

## December 2019 Quarterly Activities Report

### Drilling accelerates on multiple fronts with a large number of assays pending

#### Misima Gold Project, PNG

- A second diamond drilling rig commenced operation during the quarter resulting in a 105% increase in metres completed quarter on quarter.
- Drilling program completed at Misima North during the quarter, with the highlight to date being hole GDD065, which returned best intersections of:
  - 3.5m @ 1.48g/t Au and 78.0g/t Ag from 16.2m including 1m @ 2.18g/t Au and 201g/t Ag
  - 1.9m @ 1.50g/t Au and 2.0g/t Ag from 20.9m
  - 8.4m @ 4.55g/t Au and 11.4g/t Ag from 23.8m including 3.5m @ 9.58g/t Au and 26.1g/t Ag
  - 4.2m @ 2.48g/t Au and 10.4g/t Ag from 76.0m
- Drilling program at Umuna East also completed during the quarter, with assay results pending.
- Stage 2 drilling commenced at Quartz Mountain, designed to:
  - Support Ewatinona Resource definition and potential expansion; and
  - Follow up on the Abi discovery hole GDD044 (23.6m @ 2.91g/t Au from 7.4m).
- Surface exploration at Abi to follow up on GDD044 delivered further high-grade results, with highlights including:
  - 1.5m @ 29.5g/t Au;
  - 8m @ 2.9g/t Au, including 4m @ 4.9g/t Au; and
  - 1.2m @ 21.5g/t Au.
- Geological model at Quartz Mountain updated, underpinning Stage 2 drilling and an anticipated Resource update in H1 2020.

#### Livingstone Gold Project, WA

- Diamond drill program completed with assay results pending. Information is expected to add important structural understanding and underpin further RC drilling.
- Structural geological review underway.

#### Corporate

- Non-Binding Term Sheet agreed for the purchase of JV partner's interest in the Misima Gold Project, taking Kingston's interest to 100%.



**Misima Gold Project**

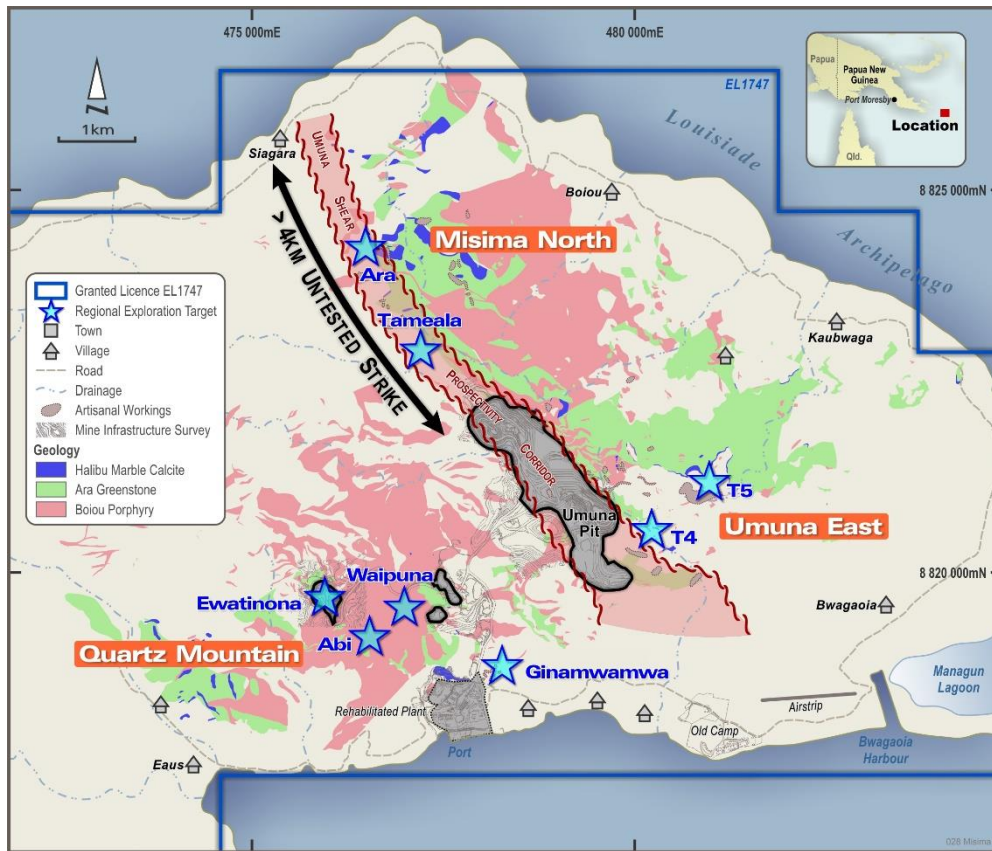


Figure 1. Misima Gold Project – Regional target map.

