

December 2021 Quarterly Activities Report

Acquisition of Mineral Hill mine in NSW delivers immediate gold production, cash-flow, and outstanding gold and copper exploration upside in a Tier-1 mining district

Mineral Hill Mine, NSW

- Kingston entered into a binding agreement to acquire the Mineral Hill Mine from US-based Quintana MH Holding Co LLC for up to A\$22.7M (US\$17.0M) in cash and shares (see ASX announcement 18 November 2021), with the acquisition completed on 17 January 2022.
- Gold tailings on site are currently being processed, delivering immediate gold production for Kingston with forecast gold production of 40,000oz at AISC of A\$1,550-1650/oz over 29 months¹. Mineral Hill is anticipated to deliver positive cash-flow in the near term.
- Reserves of 71,163oz Au and a Resource base of 469,217oz Au Equivalent underpins Kingston's intent to establish initial mine production following conclusion of the tailings project.
- Drill rigs are anticipated on site in February to commence an extensive exploration program with multiple targets located within the Mining Licence hosting historic high-grade drilling results to be followed up.

Misima Gold Project, PNG

- Major DFS engineering packages are well advanced including plant design work, civil works, site water management, HV electrical work, and non-processing infrastructure.
- Geotechnical drilling, metallurgical testing and site investigation programs are complete.
- Mine design work ongoing incorporating the updated Mineral Resource Estimate.
- Project estimating, financial modelling and project execution planning has commenced.
- All Environmental and Social Impact Assessment (ESIA) field surveys are complete, with independent studies well advanced.
- Social baseline studies are complete, with landowner studies and engagement progressing.
- DFS studies on track for completion in March, with Environmental and Social Impact Assessment (ESIA) and Mining Licence (ML) applications to be submitted soon thereafter.

Livingstone Gold Project, WA

- Kingston successfully divested its 75% interest in the Livingstone Gold Project to Metal Bank Limited (ASX: MBK) for total consideration of up to \$10 million.

Corporate

- Institutional placement successfully completed raising \$14m alongside SPP open to existing eligible shareholders.
- Quarter-end cash balance of \$19.8 million leaves Kingston well-funded to progress the ramp-up at Mineral Hill, advance exploration and conclude studies on the Misima Gold Project.

¹ This production target is supported by the TSF Ore Reserve of 1.81Mt at 1.13g/t for 43,000oz Au



Commenting on the December quarter, Kingston Managing Director Andrew Corbett said: *“We’ve hit the ground running in 2022 after finishing last year strongly on a number of fronts. Three key events – the acquisition of the Mineral Hill Mine, the divestment of our interest in the Livingstone Project, and a successful \$14 million capital raising – have given us a great platform from which to grow in 2022.*

“The Mineral Hill operations team is continuing to ramp up production through the transition period, and we look forward to delivering positive cash-flow from the operation in the coming months. We are also very excited to have drill rigs arriving on site imminently to commence our exploration program.

“In addition to the near-term operations and exploration news flow from Mineral Hill, we expect to complete the Definitive Feasibility Study for the Misima Project in March – the results of which will be reported together with an updated mineral Reserve. This amounts to a very positive outlook for Kingston in the months ahead as we strive to achieve our objective of building a substantial diversified gold producer in the Asia-Pacific region based on the two high-quality assets in our portfolio.

Mineral Hill Mine

During the quarter, Kingston announced that it has entered into a binding agreement (Share Purchase Agreement or SPA) with US-based Quintana MH Holding Co. LLC (Quintana) to acquire a 100% interest in the Mineral Hill Mine (Mineral Hill), located in central NSW (see ASX release of 18th November 2021).

Under the terms of the acquisition, Kingston has agreed to pay Quintana a combination of upfront cash and shares, deferred cash payments, and a 2% royalty over production. The consideration is comprised of:

- US\$1.0m (A\$1.3m) upfront cash
- US\$8.0m (A\$10.7m) upfront equity (issued at \$0.20 per share)
- Deferred consideration based on the following milestones:
 - US\$1.5m (A\$2.0m) cash payment upon production of 15,000oz of gold
 - US\$2.0m (A\$2.7m) cash payment upon production of 22,500oz of gold
 - US\$3.5m (A\$4.7m) cash payment upon production of 30,000oz of gold
 - US\$1.0m (A\$1.3m) cash payment upon the earlier of production of 37,500oz of gold or the 31 December 2023
- A 2% NSR over future mine production from the Mineral Hill Project area

The issuance of the consideration shares was approved by KSN shareholders at its 14 December AGM and the transaction successfully completed on 17 January 2022 (see ASX announcement 18 January 2022).

The acquisition represents a unique opportunity for Kingston to accelerate its transition to an operating mining company. The Mineral Hill Mine includes two processing circuits, current gold production, a number of developed polymetallic deposits and extensive exploration upside.

Immediate focus for Mineral Hill

Following completion of the transaction the immediate focus will be the production ramp-up of the CIL circuit for the tailings re-processing. The current tailings mine plan involves the treatment of 1.7-1.8Mt @ 1.1g/t Au over 29 months, recovering 40,000oz of gold at an AISC of A\$1550-1650/oz. The targeted tailings throughput rate is 750,000tpa. The operation is expected to deliver positive free cash-flow in the near term.

In addition, exploration drilling will commence in February focusing on the Pearse open pit targets and the Southern Ore Zone (SOZ) underground targets. The aim will be to provide an updated Mineral Resource

base to underpin mine feasibility work and approvals to ensure an immediate transition to open pit and/or underground feed at the completion of the tailings reprocessing.

