



KINGSTON RESOURCES LIMITED

ABN 44 009 148 529

Half Yearly Financial Statements

31 December 2022

Contents

	Page No.
➤ Corporate Directory.....	2
➤ Directors' Report.....	3
➤ Auditor's Independence Declaration	9
➤ Consolidated Statement of Financial Position	10
➤ Consolidated Statement of Profit or Loss and Other Comprehensive Income	11
➤ Consolidated Statement of Cash Flows	12
➤ Consolidated Statement of Changes in Equity	13
➤ Notes to the Financial Statements	14
➤ Directors' Declaration	21
➤ Independent Auditor's Review Report	22

Corporate Directory

DIRECTORS

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

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

Anthony Wehby, (MAICD)
Non-Executive Director

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

COMPANY SECRETARY

Robyn Slaughter

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

202/201 Miller Street
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

Automic Group

BANKERS

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

SOLICITORS

Cowell Clarke Commercial Lawyers
Ashurst Australia

STOCK EXCHANGE

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

ASX CODE

KSN

Directors' Report

Your Directors submit their report for the half year ended 31 December 2022.

DIRECTORS

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

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

PRINCIPAL ACTIVITIES

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

REVIEW OF OPERATING RESULTS AND OPERATIONS

Operating Results

Kingston reported a statutory net profit of \$1,343,790 for the half year (2021:\$535,451).

Review of Operations

Kingston commenced the half announcing the intention to develop and expand Mineral Hill production with open pit and underground mining studies. In parallel, a \$10m funding package was secured from Pure Asset Management to facilitate this work. Major progress was made during the half, including the delivery of an updated Southern Ore Zone (SOZ) Mineral Resource Estimate, which resulted in a 114% increase in tonnage, 54% in contained gold and 64% in contained copper (relative to the previous estimate). Critical work was completed on numerous fronts in working towards an updated life of mine plan to resume open pit and underground mining.

During the period, the company significantly improved the performance of the processing plant at Mineral Hill, with total gold output increasing 51% for the half year period compared to the gold output from the time of acquisition. This was a function of increased processing feed rate and a higher recovery. Record gold production was achieved for the months of October and December all while the region experienced substantial rainfall and flooding.

On 13 December 2022, Kingston received a \$1.5m milestone payment from Metal Bank Limited (ASX: MBK), upon 12 month completion from the sale of Livingstone Gold project. Additionally, the Company was successful in applying for a \$500,000 grant as part of the NSW Government's Critical Minerals and High-Tech Metals Activation Fund - Stream 1: Project Activation Studies.

With the delivery of the Misima Gold Project Definitive Feasibility Study (DFS) at the end of FY22, Kingston has completed the bulk of the independent studies for the Environmental and Social Impact Assessment (ESIA) and is advancing work for the submission of the full ESIA report. Work is also continuing to advance the inputs required for the Mining Lease application. Subsequent to completion, the ESIA and ML application will be submitted to the relevant regulatory authorities in Papua New Guinea for approval. The company is currently undertaking a strategic review on the Misima project to assess all options available to maximise shareholder value of Kingston's 100% interest in the Misima Gold Project.

Further details on the key work programs and events during the period are provided below.

Mineral Hill Mine

During the half year, the Company ramped up production on the Tailings Storage Facility (TSF) Project, undertook exploration drilling at Pearse, SOZ and Jack's Hut, and released an updated Mineral Resource for SOZ.

Drilling at Pearse consisted of five diamond drill holes for 655 metres (m) and 17 RC drill holes for 2454m. The assay results from this program show that Pearse is a high grade, shallow mineralised system with additional gold and silver mineralisation outside the current Ore Reserve pit shell. The best results from this phase of drilling include:

- 17m @ 2.7g/t Au, 11g/t Ag from 15m from RC hole 013 including
 - 11m @ 4.0g/t Au, 15g/t Ag from 20m
- 39m @ 4.2g/t Au and 37g/t Ag from 37m from DDH hole 001, including:
 - 3m @ 26.7g/t Au, 27g/t Ag from 38m
- 10m @ 6.0g/t Au and 33g/t Ag from 72m from DDH hole 003

Work is underway to finalise a Mineral Resource Estimate and Ore Reserve for both Pearse North and South using these results.

