

KINGSTON RESOURCES LIMITED

(FORMERLY NUWORLD SOLUTIONS LIMITED)

ABN 44 009 148 529

Appendix 4D

Half Year Report

The following information is given under ASX Listing Rule 4.2A.3.

1. The reporting period is the financial half year ended 31 December 2012. The previous reporting period is the financial half year ended 31 December 2011 unless otherwise shown. The information contained in this report should be read in conjunction with the most recent annual financial report for the year ended 30 June 2012.
2. Results for announcement to the market:

		<u>\$A</u>
2.1 Revenue from ordinary activities (continuing operations)	- down	63 % to 4,715
2.2 Loss from ordinary activities after tax attributable to members	- down	45 % to (429,484)
2.3 Loss for the period attributable to members	- down	43 % to (443,349)
2.4 Final or interim dividends – <i>not applicable</i>		
2.5 Record date for determining entitlements to dividends – <i>not applicable</i>		
2.6 Brief explanation of above figures – <i>see attached Director's Report</i>		
3. Net tangible assets per security this period – 0.0852
 Net tangible assets per security previous period – 0.0001
4. Details of entities over which control has been gained or lost during the period:

Name of Entity Acquired:	Fleurieu Mines NL
The date of the gain of control:	17 December 2012

The acquired entity did not materially affect the Company's operating loss due to the nature of the business being undertaking mineral exploration and development.
5. Details of individual and total dividends – *not applicable*
6. Details of any dividend or distribution reinvestment plans – *not applicable*

For personal use only

KINGSTON RESOURCES LIMITED
APPENDIX 4D
HALF YEAR REPORT

7. Details of associates and joint venture entities

During the period the Company acquired Fleurieu Mines NL. In June 2011, a subsidiary of the acquired entity, U Energy Pty Ltd, had entered into joint venture agreements (JV Agreements) with Strategic Energy Resources in respect of exploration licence EL5011 (Myall Creek Joint Venture) and exploration licence EL5010 (Cultana Joint Venture).

U Energy holds a 25% interest in the Cultana Joint Venture and Strategic Energy Resources holds a 75% interest. U Energy holds a 50% interest in the Myall Creek Joint Venture and Strategic Energy Resources holds a 50% interest.

8. Accounting standards for foreign entities – *not applicable*

9. The accounts are not subject to dispute or qualification by the Auditor conducting the review of the financial statements for the 6 months ended 31 December 2012. See attached financial statements with Auditor's Independent Review Report.

For personal use only

KINGSTON RESOURCES LIMITED
(FORMERLY NUWORLD SOLUTIONS LIMITED)

ABN 44 009 148 529

Half Yearly Financial Statements

31 December 2012

For personal use only

Contents

Page No.

➤ Corporate Directory.....	1
➤ Directors' Report.....	2
➤ Auditor's Independence Declaration	4
➤ Independent Auditor's Review Report.....	5
➤ Directors' Declaration.....	7
➤ Consolidated Statement of Financial Position	8
➤ Consolidated Statement of Comprehensive Income	9
➤ Consolidated Statement of Cash Flows	10
➤ Consolidated Statement of Changes in Equity	11
➤ Notes to the Financial Statements	12

Glossary in brief

Kingston Resources or the Company	is Kingston Resources Limited (formerly NuWorld Solutions Limited)
Fleurieu Mines	is Fleurieu Mines NL, Kingston Resources wholly owned subsidiary
Westernx	is Westernx Pty Ltd, Kingston Resources wholly owned subsidiary
U Energy	is U Energy Pty Ltd, Kingston Resources wholly owned subsidiary
SYNERGY Australia	is Synergy Business Solutions Australia Pty Ltd, Kingston Resources wholly owned subsidiary
Data-inCrypt®	is Data-inCrypt® Pty Ltd, Kingston Resources wholly owned subsidiary
URE	is Universal Rare Earths Pty Ltd, Kingston Resources wholly owned subsidiary
the Group	is Kingston Resources , Fleurieu Mines, Westernx, U Energy, SYNERGY Australia, Data-inCrypt® and URE
ASX	is Australian Securities Exchange
KSN	is Kingston Resources ASX code
KSNOA	is Kingston Resources listed option ASX code
KSNOC	is Kingston Resources listed option ASX code
KSNAO	is Kingston Resources unlisted option ASX code

