

December 2020 Quarterly Activities Report

Kingston positioned for growth and success in 2021 after delivering robust PFS on 3.6Moz Misima Gold Project, raising \$13 million and appointing respected industry leader Mick Wilkes as Chairman

Misima Gold Project, PNG

- Technically robust Pre-Feasibility Study confirmed the potential for a long-life, low-cost gold mine with a maiden 1.35Moz Reserve¹:
 - 130,000ozpa average annual gold production over a 17-year mine life; and
 - Pre-tax Net Present Value (NPV_{8%}) of A\$822m and 33% IRR at US\$1,600/oz gold price
- 8,000m diamond drill program underway targeting further Resource and Reserve growth
- Environmental approval program commences as permitting advances
- Confirmatory metallurgical testing underway for the Definitive Feasibility Study
- Cooktown Stockpile verification commenced to improve confidence in existing early production ounces
- COVID management plan maintained on site

Livingstone Gold Project, WA

- High-grade gold intercepts from drilling at the Homestead Prospect, part of the Livingstone Gold Project in WA:
 - KLRC104 17m @ 3.07g/t Au from 14m
 - KLRC105 7m @ 3.32g/t Au from 27m
 - KLRC107 11m @ 1.00g/t Au from 104m
 - KLRC108 11m @ 1.18g/t Au from 31m

Corporate

- Successful \$13m capital raising
- Highly-regarded Australian mining executive Mick Wilkes appointed as non-executive Chairman
- Quarter-end cash balance of \$16.6m leaves Kingston well-funded to advance Misima and Livingstone

¹ See 24 November 2020 ASX Announcement for full detail on Pre-Feasibility Study and Reserve



ASX: KSN
Shares on Issue: 282M
Market Cap: A\$73M
Cash: A\$16.6M (31 Dec 2020)

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Kingston Managing Director Andrew Corbett said: “We’ve hit the ground running in 2021 after what was a really successful December quarter for the Company. The combination of four key events – an outstanding PFS for Misima, a maiden 1.35Moz Ore Reserve, a successful \$13 million raising, and the appointment of Mick Wilkes as Chairman – has given us really strong momentum to achieve our key objectives this year.

“The large-scale, high-quality reserve at Misima underpins the Company’s value proposition, and I am confident that as we continue exploration to grow our inventory and progress the Definitive Feasibility Study, we will see greater market recognition in the months ahead. Plus, with a strengthened balance sheet and with Mick’s strategic input and guidance, we are really well-placed to achieve our goal of becoming a significant new gold producer in Asia-Pacific region.”

Misima Gold Project, PNG

Misima PFS confirms potential for long-life, low-cost gold mine with 1.35Moz maiden Reserve

Kingston released the results of the Misima Pre-Feasibility Study during the December Quarter. The PFS showcases an attractive gold development project with strong economic fundamentals.

Key components of the PFS included:

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

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

Compelling project economics:

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

Large high-quality Mineral Resource and Ore Reserves:

- 1.35Moz Ore Reserve for a 10-year mine life based on Reserve ounces only.
- 12.5% increase in global Mineral Resource from 3.2Moz to 3.6Moz Au.
- Robust economics based on Reserve ounces only – pre-tax NPV_{8%} of A\$481m, 30% IRR and 5.4-year payback

Significant upside to be unlocked as development studies advance:

- Significant project upside to be delivered through drilling campaigns currently underway to identify additional near-surface ounces for early years of ore production.
- Work programs now being planned for next phase of studies.

The PFS is based on the redevelopment of the brownfields site of the former Misima gold mine, which was operated previously as a successful 5.5Mtpa Carbon-in-Leach (CIL) open pit operation by Placer Pacific, producing 230kozpa over a 15-year production history.

Kingston plans to leverage off this strong production history and construct a new 5.5Mtpa CIL treatment facility and modern infrastructure on the footprint of the historic mine, establishing a new standalone, long-life gold mining and processing operation underpinned by two major ore sources – a cut-back of the existing Umuna open pit and an expansion of the existing small pit at Ewatinona in the Quartz Mountain area.

Maiden Ore Reserve released

As part of the PFS, Kingston released a maiden JORC Ore Reserve during the December Quarter.

The maiden JORC Probable Ore Reserve of **48.3Mt @ 0.9g/t for 1.35Moz** underpins a large scale, long-life gold project at Misima, together with a further 12.5% increase in the global Resource to **144Mt at 0.78g/t for 3.6Moz**. The Ore Reserve is based on a standalone mine plan and financial model excluding Inferred Resources.

