE

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

ASX CODE

KSN

Directors' Report

Your Directors submit their report for the half year ended 31 December 2020.

DIRECTORS

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

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

PRINCIPAL ACTIVITIES

The Company is an Australian-based company, listed on the ASX, with operations in Australia and Papua New Guinea. The principal activity of the Group during the period was mineral exploration.

REVIEW OF OPERATING RESULTS AND OPERATIONS

Operating Results

The net loss after income tax for the half year was \$1,078,756 (2019: net loss \$990,939).

Review of Operations

The six months to 31 December 2020 saw Kingston deliver a number of key milestones for the Misima Gold Project as it moves towards a restart of mining operations on the island. These included the Pre-Feasibility Study, a maiden Reserve, and the formal commencement of the environmental approvals process.

The Pre-Feasibility Study for the project was completed in November, confirming the potential for a long life, large scale, low cost gold mine with excellent project economics. Key outcomes from the PFS include:

A significant, long-life Asia-Pacific gold operation:

- 130,000oz pa average annual gold production over a 17-year mine life.
- 5.5Mt pa mining and processing operation on a brownfields site with extensive mining history.
- Conventional CIL plant fed by the main Umuna Open Pit and Ewatinona Starter Pit.
- Low capital intensity with A\$283m CAPEX including A\$37m contingency.

Compelling project economics:

- Life-of-mine (LOM) average AISC of A\$1,159/oz.
- LOM revenue of A\$4.9 billion.
- LOM free cash-flow of A\$1.5 billion.
- Pre-tax Net Present Value (NPV_{8%}) of A\$822m and 33% IRR at US\$1,600/oz gold price.
- Pre-tax Net Present Value (NPV_{8%}) of A\$1.28b and 48% IRR at spot US\$1,900/oz gold price.
- Payback period of 4.7 years at US\$1,600/oz gold price, reduced to 2.75 years at US\$1,900/oz.

As part of the PFS, Kingston released a maiden JORC Ore Reserve of 48.3Mt @ 0.9g/t for 1.35Moz. Together with the Reserve, a further 12.5% increase in the global Resource was announced, lifting it to 144Mt at 0.78g/t for 3.6Moz. The scale and quality of the Mineral Resource and Ore Reserve, together with the brownfields nature of the Misima Project, the extensive mining and processing history, the relative softness of the ore and the simplicity of the process flowsheet all give Kingston a high degree of confidence in the technical and commercial viability of the Project as the foundation for a long-term Asia-Pacific gold operation.

An Environmental Inception Report (EIR) for the Misima Gold Project was submitted to PNG's Conservation and Environment Protection Authority (CEPA) in early November marking the formal commencement of the environmental approvals process. Kingston is fortunate to have access to extensive historical Placer data and approvals documentation which provide a clear roadmap for the current approvals program. Regular environmental baseline water and sediment sampling is continuing to inform the EIS and baseline investigations will expand as the EIS process progresses.

During the period exploration activities were also re-started following the lifting of COVID-19 related travel restrictions. An 8,000m infill and extensional drilling program is continuing. This drilling will inform a further Resource update targeted for mid-2021 which will form the basis for the subsequent phase of studies.

The Company continues to implement its Coronavirus Management Plan on Misima Island. This includes sustained COVID safety and hygiene education for staff members and the local community as well as daily temperature checks and social distancing in shared spaces.