For personal use only

Corporate Directory

DIRECTORS

Jonathan Davies BJuris, LLB (UWA)
Non-executive Chairman

Mathew Whyte BCom CPA, FCSA
Non-executive Director & Company Secretary

Kevin Moriarty BSc (Hons), PhD, MAusIMM
Non-executive Director

Michal Safrata
Non-executive Director

Yafeng Cai CPA
Non-executive Director

COMPANY SECRETARY

Mathew Whyte BCom CPA, FCSA
Non-executive Director & Company Secretary

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 4, 72 Canning Highway
Victoria Park WA 6100
AUSTRALIA

Telephone (08) 9355 2565
Facsimile (08) 9355 2575
Email info@kingstonresources.com.au
Website www.kingstonresources.com.au

AUDITORS

Grant Thornton Audit Pty Ltd
Chartered Accountants
Level 1, 10 Kings Park Road
West Perth WA 6005

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2 Reserve Bank Building
45 St Georges Terrace
Perth WA 6000

BANKERS

Australia & New Zealand Banking Group Limited
Cnr Hay & Outram Streets
West Perth WA 6005

SOLICITORS

Jackson McDonald
Level 25, AMP Building
40 St Georges Terrace
Perth WA 6000

STOCK EXCHANGE

Listed on the Australian Securities Exchange
The home Exchange is in Perth, Western Australia

ASX CODE

KSN – fully paid ordinary shares
KSNOA - listed options exercisable at \$2.00 expiring 06 May 13
KSNOC - listed options exercisable at \$1.00 expiring 29 Mar 13
KSNAO - listed options exercisable at \$5.00 expiring 3 July 13

Directors' Report

Your Directors submit their report for the half year ended 31 December 2012.

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.

- Michal Safrata
- Mathew Whyte
- Kevin Moriarty – appointed on 20 July 2012
- Jonathan Davies – appointed on 7 December 2012
- Yafeng Cai – appointed 7 December 2012
- Michael Robson – resigned 20 July 2012

PRINCIPAL ACTIVITIES

The Company (formerly known as NuWorld Solutions Limited) is an Australian-based company listed on the ASX that previously conducted an information technology business for corporate entities.

The Company has recently changed its primary business activity from that of information technology to mineral exploration and is consequently undertaking a recapitalisation to fund exploration activities in its newly acquired exploration projects. The Company acquired these projects through its 100% acquisition of Fleurieu Mines which completed in January 2013.

As a result of the change in its primary business activity, the Company's Securities were suspended from trading on 11 October 2012 and the ASX requires that the Company re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking initial admission to the Official List of ASX.

REVIEW OF OPERATING RESULTS AND OPERATIONS

Operating Results

The net loss after income tax for the half year was \$443,349 (2011: net loss \$774,136). Included in the result are non-cash impairment charges of \$15,577 (2011: \$341,036).

Review of Operations

During the period Kingston Resources ceased its primary business of internet security and information technology solutions. The Company will focus on mineral exploration through projects held by its newly acquired subsidiary, Fleurieu Mines.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

At a general meeting of the Company originally convened on 27 August 2012, but adjourned until 11 October 2012, the Shareholders approved the following resolutions (amongst others):

- a change of the Company's name from NuWorld Solutions Limited to Kingston Resources Limited;
- a consolidation of the Company's Shares on a 1:200 basis accompanied by an equivalent consolidation of the Company's existing Options;
- a placement of Shares to raise up to approximately \$212,000 to supplement working capital;
- acquisition of Fleurieu Mines and the associated change in nature and scale of the Company's activities;
- the issue of Shares and Options pursuant to the Public Offer Prospectus; and

- the issue of Options to persons engaged by the Company to facilitate and assist with the Public Offer and re-compliance with Chapters 1 and 2 of the ASX Listing Rules. These options were not issued before the end of the year and the Company obtained re-approval at a meeting held on 29 January 2013.