Drilling at Jack's Hut comprised two diamond and three reverse circulation holes. The result validated the exploration potential for extensive and continuous gold and base metal mineralisation along a 2.2km strike length. The best intercepts included:

- 77m @ 0.93% Cu, and 0.16g/t Au from 7m, including:
 - 7.4m @ 5.7% Cu, 0.40g/t Au from 16.4m
 - 9.3m @ 1.3% Cu, 0.39g/t Au, from 43.7m
- 27m @ 1.02% Cu, 0.18g/t Au from 14m, including:
 - 4.2m @ 4.5% Cu, 0.41g/t Au from 21.8m

An eight-hole drill program targeting the up-dip and along strike extents of the A lode at SOZ returned high base metal and gold results. The most significant intersections included:

- 39m @ 1.1% Cu, 0.7% Pb, 0.8% Zn, 0.93g/t Au, 12g/t Ag from 161m, in DDH011
- 9.8m @ 4.22g/t Au, 0.7% Cu, 3.2% Pb, 3.2% Zn, 30g/t Ag from 165.5m in DDH012
- 8.5m @ 0.4% Cu, 4.2% Pb, 4.2% Zn, 1.23g/t Au, 28g/t Ag from 232m in DDH009
- 7.0m @ 0.7% Cu, 2.9% Pb, 2.6% Zn, 1.31g/t Au, 26g/t Ag from 154m in DDH008
- 8.1m @ 0.9% Cu, 8.3% Pb, 3.3% Zn, 0.97g/t Au, 60g/t Ag from 157.9m in DDH007
- 19m @ 1.15% Cu, 5.5% Pb, 5.5% Zn, 0.4g/t Au, 44g/t Ag from 150m in DDH006, including:
 - 10m @ 2.12% Cu, 10.3% Pb, 10.4% Zn, 0.5g/t Au, 81g/t Ag from 150m

