

ASX Announcement

26 August 2019

ASX Code: KSN

Share Price: A\$0.018

Shares Outstanding: 1,765,920,584

Market Capitalisation: A\$31.8m

Cash: A\$5.2m (30 June 2019,
A\$8.3m pro-forma post August
placement)

Board and Management

Anthony Wehby
Chairman

Andrew Corbett
Managing Director

Mick Wilkes
Non-Executive Director

Stuart Rechner
Non-Executive Director

Chris Drew
Chief Financial Officer

Exploration Manager
Stuart Hayward

Contact Details

201/110 Pacific Highway,
North Sydney,
NSW 2060
+61 2 8021 7492

info@kingstonresources.com.au
www.kingstonresources.com.au
[@KSNResources](https://www.twitter.com/KSNresources)

ABN 44 009 148 529

Ewatinona Drilling Highlights Potential for Extensions to Existing Resource

- Final drill hole at Ewatinona completed, with assay results confirming potential for mineralisation outside the existing Resource.
- Significant new results from hole GDD042 include:
 - 15.7m @ 1.60g/t Au, including 7.0m @ 3.19g/t Au;
 - 3.9m @ 1.86g/t Au, including 0.6m @ 8.04g/t Au; and 1.7m @ 1.46g/t Au.
- Results correlate with and support recently reported results from first 12 holes which confirmed the upside potential for the Ewatinona Resource.
- Drilling continues on additional targets in the Quartz Mountain area as part of ongoing near-surface exploration program.

Kingston Resources Limited (ASX: KSN) (Kingston or the Company) is pleased to report that the final drill hole from confirmatory drilling at the key Ewatinona deposit has delivered highly encouraging results, adding to prior Ewatinona drilling results which confirmed the presence of high-grade gold mineralisation outside the existing Resource area.

Ewatinona is located within the Quartz Mountain area of the 2.8Moz Misima Gold Project and contains a JORC 2012 Inferred Resource of 6.6Mt at 1.0g/t Au for 220,000oz Au¹. It is one of a number of areas to be drilled this year as part of an ongoing exploration program aimed at defining shallow, high-grade gold mineralisation with the potential to contribute early ounces to future mining studies.

Placer historically mined gold and silver from the Ewatinona, Kobel and Maika pits, producing a combined 147,000oz @ 1.77g/t Au². The current Ewatinona Resource is located less than 2km from the historical mill site.

Ewatinona Drilling

Kingston completed an initial 12-hole drilling program at Ewatinona in July 2019, which delivered a series of highly-encouraging assay results (see ASX Announcement 17 July 2019).

In particular, high-grade intercepts confirmed the continuity of mineralisation in structures at the edge of and outside the conceptual USD\$1,400 pit shell which constrains the existing Ewatinona Mineral Resource. Importantly, the Ewatinona Mineral Resource remains open in all directions.

The additional hole (GDD042) was designed to confirm the historical Placer drilling, provide structural data, update the geological model, and test high-grade potential on the eastern

¹ KSN ASX Announcement, 27 November 2017, cut-off grade 0.5g/t, US\$1,400/oz and US\$16/oz Ag for Ewatinona

² Placer mine production and exploration reports, 1990-2001

margin of the Ewatinona Mineral Resource. The hole confirmed the spatial continuity of the high-grade intercepts in GDD040, GDD029, and historical placer drilling (Figure 3).

The hole intersected veins and crackle and mosaic breccia with quartz-carbonate-sphalerite-galena in-fill (refer photographs), consistent with the style of mineralisation mined from the adjacent Ewatinona open pit. Assays are set out in Table 2 which also shows the relationship between gold mineralisation and zinc (sphalerite) / lead (galena).

Highlights from GDD042 include:

- 15.7m @ 1.60g/t Au from 40m, **including 7.0m @ 3.19g/t Au from 40m and including 0.8m @ 8.19g/t Au from 43m;**
- 0.5m @ 2.13g/t Au from 87.1m;
- 3.9m @ 1.86g/t Au from 109.7m, **including 0.6m @ 8.04g/t Au from 113.0m;** and
- 1.7m @ 1.46g/t Au from 126.9m.