On 14 February 2013 the Company issued a prospectus to raise a minimum \$2 million and may accept over subscriptions to raise an additional \$1 million. The funds raised will primarily be used to fund the Company's future operations primarily on the exploration of copper, gold and other minerals from the Fleurieu Projects.

Except for the matters discussed above, there is at the date of this report no other matter or circumstance which has arisen since 31 December 2012, that has significantly affected or may significantly affect:

- (a) the Company's operations in future financial years;
- (b) the results of those operations in future financial years; or
- (c) the Company's state of affairs in future financial years.

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

- (a) is made in accordance with a resolution of the Directors;
- (b) is dated 27 February 2013; and
- (c) is signed by Jonathan Davies and Mathew Whyte.

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

The Auditor's Independence Declaration is set out on page 4 and forms part of the Directors' Report for the half year ended 31 December 2012.



Mathew Whyte
Non-executive Director & Company Secretary
Perth, Western Australia
27 February 2013

Grant Thornton Audit Pty Ltd
ACN 130 913 594

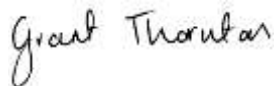
10 Kings Park Road
West Perth WA 6005
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

**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 review of Kingston Resources Limited for the half-year ended 31 December 2012, 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



C A Becker
Partner - Audit & Assurance

Perth, 27 February 2013

For personal use only

Grant Thornton Audit Pty Ltd
ACN 130 913 594

10 Kings Park Road
West Perth WA 6005
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Review Report To the Members of Kingston Resources Limited

We have reviewed the accompanying half-year financial report of Kingston Resources Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year..

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 controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, 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 Kingston Resources Limited consolidated entity's financial position as at 31 December 2012 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. As the auditor of Kingston Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

For personal use only

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.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

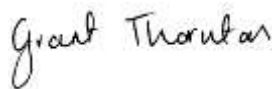
Conclusion

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 is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material uncertainty regarding continuation as a going concern

Without qualifying our conclusion, we draw attention to Note 2(b) in the financial report which indicates that the consolidated entity incurred a net loss of \$443,349 and net cash outflows from operating activities of \$427,247 during the period ended 31 December 2012. These conditions, along with other matters as set forth in Note 2(b), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



C A Becker
Partner - Audit & Assurance

Perth, 27 February 2013

For personal use only

Directors' Declaration

In accordance with a resolution of the Directors of the Company, I state that:

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 2012 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.

On behalf of the Board



Mathew Whyte
Non-executive Director & Company Secretary
Perth, Western Australia
27 February 2013

Consolidated Statement of Financial Position

		Consolidated	
		31 December 2012	30 June 2012
		\$	\$
ASSETS			
Current Assets			
		375,230	363,544
		19,058	16,251
		83,756	40,000
		14,536	3,412
		492,580	423,207
Non-Current Assets			
	4	3,177	20,363
		999	999
	5	4,600,000	-
		4,604,176	21,362
		5,096,756	444,569
LIABILITIES			
Current Liabilities			
		82,121	17,643
		82,121	17,643
		82,121	17,643
		5,014,635	426,926
EQUITY			
	8	45,311,074	40,850,285
	8	570,269	-
		(40,891,773)	(40,515,625)
		25,065	92,266
		5,014,635	426,926