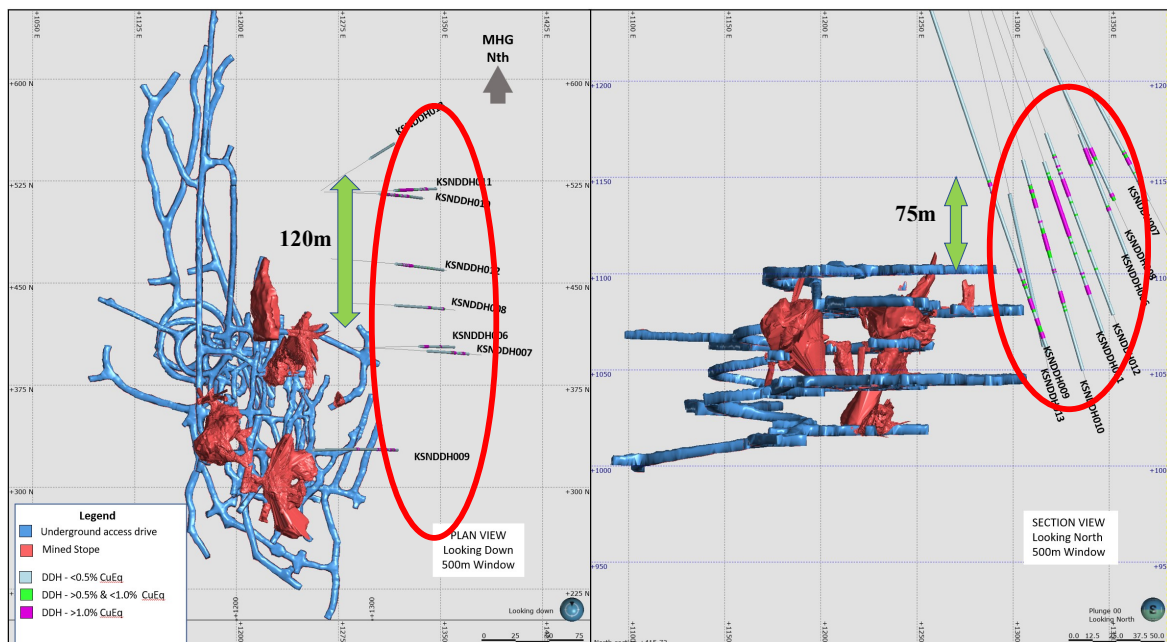


Figure 1: Plan and section view of Southern Ore zone (MH Mine Grid).

The drilling results were incorporated into the updated Mineral Resource Estimate for SOZ, which increased significantly to 3.8Mt @ 1.29g/t Au, 19.2g/t Ag, 0.9% Cu, 1.6% Pb and 1.4% Zn (see *Table 1* for full details). Total Mineral Resources and Ore Reserves at Mineral Hill are shown in *Table 2* and *Table 3* respectively. The project also hosts outstanding exploration potential with multiple targets located within the Mining Licence many of which host high-grade historic drilling results which will be followed up.

Table 1: Southern Ore Zone (SOZ) Mineral Resource Estimation, November 2022.

Resource Category	Tonnage (Kt)	Grade					Metal				
		Au (g/t)	Ag (g/t)	Cu %	Pb %	Zn %	Au (koz)	Ag (koz)	Cu (kt)	Pb (kt)	Zn (kt)
Measured	228	2.11	11	1.3%	0.5%	0.3%	15.5	80	3,000	1,200	700
Indicated	1,622	1.28	20	1.0%	1.8%	1.5%	66.8	1,038	16,200	28,500	24,200
Inferred	1,954	1.20	20	0.7%	1.6%	1.5%	75.4	1,231	14,500	30,500	28,900
Total	3,804	1.29	19	0.9%	1.6%	1.4%	157.6	2,349	33,600	60,200	53,800

Gold and silver dore production from the TSF Project at Mineral Hill continued a strong upward trend during the half year period. October and December saw record gold production and sales. The drier weather during these months helped demonstrate what the site is capable of when conditions are more favourable. November experienced heavy rain across the region and some parts in central NSW were subject to heavy flooding. Despite this, the mine was able to maintain production and minimise disruptions. A total of 6,859 ounces were sold during the half year at an average sales price of \$2,585/oz. All-in-sustaining costs (AISC) averaged \$1,918/oz.

Gold sold (oz per quarter)

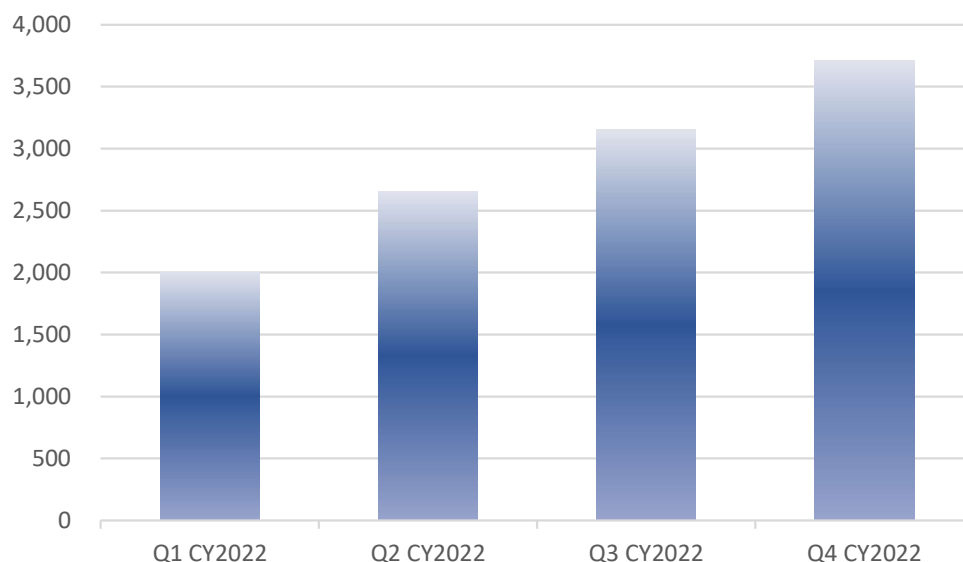


Figure 2: Mineral Hill quarterly gold production from the TSF project.