The results indicate the potential to extend the current Ewatinona Resource to the east, with the multiple zones of mineralisation encountered in GDD042 correlating with previously reported results from the first 12 holes, including:

- 20m @ 1.81g/t Au, from 78m, **including 3m @ 7.48g/t Au, GDD035**
- 6.6m @ 1.94g/t Au, from 7.5m, and 2.0m @ 1.65g/t Au, from 31m, GDD037
- 2.5m @ 1.99g/t Au, from 85m, and **8m @ 2.6 g/t Au, from 133.7m, GDD029**
- 3.2m @ 2.41g/t Au, from 90m, GDD030
- 5.4m @ 1.51g/t Au, from 67.7m, GDD031
- 1.5m @ 2.89g/t Au, from 41.3m, 7.7m @ 1.02g/t Au, from 81.3m, and 7m @ 2.24g/t Au, from 102m, and 2m @ 4.18g/t Au, from 132.2m, GDD032
- 4m @ 2.17g/t, from 82m, GDD033
- 2m @ 2.15g/t Au, from 92m, and 11m @ 1.40g/t Au including 3m @ 2.08g/t Au, from 122m, GDD040

All newly acquired and historical data concerning Ewatinona will be compiled and interpreted, including 3D geological modelling with Leapfrog software, before the next round of drilling.

Drilling continues on a second target in the Quartz Mountain area, the Waipuna prospect, which was recently identified by a modern reinterpretation of historical geochemical data combined with geophysics and LiDAR information.

Kingston Resources Limited Managing Director, Andrew Corbett said: *“The Quartz Mountain drilling continues to deliver very positive results, confirming the location and tenor of new Ewatinona-style mineralisation and demonstrating strong upside potential to the existing Resource.*

“Following interpretation of these latest results and the successful placement of the shortfall from our rights issue, we intend to mobilise a second drill rig to this area to conduct additional infill and extension drilling to underpin an updated Mineral Resource estimate.

“Drilling is continuing on additional targets within the Quartz Mountain area, with Stage 1 now nearing completion, following which we expect to move to Misima North and Umuna East Side.

“Our exploration strategy remains firmly focused on establishing sufficient near-surface ounces from these targets to commence mining studies,” he said.