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

Consolidated Statement of Comprehensive Income

	Note	Consolidated	
		31 December 2012 \$	31 December 2011 \$
Continuing Operations			
Other revenue	3	4,715	12,756
Administrative expenses		(170,844)	(197,161)
Consultant and legal fees		(210,401)	(118,123)
Depreciation and amortisation expenses	3	(2,054)	(7,725)
Director fees		(62,112)	(85,004)
Directors options expense		-	(38,250)
Employee benefit expense	3	(13,211)	(2,159)
Impairment of capitalised exploration expenditure		-	(321,036)
Gain/(Loss) on revaluation of FVTPL		40,000	(20,000)
Impairment of assets	4	(15,577)	-
Profit / (Loss) before income tax expense		(429,484)	(776,702)
Income tax expense		-	-
Profit / (Loss) for the period		(429,484)	(776,702)
Profit / (Loss) on discontinued operations	4	(13,865)	2,566
Other comprehensive income / (loss)			
Other comprehensive income / (loss) for the period, net of tax		-	-
Total comprehensive income / (loss) for the period		(443,349)	(774,136)
Basic earning per share (cents)			
- Discontinued operations		(0.052)	0.014
- Continuing operations		(1.612)	(4.111)
Total basic earning per share (cents)		(1.664)	(4.097)
Diluted earnings per share (cents)			
- Discontinued operations		(0.052)	0.014
- Continuing operations		(1.612)	(4.111)
Total diluted earning per share (cents)		(1.664)	(4.097)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

	Consolidated	
	31 December 2012 \$	31 December 2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	27,732	35,352
Interest received	4,674	14,056
Payments to suppliers and employees	(459,653)	(475,326)
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	(427,247)	(425,918)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Acquired on purchase of businesses	35,665	-
Payment for equity investments	-	(40,000)
Payment for purchase of property, plant and equipment	-	(1,662)
Payment for exploration and evaluation	-	(275,158)
Payment for option fee	-	(50,000)
NET CASH FLOWS (USED IN) / PROVIDED BY INVESTING ACTIVITIES	35,665	(366,820)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares and options	406,350	141,150
Capital raising costs	(3,082)	(11,096)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	403,268	130,054
Net increase / (decrease) in cash held	11,686	(662,684)
Cash and cash equivalents at beginning of period	363,544	1,059,942
CASH AND CASH EQUIVALENTS AT END OF PERIOD	375,230	397,258

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

Consolidated Statement of Changes in Equity

Consolidated	<u>Attributable to the shareholders of Kingston Resources Limited</u>					Total Equity
	Issued Capital		Other Contributed Equity	Accumulated Losses	Reserves	
	Ordinary Shares	Listed Options				
	\$	\$	\$	\$	\$	
As at 1 July 2011	39,676,614	793,268	-	(39,425,897)	100,792	1,144,777
Total comprehensive loss for the period	-	-	-	(774,136)	-	(774,136)
Issue of share capital	140,400	-	-	-	-	140,400
Capital raising costs	(8,424)	-	-	-	-	(8,424)
Capital raising costs	-	(2,673)	-	-	-	(2,673)
Directors' options issued	-	39,000	-	-	-	39,000
Share-based payments lapsed	-	-	-	8,526	(8,526)	-
At 31 December 2011	39,808,590	829,595	-	(40,191,507)	92,266	538,944
As at 1 July 2012	40,020,690	829,595	-	(40,515,625)	92,266	426,926
Total comprehensive loss for the period	-	-	-	(443,349)	-	(443,349)
Issue of share capital	4,463,872	-	570,269	-	-	5,034,141
Capital raising costs	(3,083)	-	-	-	-	(3,083)
Share-based payments lapsed	-	-	-	67,201	(67,201)	-
At 31 December 2012	44,481,479	829,595	570,269	(40,891,773)	25,065	5,014,635

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 2012 are authorised for issue in accordance with a resolution of the Directors on 27 February 2013. Kingston Resources Limited is a company incorporated in Australia and limited by shares for which it is seeking to re-comply with chapter 1 and 2 of ASX Listing Rules to enable the shares to be publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in note 6.

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 2012.

It is also recommended that the half year financial statements be considered together with any public announcements made by the Kingston Resources and its controlled entities during the half year ended 31 December 2012 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 2012 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 occurring 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 2012, 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 2011 the consolidated entity has adopted all Australian Accounting Standards and Interpretations effective for annual periods beginning on or before 1 July 2011. 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 \$443,349 (2011: \$774,136) and negative operating cash flows of \$427,247 (2011: \$425,918) for the half year ended 31 December 2012.