The PFS is based on a Production Target mine plan and financial model including Inferred Resources which demonstrates the potential for the project to grow beyond the Ore Reserve if further work can upgrade confidence in the Inferred Resources to at least Indicated status.

The scale and quality of the Mineral Resource and Ore Reserve, together with the brownfields nature of the Misima Project, the extensive mining and processing history, the relative softness of the ore and the simplicity of the process flowsheet all give Kingston a high degree of confidence in the technical and commercial viability of the Project as the foundation for a long-term Asia-Pacific gold operation.

Drilling resumes at Misima Gold Project

At the beginning of the December Quarter, two diamond drill rigs mobilised on site following the lifting of COVID-19 related travel restrictions. Total drilling for the quarter comprised 1,900m of diamond drilling at Kulumalia, on the southern margins of the Umuna Pit.

Drilling was targeted at Resource conversion within the current Umuna pit shell, as well as drill testing high-grade near-surface mineralisation for potential inclusion in early-stage mine production schedules.

Environmental approval program commences at Misima

An Environmental Inception Report (EIR) for the Misima Gold Project was submitted to PNG's Conservation and Environment Protection Authority (CEPA), marking the formal commencement of the environmental approvals process. Historical Placer data and approvals provide a clear roadmap for the approvals program. Baseline environmental data collection continues at Misima, alongside the current 8,000m diamond drill program.

The PNG *Environment Act 2000* requires a developer to submit an EIR outlining the key environmental and social issues associated with the proposed project and the intended scope of investigations to address these in the subsequent Environmental Impact Statement (EIS).

Metallurgical testing underway

Mineralised rock samples for metallurgical testing were collated and sent to metallurgical testing labs in NSW during the Quarter. Metallurgical testing is primarily focused on optimizing grind size for the comminution circuit as well as establishing ore breakage energy requirements. Results from the test work will be included in the Definitive Feasibility Study.



Figure 1: Drilling Underway at Kulumalia

Cooktown Stockpile verification project commenced

A sampling program has been designed and preparations works are underway at the Cooktown Stockpile, adjacent to the Umuna Pit. The initial sample pits and trenches will be followed by drilling to confirm the continuity and grade of the Cooktown stockpile mineralisation. These works are intended to increase confidence in the stockpile which may enable its reclassification to Indicated status.

COVID Management on Misima Island

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

Livingstone Gold Project, WA

Drilling delivers high-grade gold intercepts at Homestead Prospect

Assay results from recent RC drilling at the Livingstone Gold Project were reported during the December Quarter. Best results from the program were delivered from the drilling at Homestead, which consisted of five RC holes for 513m. Drilling successfully expanded on and confirmed historical results from drilling conducted by Western Mining Corporation, Sons of Gwalia and Talisman Mining.

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

- KLRC104 17m @ 3.07g/t Au from 14m, including 1m @ 7.94g/t Au from 16m and 2m @ 9.36g/t Au from 24m
- KLRC105 7m @ 3.32g/t Au from 27m, including 1m @ 9.74g/t Au from 27m & 2m @ 5.08g/t Au from 30m
- KLRC107 11m @ 1.00g/t Au from 104m, including 1m @ 4.97g/t Au from 111m

- KLRC105 4m @ 1.10g/t Au from 10m
 - KLRC108 11m @ 1.18g/t Au from 31m
 - KLRC108 4m @ 1.06g/t Au from 71m

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

Kingston is conducting a project-wide geological study of the Livingstone tenement package that integrates all historical data as well as new information gained during Kingston's tenure.

The geological study was designed to place the numerous individual prospects in the Livingstone area into a wider geological context, enhancing the understanding of the relationship between mineralisation at the various deposits, incorporating them within a mineral systems model and identifying and ranking areas that are highly prospective at both a deposit and district scale. Following on from this study, field-based exploration work programs are currently being designed that will follow up on the insights generated.