Kingston has also been active at the Livingstone Gold Project (WA) over the period. A 4,390m RC drilling program at the Kingsley prospect delivered some very encouraging results, with highlights including:

- 22m @ 3.65g/t Au from 20m, including 3m @ 20.60g/t Au
- 20m @ 1.96 g/t Au from 1m
- 10m @ 4.15g/t Au from surface, including 2m @ 8.40g/t Au
- 16m @ 1.49g/t Au from 2m

Further drilling was subsequently undertaken within the existing JORC 2004 Inferred Resource envelope (990,000t @ 1.6g/t Au for 50,000oz), and delivered best intercepts at Homestead including:

- 17m @ 3.07g/t Au from 14m, including 1m @ 7.94g/t Au from 16m and
- 2m @ 9.36g/t Au from 24m
- 7m @ 3.32g/t Au from 27m, including 1m @ 9.74g/t Au from 27m &
- 2m @ 5.08g/t Au from 30m
- 11m @ 1.18g/t Au from 31m

The campaign was successful in improving the confidence in the historical drilling with all holes returning high-grade intercepts of similar grade and widths.

Kingston is now conducting a project-wide geological study of the Livingstone tenement package that integrates all historical data as well as new information gained during Kingston's tenure. The geological study was designed to place the numerous individual prospects in the Livingstone area into a wider geological context, enhancing the understanding of the relationship between mineralisation at the various deposits, incorporating them within a mineral systems model and identifying and ranking areas that are highly prospective at both a deposit and district scale. Field-based exploration work programs are currently being designed that will follow up on the insights generated.

MINERAL RESOURCES TABLE

Misima Gold Project (PNG)

Deposit	Oxide	Classification	Cutoff	Tonnes	Gold	Silver	Au Moz	Ag Moz
			g/t Au	Mt	g/t Au	g/t Ag		
Umuna within USD\$1700 Pit Shell	Oxide	Indicated	0.3	6.3	0.63	10.7	0.1	2.2
		Inferred	0.3	12.1	0.67	10.4	0.3	4.1
	Primary	Indicated	0.3	57.7	0.82	3.9	1.5	7.2
		Inferred	0.3	53.2	0.75	5.1	1.3	8.7
	Sub-total	Indicated		64.0	0.80	4.6	1.6	9.4
		Inferred		65.3	0.74	6.1	1.6	12.7
	Total	Combined		129.3	0.77	5.3	3.2	22.2
Umuna Extension outside USD\$1700 Pit Shell	Primary	Inferred	0.8	3.4	1.35	4.1	0.1	0.4
Umuna Total Resource	Indicated			64.0	0.80	4.5	1.6	9.4
	Inferred			68.7	0.77	5.9	1.7	13.2
Umuna Total				132.7	0.78	5.3	3.3	22.6
Cooktown Stockpile	Ox-Tran-Prim	Inferred	0.5	3.8	0.65	7.0	0.1	0.9
Cooktown Stockpile				3.8	0.65	7.0	0.1	0.9
Ewatinona within USD\$1700 Pit Shell	Oxide	Indicated	0.3	0.4	0.68	3.2	0.01	0.04
		Inferred	0.3	1.8	0.69	3.4	0.04	0.20
	Primary	Indicated	0.3	3.9	0.89	2.5	0.11	0.31
		Inferred	0.3	1.8	0.77	2.8	0.04	0.16
	Sub-total	Indicated		4.3	0.87	2.6	0.12	0.4
		Inferred		3.6	0.73	3.1	0.08	0.4
Ewatinona Total				7.9	0.81	2.8	0.2	0.7
Misima	Indicated			68.3	0.80	4.5	1.8	9.8
	Inferred			76.1	0.76	5.9	1.9	14.4
Total Misima Mineral Resource				144	0.78	5.2	3.6	24.2

Table 1: Misima Gold Project mineral resource summary, prepared by Mr S. Hayward of Kingston Resources Ltd. Rounding errors may occur.

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

Table 2: Misima Gold Project mineral reserve summary, prepared by Mr J. Wyche of Australian Mine Design and Development Pty Ltd. Rounding errors may occur.

Livingstone Gold Project (WA)

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

Table 3: Livingstone Gold Project mineral resource summary.

The Livingstone Gold Project resource estimate is from a JORC2004 resource report prepared by Mr H. Cornelius for Talisman Mining Ltd in February 2007. Kingston Resources has not completed sufficient validation work for this resource estimate to meet JORC2012 compliance and it is reported on the basis that the information has not materially changed. Rounding errors may occur.

COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr. Stuart Hayward BAppSc (Geology) MAIG, a Competent Person who is a member of the Australian Institute of Geoscientists. Mr. Hayward is an employee of the Company. Mr. Hayward has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Hayward consents to the inclusion in this report of the matters based upon the information in the form and context in which it appears.

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

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

FINANCIAL POSITION

At 31 December 2020 the consolidated entity had net assets of \$40,722,066 (30 June 2020: \$27,444,461) and \$16,563,232 in cash (30 June 2020: \$6,511,170).

On 11 December 2020, the Company completed a capital raising via placement issuing a total of 48,076,923 million shares at \$0.26 raising \$12.5m before fees. In addition to the placement, Chairman Mick Wilkes committed to taking \$500,000 worth of shares subject to shareholder approval which was granted at a General Meeting of the Company held on 29 January 2021.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

DIVIDENDS

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

OPTIONS AND PERFORMANCE RIGHTS

During the half-year ended 31 December 2020 Directors and employees of the Company were granted options and performance rights. Please see Note 10 for details.

EVENTS AFTER THE BALANCE DATE

On 3 February 2021 1,923,077 shares were issued to Company Chairman Mick Wilkes reflecting Mr Wilkes purchase of \$500,000 worth of shares in the Company as part of the capital raising announced to the ASX on 11 December 2020. The share issuance followed shareholder approval at the General Meeting held on 29 January 2021.

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

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

The Auditor's Independence Declaration is set out on page 8 and forms part of the Directors' Report for the half year ended 31 December 2020.

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

- (a) is made in accordance with a resolution of the Directors;
- (b) is dated 11 March 2021; and
- (c) is signed by Mick Wilkes.

On behalf of the directors



Mick Wilkes
Chairman

11 March 2021

KINGSTON RESOURCES LIMITED
ABN 44 009 148 529
AND CONTROLLED ENTITIES

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

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
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In accordance with Section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Kingston Resources Limited. As the lead audit partner for the review of the financial report of Kingston Resources Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND
Partner
Date: 11 March 2021

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Consolidated Statement of Financial Position

		Consolidated Group	
		31 December 2020	30 June 2020
		\$	\$
	Notes		
Current assets			
Cash and cash equivalents		16,563,232	6,511,170
Trade and other receivables		573,495	888,764
Financial assets		276,050	1,943
Other current assets		2,212	2,519
Total current assets		17,414,989	7,404,396
Non-current assets			
Property, plant and equipment	6	37,654	44,314
Capitalised exploration expenditure	4	25,483,568	22,295,305
Right of Use Asset	5	42,620	92,805
Other non-current assets		39,085	41,979
Total non-current assets		25,602,927	22,474,403
Total assets		43,017,916	29,878,799
Current liabilities			
Trade and other payables		2,148,916	2,249,961
Lease liabilities		62,309	116,418
Provisions		84,625	67,958
Total current liabilities		2,295,850	2,434,337
Total liabilities		2,295,850	2,434,337
Net assets		40,722,066	27,444,462
Equity			
Issued capital	9	98,068,212	83,808,031
Accumulated losses		(58,168,676)	(57,123,921)
Share Based Payment Reserves		1,028,474	893,327
Foreign Currency Translation Reserve		(205,944)	(132,976)
Total equity		40,722,066	27,444,461