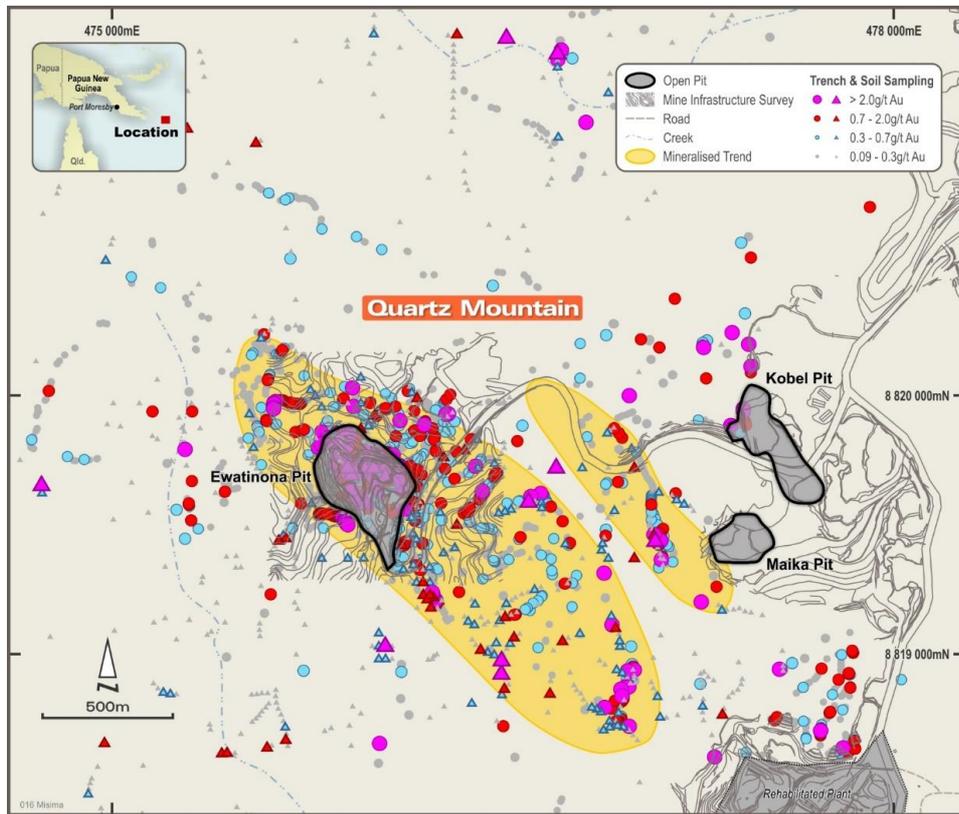


Figure 1. Quartz Mountain area contains the historical Ewatinona, Kobel and Maika pits. The area contains a 220,000oz Au Resource and multiple prospective targets.