**Misima North**

During the quarter, a program of eight diamond drill holes was completed at Misima North. The holes were designed to target a northwest-trending breccia with anomalous surface geochemistry within the interpreted northern extension of the Umuna Fault Corridor. The drilling program was also designed to add data to the Company’s structural interpretation of the area to enhance the geological model and assist with planning of future holes.

Initial results from Misima North were very encouraging (see ASX Announcement 15 January 2020), with hole GDD065 returning excellent results. Highlights include:

- 3.5m @ 1.48g/t Au and 78.0g/t Ag from 16.2m
- 1.9m @ 1.50g/t Au and 2.0g/t Ag from 20.9m
- 8.4m @ 4.55g/t Au and 11.4g/t Ag from 23.8m incl 3.5m @ 9.58g/t Au and 26.1g/t Ag
- 4.2m @ 2.48g/t Au and 10.4g/t Ag from 76.0m
- 5.3m @ 0.85g/t Au and 9.0g/t Ag from 99.7m incl 1.5m @ 1.12g/t Au

This initial success at Misima North is encouraging as it highlights the prospectivity of the largely untested 4km strike extension north of the existing 2.6Moz Umuna resource. Follow-up drilling at Misima North is anticipated following the conclusion of the current Quartz Mountain program.

## Umuna East

The initial Umuna East drill program was also concluded during the quarter. The program consisted of 14 holes, for which assay results are pending. The drilling was undertaken approximately 500m east of the Umuna Pit within the Umuna Inferred Resource targeting near-surface mineralisation.

The aim of the drilling is to confirm the existing gold mineralization within the Resource and hopefully contribute to an upgrade and potential expansion of the near-surface Resource in the Umuna East area.

Reconnaissance mapping of the area during the quarter has also proven to be worthwhile. Hand specimens retrieved from float material in the area display brecciation with base metal mineralisation (galena, sphalerite and chalcopyrite) known to be associated with gold mineralisation. This mapping has instigated the development of further trenching.

Two trenches are currently being completed in the vicinity of the drilling program. One trench is 270m long and the other is 120m long. Both trenches intersect zones of brecciation and it is expected that they will provide more information on the geometry and trend of the mineralised breccias at Umuna East.

## Quartz Mountain – Geological review

Throughout the quarter, the Company progressed an assessment of the geology of the Quartz Mountain area. An extensive internal review of existing Quartz Mountain geological data, complemented by recent Kingston drilling, geochemical data and structural mapping, concluded that mineralisation in the area is primarily structurally controlled.

Previous interpretations had mineralisation controlled by lithological contacts between the greenstone unit and porphyry/marble. The structural regime of the area is defined by a series of intersecting NW, WNW, and NS trending high angle near vertical faults.

Many of the historical holes are interpreted to have missed or poorly tested the mineralisation, as they were drilled at a near vertical angle, reducing the likelihood of intersecting the vertical structures.

## Quartz Mountain – Ewatinona

A recent review of historical blast-hole and open pit geology data at Ewatinona confirmed observations from Kingston Resources' drilling that the mineralisation is hosted by steep-dipping, stacked structures with WNW to NW trends. Concept grade shell modelling of mineralisation trends incorporating historical drilling and Kingston drill holes using Leapfrog® and the identified geological trends has confirmed extensional potential for the structures below and outside of the current Resource shell and along strike.

Surface geochemistry from 22 rock samples collected in the quarter during a mapping and sampling program east of the Ewatinona pit further support this Resource extension potential. Channel samples across, and grab samples within, geologically interesting features such as fractures, faults, breccias, mineralised quartz veins and rocks with visible sulphides (pyrite, galena, sphalerite and/or chalcopyrite) returned a number of high-grade gold assays (see ASX Announcement 25 November 2019).

Best results include:

- 1.6m @ 3.3g/t Au
- 1.5m @ 29.5g/t Au
- 8m @ 2.9g/t Au, including 4m @ 4.9g/t Au
- 0.9m @ 2.2g/t Au
- 1.2m @ 21.5g/t Au

- 2.3m @ 2.25g/t Au

Samples were taken across structures east of the existing Ewatinona pit on the periphery of the higher density sampling footprint in the Ewatinona area. These surface results provide a clear indication that the Ewatinona area remains highly prospective.