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. The Directors consider this to be appropriate for the following reasons:

- the ability to vary the consolidated entity's cost structure and in turn the levels of cash burn dependent on the level of achievement of certain milestones within the business plan; and
- the demonstrated ability to obtain funding through equity issues as required. The Company is currently in the process of raising up to \$2 million under its Prospectus lodged with ASIC on 14 February 2013 ("Offer"). This Offer is conditionally and partially underwritten up to \$1.85 million.

The directors recognise the above factors create some uncertainty as to the Company's ability to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. However, by taking into account the points noted above, the Directors are confident the Company has adequate resources to continue in operational existence for the foreseeable future.

3. LOSS FOR THE PERIOD

	31 December 2012 \$	31 December 2011 \$
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Other revenue		
Interest from:		
Other unrelated persons	4,715	12,756
Total interest	4,715	12,756
Expenses		
Depreciation and amortisation on non current assets		
Depreciation of:		
- plant and equipment	1,803	5,318
- software	251	418
Amortisation of:		
- licences	-	1,481
- trade marks	-	508
Total depreciation and amortisation	2,054	7,725
Employee benefit expense		
Wages and salaries	12,120	3,166
Defined contribution superannuation expense	1,091	558
Other employee benefit expense	-	(1,565)
Total employee benefit expense	13,211	2,159

For personal use only

4. DISCONTINUED OPERATIONS

On 11 October 2012, the shareholders approved the acquisition of Fleurieu Mines and the associated change in nature and scale of the Company's activities. At the same EGM shareholders approved the Company's disposal of its existing information technology. As a result, the Company's information technology business ceased during the reporting period.

Financial information relating to the discontinued operations to the cessation of operations is set out below.

The financial performance of the discontinued operations to the cessation of operations, which is included in profit/(loss) from discontinued operations per the statement of comprehensive income, is as follows:

	<u>31 December 2012</u>	<u>31 December 2011</u>
	\$	\$
Revenue	21,368	39,868
Expenses	(35,233)	(37,302)
Profit before income tax	(13,865)	2,566
Income tax expense	-	-
Profit attributable to members of the parent entity	<u>(13,865)</u>	<u>2,566</u>

The net cash flows of the discontinued division, which have been incorporated into the statement of cash flows, are as follows:

Net cash inflow/(outflow) from operating activities	(12,915)	(27,264)
Net cash inflow from investing activities	-	-
Net cash (outflow)/inflow from financing activities	-	-
Net cash increase/(decrease) in cash generated by the discontinued division	<u>(12,915)</u>	<u>(27,264)</u>

The current book value of all assets of the discontinued operations, totalling \$15,577, have been written down to nil.

5. ACQUISITION OF CONTROLLED ENTITIES

On 17 December 2012, the parent entity acquired 100% of Fleurieu Mines NL as approved by shareholders on 11 October 2012. The acquisition was part of a process of undertaking a recapitalisation and transition of its primary business activities from information technology to mineral exploration and development. The acquisition resulted in Kingston Resources obtaining control of Fleurieu Mines.

	<u>Fair Value</u>
	\$
Purchase Consideration	
Issue of ordinary shares ⁽ⁱ⁾	<u>4,627,791</u>
Less:	
Cash	35,665
Receivables ⁽ⁱⁱ⁾	443
Other financial assets	4,200
Exploration assets ⁽ⁱⁱⁱ⁾	4,600,000
Payables	<u>(12,517)</u>
Identifiable assets acquired and liabilities assumed	<u>4,627,791</u>
Goodwill	<u>-</u>

- i. The consideration paid to acquire Fleurieu Mines was the issue of a total of 34,012,991 Kingston Resources ordinary shares. Of the total issue, 13% were not issued until 31 January 2013 but were accounted for as part of the acquisition due to a procedural matter (refer note 9). The fair value of the shares was not determined based on the current price of shares.
- ii. The directors believe the receivables are fully recoverable and no provision for impairment is required.
- iii. The fair value of the assets of Fleurieu Mines has been determined by an independent valuation dated 18 December 2012.