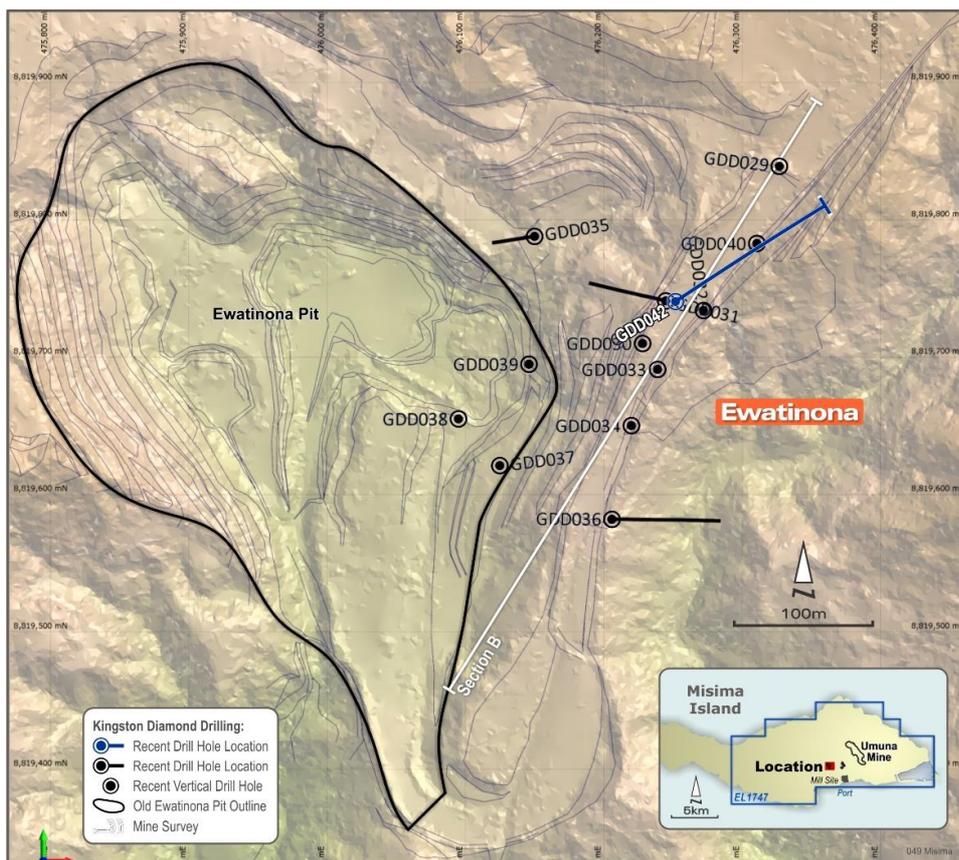


Figure 2. Collar plan GDD029 to GDD042, LiDAR topography

For personal use only

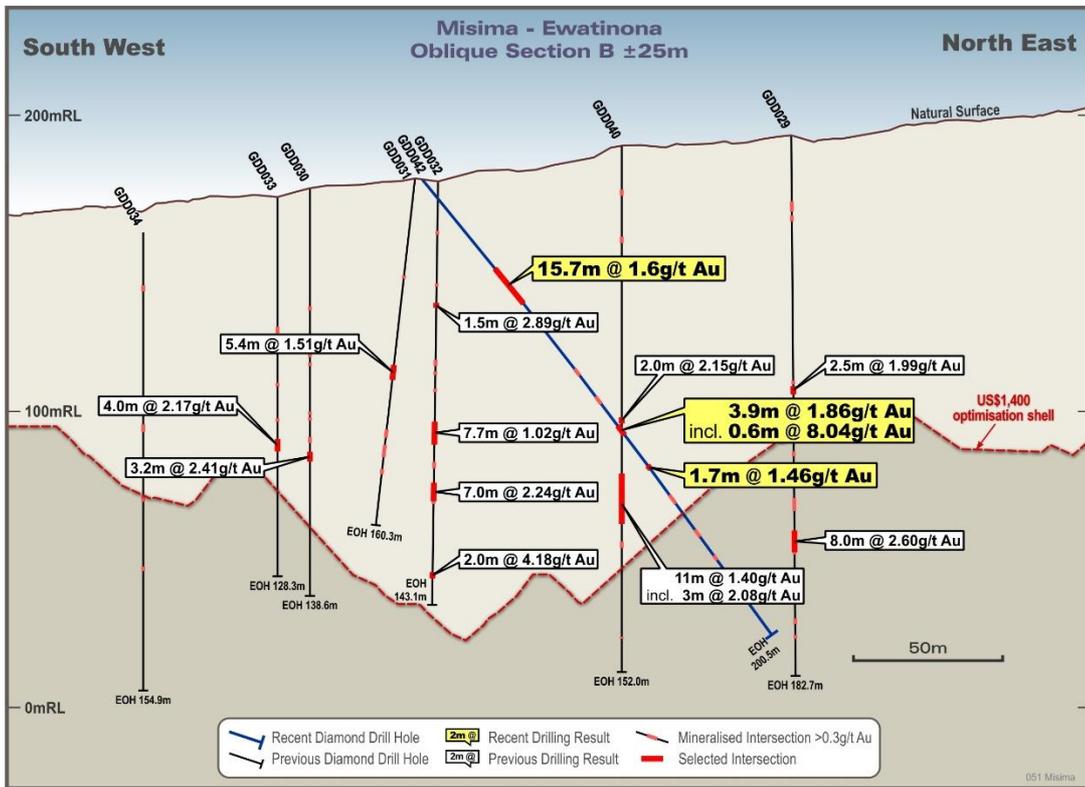


Figure 3 – Cross section B, oblique NE/SW section through Ewatinona

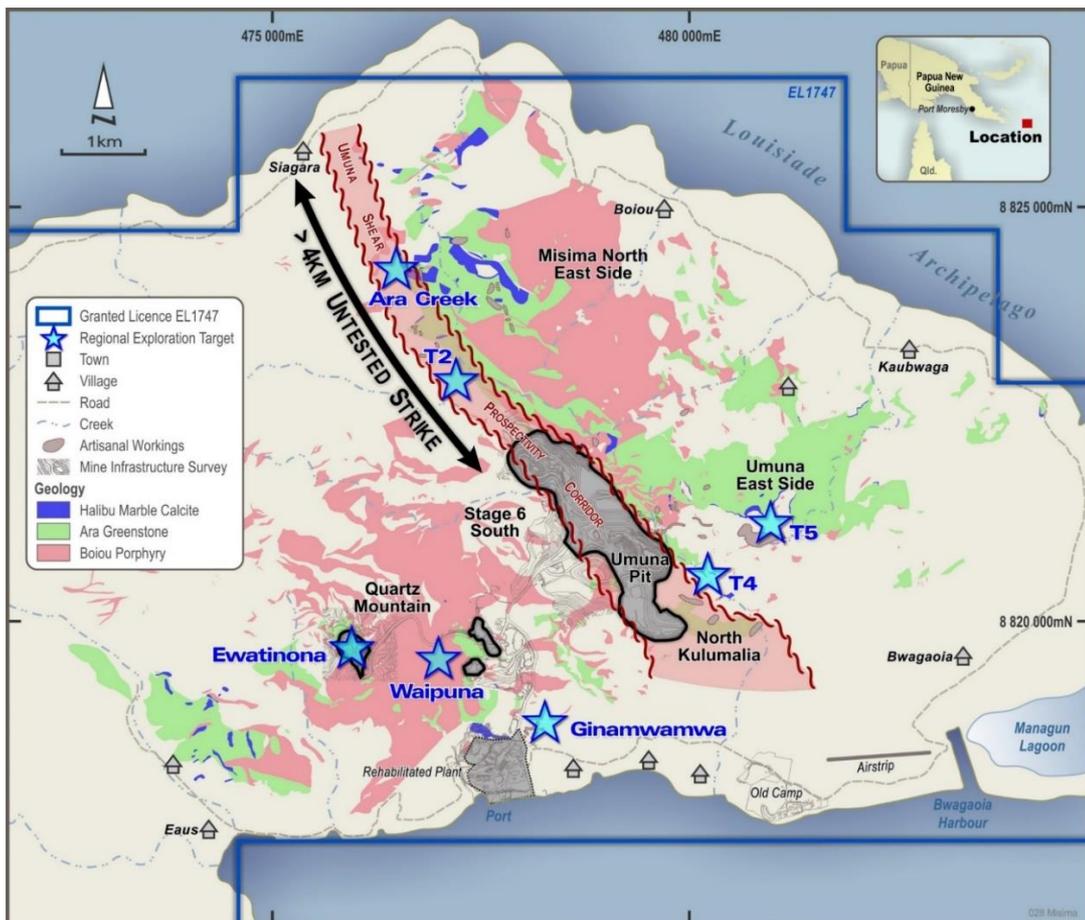


Figure 4. Misima prospect map showing the location of current prospects.

For personal use only

Hole ID	Easting	Northing	RL	Depth	Dip	Azimuth
GDD042	476252	8819741	172	200.5	-50	57

Table 1: Collar details, hole GD042

Hole ID	From	To	Interval	Au (g/t)	Ag (g/t)	Cu (ppm)	Pb (ppm)	Zn (ppm)
GDD042	40	55.7	15.7	1.6	3.8	111	1798	2277
Including and	40	47	7	3.19	5.5	202	3635	3672
	43	43.8	0.8	8.19	10	341	14848	13362
Including	53.9	55.7	1.8	0.47	2.7	18	155	732
	84.6	87.6	3	0.72	3.2	225	2581	4697
	87.1	87.6	0.5	2.13	7.4	500	12566	23647
Including and	96.8	100	3.2	0.66	2	104	1601	722
	109.7	113.6	3.9	1.86	2.8	170	2844	7046
	109.7	110.3	0.6	3.01	3.4	223	5709	6538
	113.0	113.6	0.6	8.04	7.3	319	6613	33894
Including and	119.0	121.0	2.0	0.451	0.9	58	110	486
	126.9	128.6	1.7	1.46	4.5	243	4650	7407
	139.7	143.5	3.8	0.53	0.5	7	91	383
	154.9	157.9	3	0.74	1.3	1	220	270
	166.0	168.0	2.	0.438	<0.5	<1	37	120

Table 1: Significant intersections. Intersections are calculated at a minimum cut-off of 0.4g/t Au with a maximum 2.2m of internal dilution.