The reconciliation of the processing plant feed results to the initial Resource estimates showed a near identical comparison up to the end of November 2022. Tonnage, grade and gold ounces have reconciled to within 2%, 1% and 1% respectively. These results provide huge confidence in the quality of the Resource & Reserve models used for the TSF mining project.

Misima Gold Project

Kingston announced the intention to undertake a strategic review of Misima with the view of finding ways to maximise value from the project. The company has been actively engaged in discussions with numerous groups to find ways to bring the project into production. Work on site during the half consisted of background environmental monitoring as part of the Environmental and Social Impact Assessment (ESIA) as well as work to progress the Mining Licence application.

MINERAL RESOURCES TABLE

Mineral Hill (NSW, Australia)

Table 2: Mineral Hill Mineral Resource summary, prepared by Mr S. Hayward of Kingston Resources Ltd. Rounding errors may occur.

Resource Category	Tonnes (kt)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Au (koz)	Ag (koz)	Cu (kt)	Pb (kt)	Zn (kt)
Measured	434	3.03	57	1.3%	0.5%	0.3%	42	795	3	1.2	0.7
Indicated	4,792	0.89	32	1.1%	2.0%	1.2%	137	3,679	39	67	40
Inferred	2,031	1.19	20	0.7%	1.6%	1.5%	77	1,322	15	31	30
Total	7,257	1.10	30	1.0%	1.8%	1.3%	257	5,797	57	100	71

Table 3: Mineral Hill Mineral Reserve summary, prepared by Mr J. Wyche of Australian Mine Design and Development Pty Ltd. Rounding errors may occur.

Reserve	Tonnes (kt)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Au (koz)	Ag (koz)	Cu (kt)	Pb (kt)	Zn (kt)
Proved	55	2.30	17				4	31			
Probable	1,378	1.45	47				64	315			
Total	1,433	1.48	41				68	346			

Misima Gold Project (PNG)

Table 4: Misima Gold Project Mineral Resource summary, prepared by Mr S. Hayward of Kingston Resources Ltd. Rounding errors may occur.

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

Table 5: Misima Gold Project mineral reserve summary, prepared by Mr J. Wyche of Australian Mine Design and Development Pty Ltd. Rounding errors may occur.

	Tonnes Mt	Gold Au g/t	Silver Ag g/t	Au koz	Ag koz
Ewatinona					
Probable	3.9	0.8	2.4	100	300
Ewatinona Total	3.9	0.8	2.4	100	300
Umuna					
Probable	71.7	0.8	4.6	1,800	10,600
Umuna Total	71.7	0.8	4.6	1,800	10,600
Probable	75.6	0.8	4.5	1,900	10,900
Misima Total Reserve	75.6	0.8	4.5	1,900	10,900

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 2022 the consolidated entity had net assets of \$63,132,396 (30 June 2022: \$61,130,177) and \$6,842,000 in cash (30 June 2022: \$5,589,673).

On 13 December 2022, the Company received a \$1.5 million milestone payment from Metal Bank Limited from the sale of the Livingstone gold project.

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 2022 Directors and employees of the Company were granted options and performance rights. Please see Note 9 for details.

EVENTS AFTER THE BALANCE DATE

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

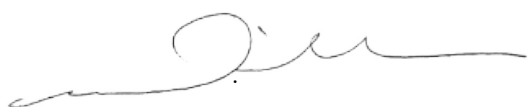
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The Auditor's Independence Declaration is set out on page 9 and forms part of the Directors' Report for the half year ended 31 December 2022.

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

- (a) is made in accordance with a resolution of the Directors;
- (b) is dated 14 March 2023; and
- (c) is signed by Mick Wilkes.