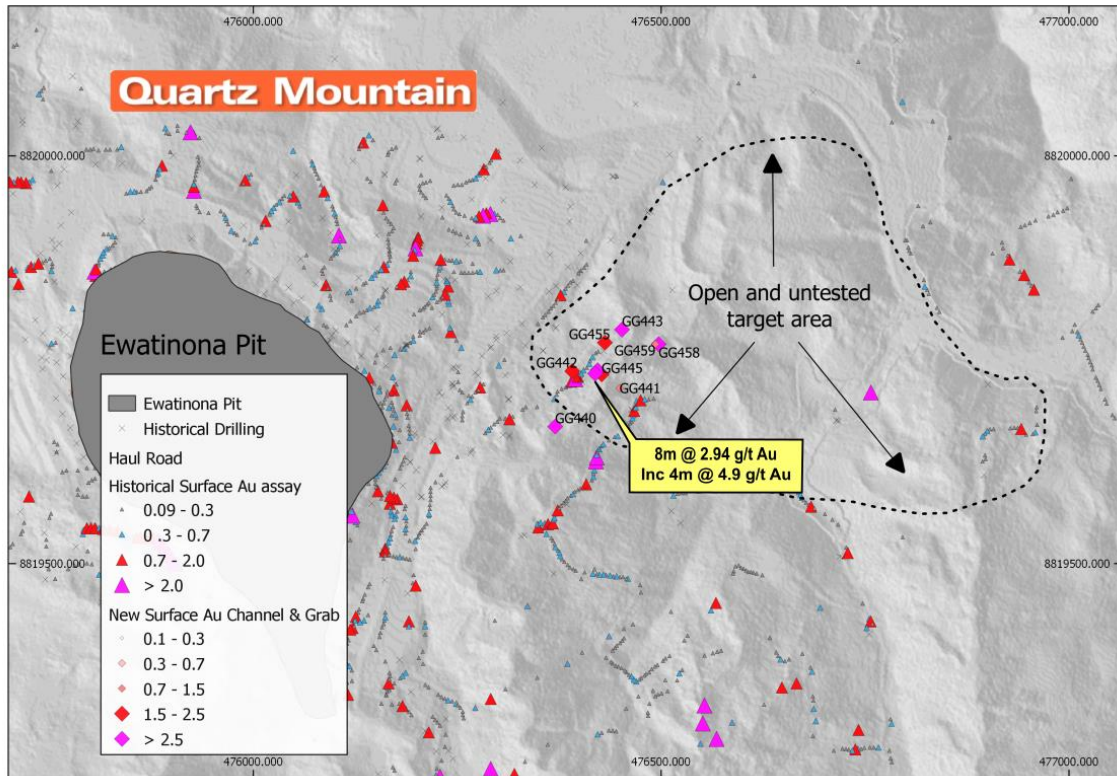


Figure 2. Surface mineralisation outside of current Resource.

### Quartz Mountain – Abi

Channel samples collected during the quarter highlighted the potential for significant shallow gold mineralisation at Abi, particularly in the vicinity of hole GDD044, Kingston’s Abi discovery hole which returned an intercept of 23.6m @ 2.91g/t Au from 7.4m (see ASX Announcement 17 September 2019).

Kingston conducted sampling programs in the Abi area peripheral to GDD044 in order to delineate new surface mineralisation that could indicate a continuation of the same mineralised breccia at depth.

Final and preliminary assay results from this work returned significant gold values (see ASX Announcement 17 December 2019) with best results including:

- 0.7m @ 7.73g/t Au
- 7.7m @ 20.87g/t Au, including 4.4m @ 35.00 g/t Au
- 2m @ 10.50g/t Au
- 5.2m @ 3.00g/t Au