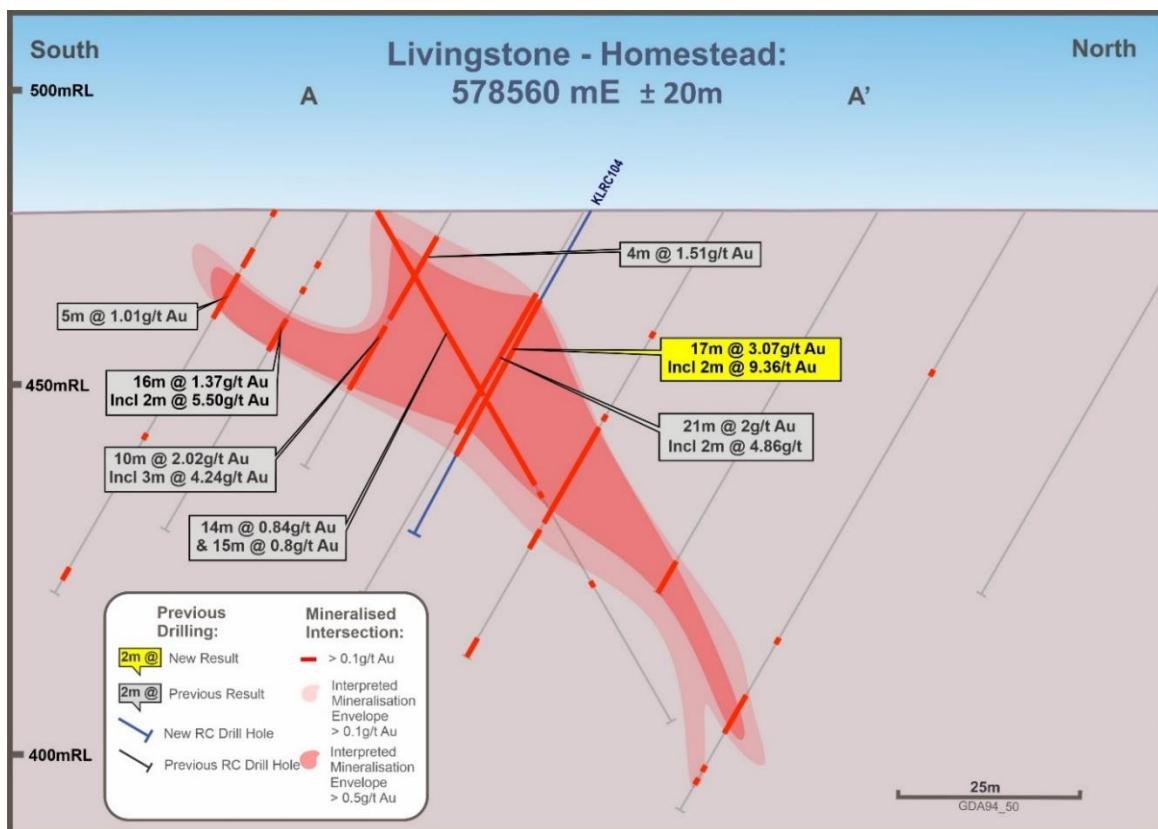


Figure 2: Homestead Section 578560 mE

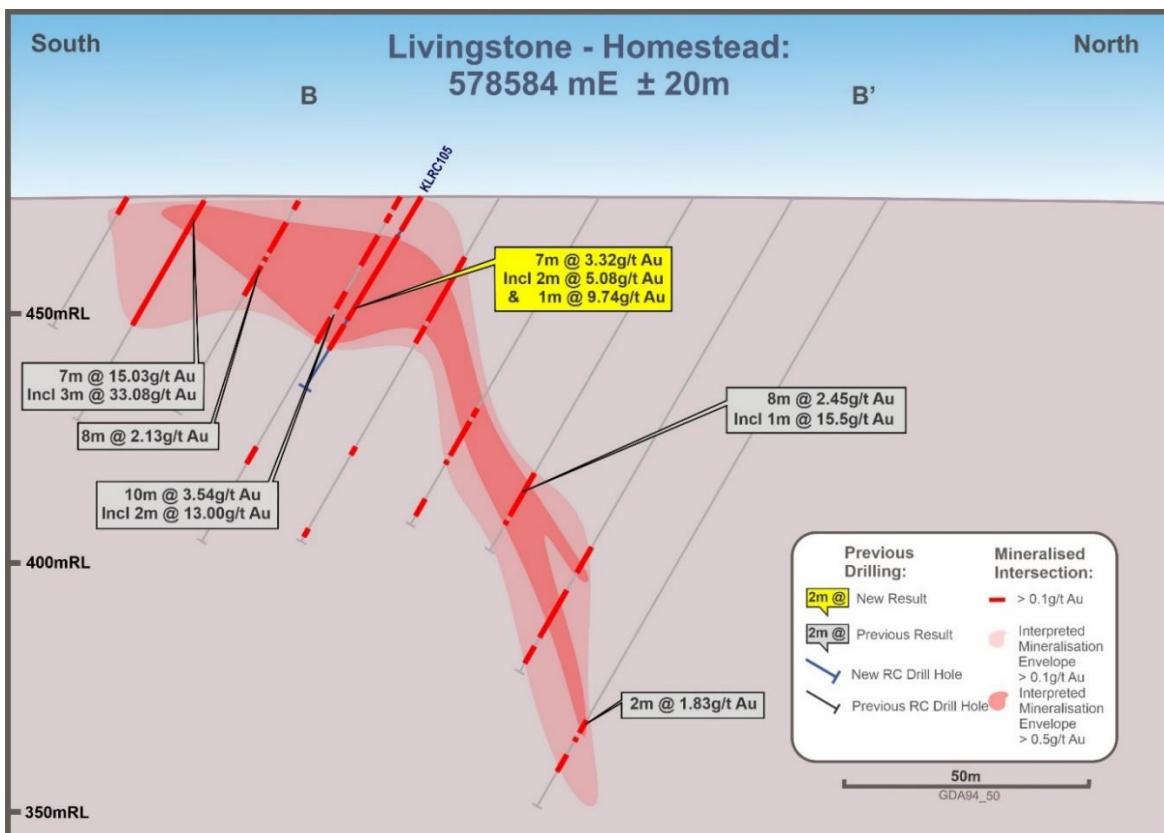


Figure 3: Homestead Section 578584 mE

Corporate

\$13m capital raising to advance 3.6Moz Misima Gold Project

Following on from the successful release of the PFS and Maiden Ore Reserve, Kingston completed a \$13 million capital raising in December. Funding from the share placement will be used to progress development studies, approvals and extensional/in-fill drilling as Kingston advances its large-scale PNG gold project towards development.

Binding commitments were received for an institutional share placement at \$0.26 per share to raise \$12.5 million. Additionally, Kingston Chairman Mick Wilkes intends to subscribe for \$500,000 worth of shares, subject to shareholder approval, for total equity raising proceeds of \$13.0m

Kingston Appoints highly regarded Australian mining Executive Mick Wilkes as Chairman

Kingston appointed highly-experienced Australian mining executive Mick Wilkes as non-executive Chairman during the December Quarter. Mr Wilkes, who has been a non-executive Director of Kingston since July 2018, succeeded Anthony Wehby, who remains on the Board as a non-executive Director. Mr Wilkes' appointment as Chairman was effective from 1 December 2020.

The Board transition followed the completion of the economically robust Pre-Feasibility Study (PFS) and maiden Ore Reserve for the Misima Gold Project, paving the way for the next stage of its development as a substantial new mid-tier gold producer in the Asia-Pacific.

Cash and Expenditure