On behalf of the directors



Mick Wilkes
Chairman

14 March 2023

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

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

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Kingston Resources Limited. As the lead partner for the review of the financial report of Kingston Resources Limited for the half year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



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



DREW TOWNSEND
Partner
Date: 14 March 2023

ADELAIDE
Suite 201 Level 2
147 Pirie Street
Adelaide SA 5000

T: +61 8 8545 8422

BRISBANE
Level 4
240 Queen Street
Brisbane QLD 4000

T: +61 7 2111 7000

DARWIN
Paspalis Business Centre
Level 1 Suite 11
48-50 Smith Street
Darwin NT 0800

T: +61 8 8943 0645

MELBOURNE
Level 14
440 Collins Street
Melbourne VIC 3000

T: +61 3 9820 6400

PERTH
Allendale Square
Level 11
77 St Georges Terrace
Perth WA 6000

T: +61 8 8943 0645

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000

T: +61 2 9263 2600

Consolidated Statement of Financial Position

		Consolidated Group	
		31 December 2022	30 June 2022
		\$	\$
	Notes		
Current assets			
Cash and cash equivalents		6,842,000	5,589,673
Trade and other receivables		1,213,272	3,414,195
Available for sale financial assets		431,650	562,900
Inventory		2,467,126	2,338,674
Other current assets		662,442	101,887
Total current assets		11,616,490	12,007,329
Non-current assets			
Property, plant and equipment	5	16,784,482	16,999,182
Capitalised exploration expenditure	4	43,844,337	41,554,898
Mine development expenditure	4	14,684,385	13,553,356
Right of use assets		721,087	833,234
Rehabilitation bond and security deposits	7	5,625,874	3,641,425
Total non-current assets		81,660,165	76,582,095
Total assets		93,276,655	88,589,424
Current liabilities			
Trade and other payables		4,630,834	6,267,320
Interest bearing loan		454,254	39,481
Lease liabilities		281,144	283,986
Employee provisions		499,457	469,308
Deferred payables		7,167,957	-
Total current liabilities		13,033,646	7,060,095
Non-current liabilities			
Borrowings	10	4,409,671	-
Interest bearing loan		19,869	41,272
Lease liabilities		337,239	466,756
Rehabilitation provisions		7,274,000	7,274,000
Employee provisions		35,923	59,242
Deferred payables		5,033,911	12,557,882
Total non-current liabilities		17,110,613	20,399,152
Total liabilities		30,144,259	27,459,247
Net assets		63,132,396	61,130,177
Equity			
Issued capital	8	121,170,385	121,051,877
Accumulated losses		(59,351,198)	(60,738,440)
Share Based Payment Reserve		1,128,537	609,952
Foreign Currency Translation Reserve		184,672	206,788
Total equity		63,132,396	61,130,177

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 2022	31 December 2021
		\$	\$
	Notes		
Continuing Operations			
Sales		17,869,158	-
Other revenue	3	11,097	19,405
Cost of sales		(9,842,618)	-
Gross Profit		8,037,637	19,405
Administrative expenses		(206,866)	(213,664)
Consultant and legal fees		(49,636)	(146,402)
Amortisation expense	3	(556,434)	-
Depreciation expense	3	(1,692,984)	-
Director fees		(135,896)	(115,728)
Employee expenses		(3,435,716)	(362,697)
Share based payments expense		(158,301)	(104,400)
Interest expense		(326,364)	(6,880)
Mark to market of financial assets		(131,250)	-
Exploration expenditure		(400)	(9,872)
Gain on sale of financial asset		-	82,184
Gain on sale of Westernx Pty Ltd		-	1,392,976
Foreign exchange gain/loss		-	529
Profit/(Loss) before income tax expense		1,343,790	535,451
Income tax expense		-	-
Profit/(Loss) for the period		1,343,790	535,451
Other comprehensive income			
Other comprehensive income		(22,116)	(21,009)
Total comprehensive income/(loss) for the period		1,321,674	514,442
Basic loss per share (cents)		0.33	0.13
Diluted loss per share (cents)		0.32	0.13