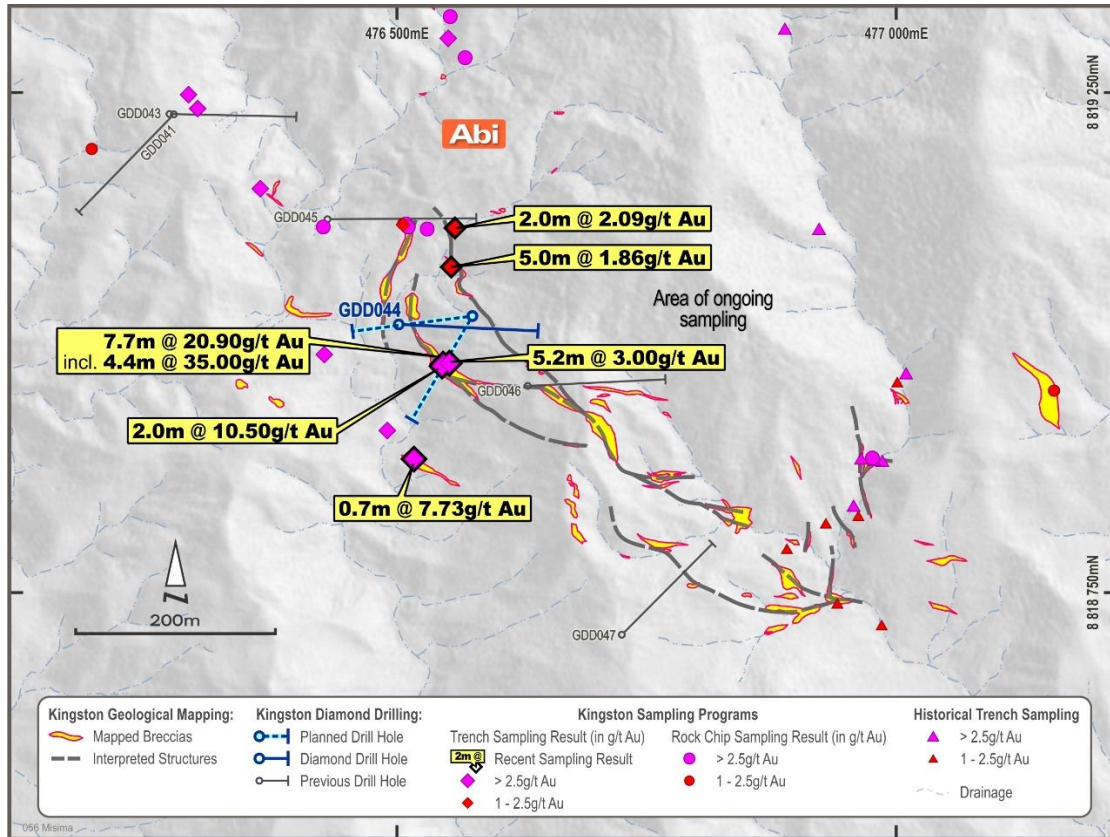
The high-grade results from channel samples south-east of GDD044 show that the mineralisation is open. A total of 47 channel samples were collected across mapped breccia bodies comprised of granodiorite porphyry and greenstone clasts as well as intensely altered and veined diorites and porphyries.

Two diamond drill holes have been designed to test for further mineralisation at Abi. Both holes will be collared from the same location, east of the GDD044 collar. The first hole will intersect the mineralisation in GDD044,



approaching from the east in a scissor design. The hole is designed to extend into the footwall in order to test the extent of mineralisation there.

The second hole is designed to test the new high-grade surface results to the south-east, specifically testing the continuation of the mineralised breccia along strike and at depth. This drilling will be conducted as part of the Quartz Mountain drill program currently underway.



The Stage 2 Quartz Mountain resource definition drilling program, focused on the Ewatinona and Abi areas, is now underway following up on successful Stage 1 results.

### Livingstone Gold Project

An 800m diamond drilling program was concluded at the Kingsley prospect during the quarter. This program was co-funded up to \$75,000 through the WA Government Exploration Incentive Scheme. The purpose of this drilling was to further understand the controls on the mineralisation at Kingsley. It will also underpin the next round of RC drilling and contribute towards the estimation of a maiden JORC Mineral Resource Estimate.

Alongside the diamond drilling, a regional structural mapping and interpretation program was conducted by Dr Greg Cameron over the western portion of the Livingstone Project area, including the Kingsley and Livingstone North prospects. A structural review of the diamond drilling and mapping program is currently underway.

Metallurgical testwork was also conducted during the quarter. This delivered exceptional preliminary gold recoveries averaging 93.8% (see ASX Announcement 21 October 2019). The testwork was based on 16 ore

samples collected from prior Reverse Circulation (RC) drilling at the Kingsley prospect (see ASX announcement 26 September 2019). The samples were selected from 10 RC holes across the prospect area, with intervals selected to provide varying grades, lithologies and weathering profiles.

The samples were tested by Intertek laboratories “Accelerated Cyanide Leach LeachWELL™” analytical procedure. LeachWELL is a cyanide leach bottle roll process using an accelerant/catalyst to determine cyanide extractable gold and provide an early indication of potential recoveries in metallurgical processes. Please note this technique only provides a preliminary indication of cyanide dissolution gold recoveries and should not be considered definitive metallurgical test work.