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Consolidated Group	
		31 December 2020	31 December 2019
		\$	\$
	Notes		
Other revenue	3	104,633	95,899
Administrative expenses		(105,426)	(176,691)
Consultant and legal fees		(229,450)	(49,065)
Depreciation and amortisation expenses	3	(14,909)	(18,536)
Director fees		(125,439)	(110,481)
Employee expenses		(284,760)	(217,807)
Share based payments expense		(392,569)	(352,401)
Interest expense		(4,943)	(9,996)
Mark to market of financial assets		(25,893)	-
Exploration expenditure		-	2,519
Impairment of capitalised exploration expenditure	4	-	(77,805)
Foreign exchange gain/loss		-	(76,575)
Loss before income tax benefit		(1,078,756)	(990,939)
Income tax expense		-	-
Loss for the period		(1,078,756)	(990,939)
Other comprehensive income			
Other comprehensive income		-	-
Total comprehensive loss for the period		(1,078,756)	(990,939)
Basic loss per share (cents)		(0.46)	(0.58)
Diluted loss per share (cents)		(0.46)	(0.58)

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

Consolidated Statement of Cash Flows

	Consolidated Group	
	31 December 2020 \$	31 December 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Continued Operations		
Interest received	20,624	35,899
Interest paid	(4,943)	(10,007)
Receipts from other income	84,009	60,000
Payments for exploration and evaluation	-	2,519
Payments to suppliers and employees	(799,354)	(710,192)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(699,664)	(621,781)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for exploration and evaluation	(3,222,573)	(3,236,087)
Payment for other non-current assets	-	(57,534)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(3,222,573)	(3,293,621)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares and options	14,500,000	3,084,702
Transaction costs related to issue of shares, convertibles, or options	(468,470)	(209,499)
Repayment of borrowings and lease liabilities	(44,967)	(47,445)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	13,986,563	2,827,758
Net change in cash held	10,064,326	(1,087,645)
Cash and cash equivalents at beginning of period	6,511,170	5,197,394
Effect of movement in exchange rates on cash held	(12,264)	(1,229)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	16,563,232	4,108,520

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

Consolidated Statement of Changes in Equity

Consolidated

Attributable to the shareholders of Kingston Resources Limited

	Ordinary Shares \$	Accumulated Losses \$	Foreign Exchange Reserves	Share based payment Reserve \$	Total Equity \$
Balance at 1 July 2019	74,817,881	(56,537,006)	(127,495)	683,229	18,836,609
Loss for the half year	-	(990,939)	-	-	(990,939)
Other comprehensive income	-	-	-	-	-
	74,817,881	(57,527,945)	(127,495)	683,229	17,845,670
Issue of Shares	3,084,702	-	-	-	3,084,702
Cost of share issue	(209,499)	-	-	-	(209,499)
Share based payments	-	-	-	352,401	352,401
Transfer from share based payment reserve on expiry/lapse	13,162	153,647	-	(166,809)	-
Additions to reserves	-	-	720	-	720
Balance at 31 December 2019	77,706,246	(57,374,298)	(126,775)	868,821	21,073,994
Balance at 1 July 2020	83,808,031	(57,123,922)	(132,976)	893,327	27,444,460
Loss for the half year	-	(1,078,756)	-	-	(1,078,756)
Other comprehensive income	-	-	-	-	-
	83,808,031	(58,202,678)	(132,976)	893,327	26,365,704
Issue of Shares	14,510,529	-	-	-	14,510,529
Cost of share issue	(468,470)	-	-	-	(468,470)
Share based payments	-	-	-	388,056	388,056
Transfer from share-based payment reserve on expiry/lapse/Issuance	218,121	34,002	-	(252,909)	(786)
Additions to reserves	-	-	(72,968)	-	(72,968)
Balance at 31 December 2020	98,068,212	(58,168,676)	(205,944)	1,028,474	40,722,066

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

Notes to the Financial Statements

1. CORPORATE INFORMATION

The financial statements of Kingston Resources Limited for the half year ended 31 December 2020 are authorised for issue in accordance with a resolution of the Directors on 11 March 2021. Kingston Resources Limited is a company incorporated in Australia and limited by shares listed on the ASX.

The nature of the operations and principal activities of the Group are described in the Review of Operating Results and Operations included in the Directors' Report and in Note 8 Segment Information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The half year financial statements should be read in conjunction with the annual Financial Statements of the Group as at 30 June 2020.