The Company ended the quarter with a cash balance of \$16.6 million. Total exploration expenditure for the quarter was \$1.8 million. During the quarter the Company made payments totalling \$152,000 to associates or related parties reflecting fees, wages, and superannuation paid to Directors.

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 3.6Moz Au and an Ore Reserve of 1.35Moz. 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. Kingston has concluded a Pre-Feasibility Study for Misima and is continuing to advance development activities. The Misima Project also offers outstanding potential for additional resource growth through exploration success targeting extensions and additions to the current Resource base. Kingston's interest in Misima is held through its PNG subsidiary Gallipoli Exploration (PNG) Limited.

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



The Misima Mineral Resource estimate outlined below was released in an ASX announcement on 24 November 2020. Further information relating to the resource is included within the original announcement.

Resource Category	Cut-off (g/t Au)	Tonnes (Mt)	Gold Grade (g/t Au)	Silver Grade (g/t Ag)	Au (Moz)	Ag (Moz)
Indicated	0.3	68.3	0.80	4.5	1.8	9.8
Inferred	0.3 & 0.8	76.1	0.76	5.9	1.9	14.4
Total	0.3	144	0.78	5.2	3.6	24.2
Reserve	Cut-off (g/t Au)	Tonnes (Mt)	Gold Grade (g/t Au)	Silver Grade (g/t Ag)	Au (Moz)	Ag (Moz)
Probable	0.3	48.3	0.87	4.2	1.35	6.48

Misima JORC 2012 Mineral Resource & Ore Reserve 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 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 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.