Gold recoveries averaged 89.5% in the primary mineralisation, 95.6% in the transitional mineralisation and 94.9% in the oxide mineralisation. The results from the Accelerated Cyanide Leach are encouraging, suggesting that the oxide, transitional and primary gold mineralisation at the Kingsley prospect are amenable to conventional cyanide extraction methods.

### **Corporate**

During the quarter, the Company signed a non-binding term sheet to secure 100% of the Misima Gold Project by purchasing its JV partner’s interest in the project. This is considered to be an important step towards Kingston’s objective of becoming a substantial new gold producer in the Asia-Pacific region. The transaction is now subject to finalisation of documentation which is expected shortly, completion remains on schedule for 30 April 2020.

This release has been authorised by the Kingston Resources Limited Board. For all enquiries please contact Managing Director, Andrew Corbett, on +61 2 8021 7492.

**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 77% 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.



**Kingston project locations**

The Misima Mineral Resource estimate outlined below was released in an ASX announcement on 27 November 2017. Further information relating to the resource is included within the original announcement.

Resource Category	Cutoff (g/t Au)	Tonnes (Mt)	Gold Grade (g/t Au)	Silver Grade (g/t Ag)	Au (Moz)	Ag (Moz)
Indicated	0.5	37.2	1.1	4.9	1.3	5.8
Inferred	0.5	45.0	1.0	5.6	1.5	8.1
<b>Total</b>	<b>0.5</b>	<b>82.3</b>	<b>1.1</b>	<b>5.3</b>	<b>2.8</b>	<b>13.9</b>

**Table 1: Misima JORC 2012 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.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

**Name of entity**

Kingston Resources Limited

**ABN**

44 009 148 529

**Quarter ended ("current quarter")**

31 December 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1 Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for	-	-
(a) exploration & evaluation	(1,721)	(3,212)
(b) development	-	-
(c) production	-	-
(d) staff costs	(121)	(239)
(e) administration and corporate costs	(120)	(431)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	15	36
1.5 Interest and other costs of finance paid	(4)	(7)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,950)</b>	<b>(3,853)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(58)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

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<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	-	<b>(58)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	3,085
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(2)	(228)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(16)	(33)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(18)</b>	<b>2,824</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	6,086	5,197
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,950)	(3,853)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(0)	(58)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(18)	2,824
4.5	Effect of movement in exchange rates on cash held	(9)	(1)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>4,109</b>	<b>6,086</b>

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5. <b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,109	2,312
5.2 Call deposits	3,000	3,766
5.3 Bank overdrafts	-	-
5.4 Other (security bonds)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,109</b>	<b>6,086</b>

6. <b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	121
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Directors fees and superannuation payments

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	92	92
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

BSP equipment finance lease, 12.9%, secured.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	1,661
9.2 Development	-
9.3 Production	-
9.4 Staff costs	175
9.5 Administration and corporate costs	162
9.6 Other	500
<b>9.7 Total estimated cash outflows</b>	<b>2,498</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	EL31534, NT	Surrendered	100%	0%
	EL31535, NT	Surrendered	100%	0%
10.2 Interests in mining tenements and petroleum tenements acquired or increased	EL1747, PNG	Increased equity interest	70%	77%

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**Table 1: Tenement Schedule (ASX LR 5.3.3)**

Tenement	Project/Name	Status	Ownership	Change Since Last Quarter	Area km <sup>2</sup>
EL1747	Misima	Live	77%	Increased equity interest from 70%	180
<b>Subtotals PNG</b>					<b>180</b>
Tenement	Project/Name	Status	Ownership	Change Since Last Quarter	Area km <sup>2</sup>
E 70/4822	Greenbushes	Pending	100%	No change	6
E 52/3403	Livingstone	Live	75%	No change	203
E 52/3667	Livingstone	Pending	75%	No change	170
<b>Subtotals WA</b>					<b>379</b>
Tenement	Project/Name	Status	Ownership	Change Since Last Quarter	Area km <sup>2</sup>
EL31534	Boxhole	Relinquished	0%	Surrendered	
EL31535	Trackrider	Relinquished	0%	Surrendered	
<b>Subtotals NT</b>					
<b>Total KSN tenure</b>					<b>559</b>

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: .....

Date: 17 January 2020.....

  
CFO & Company Secretary

Print name: .....Chris Drew.....

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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