It is also recommended that the half year financial statements be considered together with public announcements made by Kingston Resources and its controlled entities during the half year ended 31 December 2020 and up to the date of this report in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

a) Basis of Preparation

These general purpose financial statements for the interim half year reporting period ended 31 December 2020 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The interim financial statements are intended to provide users with an update on the latest annual financial statements of Kingston Resources Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes during the half year within the Group. It is therefore recommended that these financial statements be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2020, together with any public announcements made during the half year and up to the date of this report.

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

From 1 July 2020, the consolidated entity has adopted all Australian Accounting Standards and Interpretations effective for annual periods beginning on or before 1 July 2020. The adoption of new and amended standards and interpretations had no impact on the financial position or performance of the consolidated entity.

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

b) Going Concern

The consolidated entity has incurred operating losses of \$1,078,756 (2019: \$990,939) and negative operating cash flows of \$699,664, (2019: \$621,781) for the half year ended 31 December 2020. As at 31 December 2020 the consolidated entity held cash of \$16,563,232.

The Company's 31 December 2020 cash balance of \$16,563,232 leaves it with sufficient funding to continue to meet its budgeted operational expenditure requirements, including minimum exploration commitments across its tenement portfolio. Nevertheless, the nature of an exploration company is to have negative cashflow from operations, which requires the Company to raise equity as required. Most recently, the company successfully raised capital in June 2020 and December 2020.

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

c) New Accounting Standards Implemented

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

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

d) Coronavirus (COVID-19) pandemic

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

3. LOSS FOR THE PERIOD

	Consolidated Group	
	31 December 2020	31 December 2019
	\$	\$
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Other revenue		
Interest from bank	20,624	35,899
DMIRS EIS funding	34,009	60,000
Government grants	50,000	-
Total other revenue	<u>104,633</u>	<u>95,899</u>
Expenses		
Depreciation and amortisation on non-current assets		
Depreciation of:		
- Right of use asset	(14,909)	(18,536)
- plant and equipment	-	-
Total depreciation and amortisation	<u>(14,909)</u>	<u>(18,536)</u>

4. EXPLORATION AND EVALUATION ACTIVITIES

	Consolidated Group	
	31 December 2020	30 June 2020
	\$	\$
Opening Balance	22,295,305	13,963,407
Impairment of assets	-	(77,805)
Foreign Exchange adjustments	(34,310)	4,405
Acquisition of mining assets of Gallipoli	-	2,000,000
Capitalised exploration expenditure	3,222,573	6,405,297
Total exploration expenditure capitalised	25,483,568	22,295,305

The carrying value of the capitalised exploration and evaluation expenditure is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount, where substantive expenditure on further exploration is neither budgeted nor planned, or the period for which the Company has the right to explore will expire in the near future and is not expected to be renewed.

Following agreement to secure 100% of the shares in Gallipoli Exploration (PNG) Ltd, Kingston transitioned its PNG based exploration activity from its 100% owned subsidiary WCB PNG Limited to now be directly undertaken by Gallipoli Exploration (PNG) Ltd, the historic Joint Venture entity.

5. RIGHT OF USE ASSETS

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

	Consolidated Group	
	31 December 2020	30 June 2020
	\$	\$
a. Right of use assets		
Leased Buildings	74,145	74,145
Accumulated Amortisation	(55,604)	(37,070)
Net Carrying Value	18,541	37,075
Leased Equipment		
Excavator	200,786	200,786
Accumulated Amortisation	(176,707)	(145,056)
Net Carrying Value	24,079	55,730
Total Net Carrying Value	42,620	92,805
b. Lease liabilities		
Current	(62,309)	(116,418)
Non-current	-	-
	(62,309)	(116,418)

6. PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	31 December 2020	30 June 2020
	\$	\$
Motor vehicles:		
At cost	125,998	125,998
Accumulated depreciation	(88,344)	(81,684)
	<u>37,654</u>	<u>44,314</u>
Total property, plant and equipment	<u>37,654</u>	<u>44,314</u>

7. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The group operates in one segment being Exploration and Evaluation of Minerals.