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 2022 \$	31 December 2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Continued Operations		
Receipts from customers	18,089,127	-
Interest received	2,097	18,245
Interest paid	(133,743)	(6,285)
Receipts from other income	9,000	-
Payments for exploration and evaluation	(400)	(9,872)
Payments to suppliers and employees	(14,140,810)	(1,148,663)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	3,825,271	(1,146,575)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation	(4,130,664)	(6,189,067)
Payment for bond deposits	(1,973,155)	-
Payment for property, plant and equipment	(1,171,890)	-
Payment for mine development	(1,417,719)	-
Payment from other entity	175,000	-
Proceeds from sale of financial asset	-	314,972
Proceeds from divestment of WesternX Pty Ltd	1,500,000	2,500,000
Proceeds from sale of property, plant and equipment	-	1,160
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(7,018,428)	(3,372,935)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	22,570	14,000,000
Payments for lease	(138,966)	-
Transaction costs related to issue of shares, convertibles, or options	(1,250)	(644,274)
Net proceeds from borrowings	4,850,000	-
Repayment of borrowings	(288,437)	(13,538)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	4,443,917	13,342,188
Net increase in cash held	1,250,760	8,822,678
Cash and cash equivalents at beginning of period	5,589,673	11,007,936
Effect of movement in exchange rates on cash held	1,567	3,683
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6,842,000	19,834,297

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 2021	98,584,828	(58,713,189)	165,051	690,419	40,727,109
Loss for the half year	-	535,451	-	-	535,451
Other comprehensive income	-	-	-	-	-
	98,584,828	(58,177,738)	165,051	690,419	41,262,560
Issue of Shares	14,110,000	-	-	-	14,110,000
Cost of share issue	(745,890)	-	-	-	(745,890)
Share based payments	-	-	-	94,400	94,400
Transfer from share-based payment reserve on expiry/lapse	138,493	59,773	-	(198,266)	-
Additions to reserves	-	-	(21,009)	-	(21,009)
Balance at 31 December 2021	112,087,431	(58,117,965)	144,042	586,553	54,700,061
Balance at 1 July 2022	121,051,877	(60,738,440)	206,788	609,952	61,130,177
Profit for the half year	-	1,343,790	-	-	1,343,790
Other comprehensive income	-	-	-	-	-
	121,051,877	(59,394,650)	206,788	609,952	62,473,967
Issue of Shares	22,570	-	-	-	22,570
Cost of shares issued	(2,500)	-	-	-	(2,500)
Share based payments	-	-	-	660,475	660,475
Transfer from share-based payment reserve on expiry/lapse/issuance of options	98,438	43,452	-	(141,890)	-
Additions to reserves	-	-	(22,116)	-	(22,116)
Balance at 31 December 2022	121,170,385	(59,351,198)	184,672	1,128,537	63,132,396

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 2022 are authorised for issue in accordance with a resolution of the Directors on 14 March 2023. Kingston Resources Limited is a company incorporated in Australia and limited by shares listed on the ASX.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The half year financial statements should be read in conjunction with the annual Financial Statements of the Group as at 30 June 2022.

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 2022 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 2022 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 2022, 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 2022, the consolidated entity has adopted all Australian Accounting Standards and Interpretations effective for annual periods beginning on or before 1 July 2022. The adoption of new and amended standards and interpretations had no impact on the financial position or performance of the consolidated entity.

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

b) Going Concern

The consolidated entity has earned a operating profit of \$1,343,790 (2021: \$535,451) and positive operating cash flows of \$3,825,271 (2021: negative operating cash flow of \$1,146,575) for the half year ended 31 December 2022. As at 31 December 2022 the consolidated entity held cash of \$6,842,000.