GDD042 43.30m Crackle brecciation with quartz-sphalerite-galena infill in silica-sericite altered diorite porphyry (interval assay 0.8m @ 8.19g/t au, 10.0g/t Ag)

For personal use only



GDD042 113.30m Crackle fractured silica-sericite altered diorite porphyry with early quartz veins crosscut by later stage sulphide-rich fractures and veins. Prominent yellow sphalerite-galena open space vein fill (interval assay 1m @ 8.04g/t au, 7.3g/t Ag)

For personal use only

About Kingston Resources

Kingston Resources is a metals exploration company which is focused on exploring and developing the world-class Misima Gold Project in PNG. Misima hosts a JORC resource of 2.8Moz Au. Misima was operated as a profitable open pit mine by Placer Pacific between 1989 and 2001, producing over 3.7Moz before it was closed when the gold price was below US\$300/oz. The Misima Project offers outstanding potential for additional resource growth through exploration success targeting extensions and additions to the current 2.8Moz Resource base. Kingston currently owns 70% of the Misima Gold Project where active exploration programs are underway.

In addition, Kingston owns 75% of the high-grade Livingstone Gold Project in Western Australia where active exploration programs are also in progress.



KSN project locations.

For personal use only

Misima Mineral Resource

The Misima mineral resource estimate of 82.3Mt (45% Indicated, 55% Inferred) @ 1.1g/t Au, 5.3g/t Ag for 2.8Moz Au and 13.9Moz Ag was released in an ASX announcement on 27 November 2017. Full details of the resource are included within the original announcement.

Deposit	Material	Resource Category	Cutoff (g/t Au)	Tonnes (Mt)	Gold (g/t Au)	Silver (g/t Ag)	Au Moz	Ag Moz	
Umuna	Oxide	Indicated	0.5	3.2	0.9	11.7	0.1	1.2	
		Inferred	0.5	5.7	1.0	13.6	0.2	2.5	
	Primary	Indicated	0.5	34.0	1.1	4.2	1.2	4.6	
		Inferred	0.5	32.7	1.1	4.7	1.1	5.0	
	Sub-total	Indicated			37.2	1.1	4.9	1.3	5.8
		Inferred			38.4	1.0	6.1	1.3	7.5
	Total	Combined			75.7	1.1	5.5	2.6	13.3
Ewatinona (Qtz Mtn)	Oxide	Inferred	0.5	1.0	0.9	3.4	0.03	0.1	
	Primary	Inferred	0.5	5.6	1.0	3.1	0.2	0.6	
	Sub-total	Inferred			6.6	1.0	3.2	0.22	0.7
Misima Total	Indicated			37.2	1.1	4.9	1.3	5.8	
	Inferred			45.0	1.0	5.6	1.5	8.1	
Total Mineral Resource				82.3	1.1	5.3	2.8	13.9	

Table A1. Misima JORC2012 mineral resource estimate summary table.

Competent Persons Statement and Disclaimer

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Stuart Rechner BSc (Geology) MAIG, a Competent Person who is a member of the Australian Institute of Geoscientists. Mr Rechner is a Director of the Company. Mr Rechner 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 Rechner consents to the inclusion in this report of the matters based upon the information in the form and context in which it appears.

Kingston confirms that it is not aware of any new information or data that materially affects the information included in all ASX announcements referenced in this release, and that all material assumptions and technical parameters underpinning the estimates in these announcements continue to apply and have not materially changed.