8. COMMITMENTS AND CONTINGENCIES

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

	Consolidated Group	
	31 December 2020	31 December 2019
	\$	\$
Not Later than one year	68,000	68,000
Later than one year and less than five years	161,000	61,852

The Company has issued performance rights and options to management and employees as part of their total remuneration. Those issued in the current period are listed below in Note 10, the value of these share based payments upon issue was \$388,056.

9. ISSUED CAPITAL

	Consolidated Group	
	31 December 2020	30 June 2020
	\$	\$
a) Ordinary shares		
281,638,869 fully paid ordinary shares (30 June 2020: 217,043,243)	98,068,212	83,808,031
b) Movements in contributed equity for the period		
Balance at the beginning of the period	83,808,031	74,817,881
Shares issued during the current financial year:		
- 14 July 2020	2,000,000	
- 17 July 2020 (share based payment)	29,593	
- 27 November 2020 (share based payment)	18,630	
- 27 November 2020	10,529	
- 18 December 2020	12,500,000	
- 18 December 2020 (share based payment)	169,898	
Shares issued during the previous period:		
25 July 2019		13,162
22 Aug 2019		3,084,702
1 June 2020		6,447,407
Less share issuance costs	(468,470)	(555,121)
Total contributed equity	98,068,212	83,808,031

10. SHARE BASED PAYMENTS

- (i) Share options and performance rights granted to employees and directors of the Company, or any Associated Body Corporate of the Company:
- On 5 August 2020 Kingston granted senior management and staff 3,461,042 STI Performance Rights and 2,768,834 LTI Performance Options
 - On 27 November 2020 Kingston granted Non-Executive Directors 900,000 LTI options.
- (ii) Shares granted on the vesting of performance rights held by employees and directors of the Company, or any Associated Body Corporate of the Company:
- On 17 July 2020 Kingston issued senior management 932,175 shares on the vesting of FY20 STI Performance rights and 75,000 shares on vesting of employee retention rights.
 - On 27 November 2020 Kingston issued senior management 463,116 shares on vesting of Performance Options
 - On 18 December 2020 Kingston issued senior management and Non-Executive Directors 2,512,719 on vesting of Long Term Performance Rights

12. EVENTS SUBSEQUENT TO REPORTING DATE

On 3 February 2021 1,923,077 shares were issued to Company Chairman Mick Wilkes reflecting Mr Wilkes purchase of \$500,000 worth of shares in the Company as part of the capital raising announced to the ASX on 11 December 2020. The share issuance followed shareholder approval at the General Meeting held on 29 January 2021.

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

Directors' Declaration

In the opinion of the Directors:

- (a) the financial statements and the notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2020 and the performance for the half year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Board



Mick Wilkes
Chairman

11 March 2021

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

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
KINGSTON RESOURCES LIMITED
AND CONTROLLED ENTITIES**

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
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Conclusion

We have reviewed the accompanying half-year financial report of Kingston Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes to the financial statements including a summary of significant accounting policies, other explanatory information, and the directors' declaration.

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

- (i) giving a true and fair view of Kingston Resources Limited's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) in the half-year financial report, which indicates that the Group incurred a net loss after tax of \$1,078,756 during the half-year ended 31 December 2020 and had net operating cash outflows of \$699,664 during the half-year ended 31 December 2020. As stated in Note 2(b), these events or conditions, along with other matters as set forth in Note 2(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

The directors of Kingston Resources Limited are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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**KINGSTON RESOURCES LIMITED
ABN 44 009 148 529
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**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
KINGSTON RESOURCES LIMITED
AND CONTROLLED ENTITIES**

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

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



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



DREW TOWNSEND

Partner

Dated: 11 March 2021