The Company's 31 December 2022 cash balance of \$6,842,000 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. If the Group is unsuccessful in raising capital, a material uncertainty exists, that may cast significant doubt on the Group's ability as a going concern and its ability to recover assets, and discharge liabilities in the normal course of business and at the amount shown in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

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

c) New Accounting Standards Implemented

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

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

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. PROFIT FOR THE PERIOD

	Consolidated Group	
	31 December 2022 \$	31 December 2021 \$
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Other revenue		
Interest from bank	2,097	18,245
Rent	9,000	-
Proceeds from sale of property, plant and equipment	-	1,160
Total other revenue	11,097	19,405

Expenses

Depreciation and amortisation on non-current assets

Depreciation of:

- right of use asset	112,146	-
- building	43,330	-
- plant & equipment	1,537,508	-
Total depreciation	1,692,984	-

Amortisation of:

- Mine development	122,549	-
- Waste removal	433,885	-
	556,434	-

4. EXPLORATION AND EVALUATION ACTIVITIES

	Consolidated Group		
	Mine development expenditure \$	Capitalised exploration expenditure \$	Total \$
At 1 July 2022			
Cost	13,634,614	41,554,898	55,189,512
Accumulated amortisation	(81,258)	-	(81,258)
Net Carrying Amount	13,553,356	41,554,898	55,108,254
Half Year ended 31 December 2022			
Carrying amount at the beginning of the period	13,553,356	41,554,898	55,108,254
Amounts acquired in business combinations	-	-	-
Additions	1,687,463	2,418,748	4,106,211
Amortisation	(556,434)	-	(556,434)
Foreign exchange differences	-	(129,309)	(129,309)
Carrying amount at 31 December 2022	14,684,385	43,844,337	58,528,722
At 31 December 2022			
Cost	15,322,077	43,844,337	59,166,414
Accumulated amortisation	(637,692)	-	(637,692)
Net Carrying Amount	14,684,385	43,844,337	58,528,722

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.

5. PROPERTY, PLANT AND EQUIPMENT

Motor vehicles:

	31 December 2022 \$	30 June 2022 \$
Opening balance	226,352	177,203
Additions	-	49,149
Disposals	-	-
Closing Balance	226,352	226,352

Accumulated depreciation

Opening balance	135,900	97,987
Depreciation for the year	20,290	37,913
Closing balance	156,190	135,900
Net Book Value – Motor Vehicles	70,162	90,452

Buildings:

Opening balance	895,222	-
Addition through business combination	-	819,700
Additions	-	75,522
Disposals	-	-
Closing Balance	895,222	895,222

Accumulated depreciation

Opening balance	333,015	-
Addition through business combination	-	295,265
Depreciation for the year	43,330	37,750
Closing balance	376,345	333,015
Net Book Value – Buildings	518,877	562,207

Plant & Equipment:

Opening balance	20,265,787	-
Addition through business combination	-	7,854,425
Additions	1,386,428	12,411,362
Disposals	-	-
Closing Balance	21,652,215	20,265,787

Accumulated depreciation

Opening balance	3,919,264	-
Addition through business combination	-	2,817,544
Depreciation for the year	1,537,508	1,101,720
Closing balance	5,456,772	3,919,264
Net Book Value – Plant & Equipment	16,195,443	16,346,523

Net Book Value – Property, plant and Equipment

16,784,482	16,999,182
------------	------------

6. SEGMENT INFORMATION

For the year half year ended 31 December 2022, the Group has two segments, being mining and exploration of minerals in Australia and Papua New Guinea.

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

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

	Australia	PNG	Total
External revenue	17,869,158	-	17,869,158
Other revenue	9,000	-	9,000
Interest income	2,097	-	2,097
Total revenue	17,880,255	-	17,880,255
EBITDA	3,928,130	(10,656)	3,917,474
Depreciation and amortisation	(2,249,418)	-	(2,249,418)
Reportable segment asset	52,768,060	40,508,595	93,276,655
Reportable segment liability	(29,910,669)	(233,590)	(30,144,259)
Net assets	22,857,391	40,275,005	63,132,396

7. COMMITMENTS AND CONTINGENCIES

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

	Consolidated Group	
	31 December 2022	30 June 2022
Exploration commitment	\$	\$
Not later than one year	1,380,720	200,000
Later than one year and less than five years	2,787,311	-