For personal use only

JORC Code, 2012 Edition – Table 1 Umuna Gold Deposit, Misima Island
Section 1.01 Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	Commentary
<i>Sampling techniques</i>	<p>Drilling</p> <ul style="list-style-type: none"> Samples are core from diamond drilling of PQ and HQ size. Core is sampled in 2m intervals away from the ore zone or to lithological contacts, whichever is shorter. In mineralised areas core is sampled in 1m lengths or to lithological contacts. Samples are flown to Intertek in Lae where they are dried and crushed to 95% passing 3mm. The crushed sample is then pulverised and a 50g charge is taken for gold analysis by fire assay. A 100g pulp from each sample is flown to Townsville where they are analysed using Intertek's Four Acid 33 Element package. An OES finish is provided for Ag, Pb, Zn and Cu values that report over-range assays.
<i>Drilling techniques</i>	<ul style="list-style-type: none"> PQ and HQ triple-tube diamond drilling. All core is oriented using a Reflex digital orientation tool.
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> Core recovery is measured as the difference between core recovered in a drill run and the down-hole run shown on the driller's core blocks. The driller modifies drilling pressure to optimise core recovery as much as possible, particularly in areas of softer lithologies. There is no observed relationship or bias between sample recovery and grade.
<i>Logging</i>	<ul style="list-style-type: none"> Core samples are logged for lithology, structure, alteration, rock quality and magnetic susceptibility. Structure, Rock Quality Designation (RQD) and magnetic susceptibility are quantitative measurements. All core is photographed by tray.
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> PQ core is cut and sampled as quarter core. HQ core is cut as half core. The orientation line is used as a cutting guide to ensure consistency in sampling. The sampling interval and technique is considered appropriate for the style of mineralisation, and it is consistent with the techniques used by Misima Mines Ltd (Placer) during the previous exploration and mining phase of the project. The sample size is appropriate to the observed mineralisation style and historical geostatistical distribution of gold values.
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> Standard reference materials are inserted at a frequency of one per 20 samples. Field duplicates were inserted at a frequency of one per 20 samples. Blanks are inserted at a frequency of one per 50 samples. QAQC performance is tracked using acQuire database software. Acceptable levels of accuracy have been achieved using these techniques. Gold values are also verified by assaying batches of pulps at an independent assay lab in Perth.
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> No independent data verification procedures were undertaken other than the QA/QC mentioned above. Primary data is recorded on site either digitally or on paper logs before being transferred to Perth for loading into an acQuire database. Assay data is provided digitally as CSV and PDF files.
<i>Location of data points</i>	<ul style="list-style-type: none"> Hole collar locations are recorded using a hand-held Garmin GPS, recording X,Y,Z positions in GDA94 datum (Zone 56). Z positions are later adjusted to fit LiDAR values. Down-hole orientation is recorded using a Reflex survey camera taking a shot every 30m.
<i>Data spacing</i>	<ul style="list-style-type: none"> Sample intervals are shown in the table of significant intersections in the body of this announcement.

For personal use only

Criteria	Commentary
<i>and distribution</i>	<ul style="list-style-type: none"> No compositing has been applied.
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> Holes are drilled approximately orthogonal to the interpreted trend of mineralisation; in this case ranging from vertical to -50°. This orientation is considered to avoid sample bias relative to the angle of mineralised structures.
<i>Sample security</i>	<ul style="list-style-type: none"> Samples were submitted to Air PNG by Gallipoli Exploration (PNG) personnel for freight from Misima to Lae, and collected from Lae airport by Intertek staff. There were no other specific sample security protocols in place.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> Not applicable