Due to Fleurieu Mines currently undertaking mineral exploration and development, there is no revenue generated by the entity.

Included within administration expenses in the statement of comprehensive income are acquisition-related costs totalling \$91,719. The costs include advisory, legal, accounting and other professional fees.

6. SEGMENT INFORMATION

The Group previously operated in four segments. However during the period the Company disposed of 3 segments (refer to Note 4 Discontinued Operations) being:

- NuWorld Solutions SecureMail & IIT
- Hosted services
- Data-inCrypt[®] online backup & recovery

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

7. COMMITMENTS

a) Operating lease commitments

There are no operating lease commitments for the Company as at 31 December 2012.

b) Exploration expenditure commitments

Due to the nature of the Company's new operations in exploring and evaluating areas of interest, it is very difficult to accurately forecast the nature or amount of future expenditure, although it will be necessary to incur expenditure in order to retain current interests. New mineral tenements may be applied for, existing mineral tenements reduced in area, exemption from expenditure commitments applied for, and mineral tenements can be surrendered depending on the results of ongoing exploration, changes in market conditions and commodity prices. The Company may also farm-out some of its tenement obligations to other companies. Any of the above can either reduce or increase the expenditure commitments of the Company. The minimum level of exploration commitment required as of 31 December 2012 on its existing mineral tenure is \$550,000 per annum.

8. ISSUED CAPITAL

	31 December 2012 \$	30 June 2012 \$
a) Ordinary shares		
58,862,007 fully paid ordinary shares (30 June 2012: 4,647,022,710)	44,481,479	40,020,690
During the period there was a 1 for 200 consolidation of shares.		
Movements in contributed equity for the period		
Balance at the beginning of the financial year	40,020,690	39,676,614
Shares issued during the current financial year:		
- 5,805,000 on 21 November 2012	406,350	-
- 29,821,670 on 17 December 2012	4,057,522	-
Shares issued during the previous financial year:		
- 351,000,000 on 04 November 2011	-	140,000
- 606,000,000 on 29 May 2012	-	212,100
Less capital raising costs	(3,083)	(8,424)
Total contributed equity	44,481,479	40,020,690
	31 December 2012 \$	30 June 2012 \$
Movements in other contributed equity for the period		
Balance at the beginning of the financial year	-	-
Balance of shares to be issued as part of acquisition of controlled entity (refer note 9)		
- 4,191,321 on 31 January 2013	570,269	-
Total other contributed equity	570,269	-
Total contributed and other contributed equity	45,051,748	40,020,690
b) Listed Options		
5,651,984 listed options (ASX code: KSNOA) (30 June 2012: 1,130,394,439)	690,940	690,940
12,481,251 listed options (ASX code: KSNOA) (30 June 2012: 2,496,250,000)	138,655	138,655
Total listed options	829,595	829,595
During the period there was a 1 for 200 consolidation of options.		
Movements in listed options (ASX code: KSNOA) for the period		
Balance at the beginning of the financial year	138,655	102,328
Listed options issued during the previous financial year:		
- 75,000,000 on 07 December 2011	-	39,000
Less capital raising costs	-	(2,673)
Total listed options	138,655	138,655

9. EVENTS SUBSEQUENT TO REPORTING DATE

There are no events subsequent to reporting date other than stated below.

- On 31 January 2013 the Company issued the remaining 4,191,321 fully paid ordinary shares to shareholders of Fleurieu Mines. This represents the final 13% of the total consideration of 34,012,991 shares to acquire 100% of Fleurieu.
 - The Company announced on 6 February 2013 that they had signed underwriting agreements with two parties to raise a total of \$400,000 giving the Company signed offers to conditionally underwrite up to \$1.85 million of its \$2 million public offer.
 - On 15 February 2013 the Company issued a prospectus to raise a minimum \$2 million and may accept over subscriptions to raise an additional \$1 million ("Offer"). The funds raised will be used to focus the Company's future operations primarily on the exploration of copper, gold and other minerals from the Fleurieu Projects. The prospectus Offer is conditionally underwritten up to \$1.85 million.
-

For personal use only