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

	Consolidated Group	
	31 December 2022	30 June 2022
Rehabilitation Security Bond commitment	\$	\$
Total bond commitment	7,247,000	7,247,000
Less: bond paid to date	7 (5,477,000)	(3,477,000)
Bond commitment outstanding	1,770,000	3,770,000
Not later than one year	1,770,000	3,770,000
Later than one year and less than five years	-	-

On 4 July 2022, the Company increased its the Rehabilitation Security Bond by \$2,000,000, to a total of \$5,477,000, reducing the remaining commitment to \$1,770,000.

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

	Consolidated Group	
	31 December 2022	30 June 2022
	\$	\$
Finance lease commitment		
Not later than one year	198,565	270,408
Later than one year and less than five years	214,000	311,151

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

	Consolidated Group	
	31 December 2022	30 June 2022
	\$	\$
Operating lease commitment		
Not later than one year	82,578	78,891
Later than one year and less than five years	123,240	165,428

8. ISSUED CAPITAL

	Consolidated Group	
	31 December 2022	30 June 2022
	\$	\$
a) Ordinary shares		
415,653,656 fully paid ordinary shares (30 June 2022: 412,769,439)	121,170,385	121,051,877
b) Movements in contributed equity for the period		
Balance at the beginning of the period	121,051,877	98,584,828
Shares issued during the current financial period:		
- 5 August 2022	7,641	-
- 5 December 2022 (exercise of options)	113,367	-
Shares issued during the previous period:		
- 30 July 2021	-	138,494
- 24 November 2021	-	14,000,000
- 25 November 2021	-	100,000
- 25 November 2021	-	10,000
- 17 January 2022	-	8,786,061
- 4 February 2022	-	230,000
Less share issuance costs	(2,500)	(797,506)
Total contributed equity	121,170,385	121,051,877

9. 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 6 December 2022 Kingston granted senior management and staff 6,785,845 FY23 STI Performance Rights and 5,171,621 LTI Performance Options.
 - On 1 July 2022 Kingston granted senior management Mineral Hill Project Goal Performance Options. The total number of options that will vest will be equal to \$900,000 divided by the 20 day KSN Volume Weighted Average Price (VWAP) immediately prior to achievement of performance conditions.
- (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 5 August 2022 Kingston issued senior management and staff 627,186 shares on the vesting of FY22 STI Performance rights. 2,704,143 FY22 STI Performance rights lapsed, unvested.

10. BORROWINGS

Consolidated Group	
31 December 2022	30 June 2022
\$	\$

Convertible notes	4,409,671	-
-------------------	-----------	---

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

Conversion by the lender

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

Failure to Redeem

If the noteholder does not convert all their warrant shares during the exercise period, then the balance of the debt facility will be repaid on 7 July 2026.

Movement in convertible notes

Consolidated Group	
31 December 2022	30 June 2022
\$	\$
Carrying value at the beginning of the period	-
Issue of convertible notes – face value	5,000,000
Less: 3% Establishment fee	(150,000)
Less: Fair value of equity component – share warrants	(502,174)
Add: Amortised interest expense	61,845
Carrying value as at end of the period	4,409,671

11. EVENTS SUBSEQUENT TO REPORTING DATE

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

Directors' Declaration

In the opinion of the Directors:

- (a) the financial statements and the notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2022 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

14 March 2023

KINGSTON RESOURCES LIMITED
ABN 44 009 148 529
AND CONTROLLED ENTITIES

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Kingston Resources Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year then ended; and
- (ii) complying with AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*.

Basis for Conclusion

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) to the financial report, which indicates that the Group's current liabilities exceed current assets by \$1,417,156 as at 31 December 2022. This condition, along with other matters as set forth in Note 2(b) indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. As a result, the financial report may not be suitable for another purpose. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Half-Year Financial Report

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

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

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*.

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



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



DREW TOWNSEND
Partner
Date: 14 March 2023