Section 1.02 Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> Misima Island is part of the Louisiade Archipelago within Milne Bay Province of PNG. It is situated in the Solomon Sea about 625 km east of Port Moresby, the capital of PNG. The site is located at an approximate latitude of 10° 40' South and longitude of 152° 47' E. The Property consists of a single Exploration Licence, (EL) 1747, comprising 53 sub blocks, covering a total area of 180 km². This EL is valid and is current under renewal till 20 March 2021. All conditions pertaining to compliance of the title have been met. The Property is located on the eastern portion of the island and includes the historic mining areas of Umuna and Quartz Mountain. There are no known impediments. KSN holds title via its subsidiary Gallipoli Exploration Ltd. Gallipoli is the legal entity and tenement holder and is responsible for performing its obligations under the <i>Mining Act</i> 1992.
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> The project area has been subject to mineral exploration by a number of previous parties, most notably Placer Pacific between 1987 to 2004. For a detailed summary of previous explorers' work readers are recommended to read the JORC Table 1 released with the November 2017 Misima resource update (ASX:KSN announcement 27 November 2017).
<i>Geology</i>	<ul style="list-style-type: none"> Misima Island forms part of the Louisiade Archipelago which is a continuation of the Papuan Fold Belt of the Papuan Peninsula offshore eastwards through the Papuan Plateau. The oldest rocks on Misima are Cretaceous to Paleogene metamorphic rocks, which can be subdivided into the western Awaibi Association and the younger overthrust eastern Sisa Association that is host to the gold and copper mineralization. The two associations are separated by an original thrust fault with later extensional activation. Mineralisation deposit style on Misima Island is best described as Intermediate Sulphidation Epithermal due to the strong association with porphyry Cu Au style alteration, veining and characteristics, the dominance of Ag Zn Pb Au Cu Mn geochemistry as well as complex alteration styles and geometry. Styles of mineralisation observed include multiphase hydrothermal breccia, stockworks both sheeted and three-dimensional, skarn, jasperoidal replacement, and poorly banded vein infill

For personal use only

Criteria	Commentary
	<p>of quartz and carbonate with associated pyrite, galena, sphalerite, barite and minor tetrahedrite. This mineralisation can be classified as Intermediate Sulphidation Epithermal Style and appears to be laterally zoned from a well-developed complex base metal skarn style affiliation outwards to a base metal fracture stockwork vein breccia style of mineralisation.</p> <ul style="list-style-type: none"> Surrounding the Umuna lode, and most widely developed on the eastern (footwall) side, is a broad peripheral zone of lower grade mineralisation in quartz veins, often occupying shears, and of linear and irregularly shaped volumes of strongly jointed to brecciated rocks. The schists tend to carry shear or breccia mineralisation with a higher frequency of strong jointing and brecciation in the more compact intrusives and Ara Greenschist. Intrusive contacts are commonly brecciated and mineralised which, with their frequent shallow dips, has the effect of spreading mineralisation laterally in contrast to the steep attitude of Umuna lode mineralisation. Structurally the Umuna geometry is typical of a complex fault array with a large major fault hosting the majority of the precious metal mineralisation with numerous ancillary splays developed in the footwall to the main structure. The intersection of the splays and the dominant Umuna Fault are loci for zones of well-developed mineralisation. Mineralisation has a dominant structural control however strong secondary stratigraphic controls are also observed in particular where skarn style mineralisation is developed in Halibu Limestone – Ara Schist contacts. A series of north west trending splays intersect and control the loci of the higher-grade material within the Umuna fault zone.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> Hole locations and orientations are displayed in the table within the body of the announcement.
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> Where significant intersection results are used, the average grades are weighted by the sample width of each assay within the intersection. No metal equivalence calculations are used in reporting.
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> Drill orientation is as close to perpendicular as possible given the limitations of the rig used. True widths vary from approximately 85% to approximately 100% of the down-hole width based on the current interpretation.
<i>Diagrams</i>	<ul style="list-style-type: none"> See figures in release
<i>Balanced reporting</i>	<ul style="list-style-type: none"> The cut-off grade used in determining significant intersections is shown in the table within the body of this announcement. Lower grade or unmineralised sections of the hole are not reported.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> Mapping and structural data is not available at this stage Other relevant exploration data is released to the market on an ongoing basis.
<i>Further work</i>	<ul style="list-style-type: none"> Exploration drilling is planned to continue for the remainder of 2019 and into 2020. Further work will involve structural mapping and interpretation, channel sampling orthogonal to mineralised structures, and drilling.

For personal use only