Misima Gold Project

Definitive Feasibility Study

Process Plant Design

The process plant design contract for the Misima Gold Project DFS was awarded to Lycopodium Minerals Pty Ltd (ASX: LYL) during the September quarter. Work on plant design has advanced rapidly during the December quarter with process design criteria finalised, simulation work complete and the layout now finalised. The procurement process and pricing is now in progress.

Engineering Studies

Together with process plant design, the remaining work programs including civil works, site water management, HV electrical work, non-processing infrastructure, mine geotechnical assessments and mine planning are all well advanced with a number of tenders sent to market and pricing received.

Geotechnical Program

Geotechnical work commenced at the end of July and is now complete for pit slope assessment and waste rock dump design, with the necessary design assumptions finalised for inputs into mine planning.

Mine Planning

Initial pit optimisations have been run, with pit and waste rock dump designs complete. Estimation of detailed operating parameters is now underway.

Estimating and Financial Modelling

The project estimate is currently being compiled from market pricing and quantities estimates derived from the engineering studies with the financial model set up also underway.

Environmental and Mining Approvals

ESIA work programs continued during the quarter. The baseline field surveys, including the necessary marine surveys, are now largely complete. Initial data reports are largely complete with impact assessments to now be finalised, informing the ESIA to be submitted to the PNG Conservation and Environment Protection Authority (CEPA).

The Artisanal and Small-Scale Mining Study, the In-migration Study, the Human Resources and Localisation Plan and the Business Development Plan are continuing. This work will contribute to the Proposal for Development required as part of the Mining Licence Application.

Community Engagement

Kingston's community engagement team has been continuing consultation activities with various stakeholders including community members, landowners, government, and other organisations as part of its commitment to keeping all stakeholders apprised of the work being carried out and the proposed project development strategy.

Livingstone Gold Project, WA

During the Quarter, Kingston successfully completed the divestment of its 75% interest in the Livingstone Gold Project (**Livingstone**) in Western Australia to Metal Bank Limited (**ASX: MBK**) (see ASX Announcement 10 December 2021).

Kingston received an upfront consideration of \$2.5 million in cash and \$1 million in Metal Bank shares with attaching options. In addition to the upfront consideration, Kingston is entitled to receive further milestone payments comprising:

- \$1.5 million cash payment upon the identification of a 100koz gold equivalent JORC Resource or 12 months post-completion, whichever is sooner.
- \$1.0 million cash payment upon the identification of a 250koz gold equivalent JORC Resource; and
- \$4.0 million cash payment upon the identification of a 500koz gold equivalent JORC Resource.

Kingston retains significant exposure to future exploration upside at Livingstone through its holding of shares and options in Metal Bank, and future milestone payments.

COVID-19 Impact and Response

Kingston continues to operate under its COVID-19 management plan and is working closely with the PNG Government, Australian Government, and PNG Chamber of Mines to minimise the risk of COVID-19 for all employees and stakeholders. This includes having completed and passed an independent COVID-19 Safe Audit of FIFO and on-site processes for mining and petroleum companies in PNG.

Kingston is also working with its local workforce to facilitate vaccinations through the local Misima Hospital as part of its work safety program. Kingston's management team is closely monitoring the COVID situation in PNG and is confident in the Project's existing COVID risk management plan.

Corporate

After entering into the binding agreement to acquire the Mineral Hill Mine, Kingston completed a \$14 million capital raising in December. Funding from the share placement will be used to fund the acquisition of Mineral Hill, associated environmental bonds and transaction costs, as well as the planned exploration and development program at Mineral Hill. Funds will also be utilised to advance feasibility studies and approvals programs at Kingston's Misima Gold Project in PNG, as well as for general working capital purposes.

Alongside the Placement, a Share Purchase Plan (SPP) has been offered to existing eligible shareholders. Eligible shareholders are invited to participate in the SPP at the same issue price as the Placement (A\$0.20 per share). The SPP will provide eligible shareholders with the opportunity to increase their holding by up to A\$30,000 without incurring any brokerage or transaction costs. The SPP is scheduled to close at 5:00pm (AEST) on 31 January 2022.

The Company ended the quarter with a cash balance of \$19.8 million. Total exploration expenditure for the quarter was \$3.3 million. During the quarter, the Company made payments totalling \$151,000 to associates or related parties reflecting fees, wages, and superannuation paid to Directors.

Table 3: Tenement Schedule (ASX LR 5.3.3) as at end of quarter

Tenement	Project Name & Location	Status	Ownership	Area km ²
EL1747	Misima, PNG	Live	100% ¹	180

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 gold producer, focused on building a mid-tier gold and base metals company, with current production from the Mineral Hill gold and copper mine in NSW, and advancing its flagship development asset, the 3.8Moz Misima Gold Project in PNG.

Mineral Hill is a gold and copper mine located in the Cobar Basin of NSW. Alongside current production, exploration is focusing on near mine production opportunities from both open pit and underground targets located on the existing MLs. The aim will be to expand and update the existing Resource base to underpin mine feasibility work and approvals to ensure an immediate transition to open pit and/or underground feed at the completion of the tailings reprocessing.

Misima hosts a JORC Resource of 3.8Moz Au and an Ore Reserve of 1.35Moz, Kingston is completing a Definitive Feasibility Study (DFS) in H1 2022. 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 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.

The Misima Mineral Resource and Ore Reserve estimate outlined below was released in ASX announcements on 24 November 2020 and 15 September 2021. Further information is included within the original announcements.

Misima JORC 2012 Mineral Resource & Ore Reserve summary table

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	97.7	0.79	4.3	2.5	13.4
Inferred	0.3	71.3	0.59	3.8	1.4	8.7
Total	0.3	169	0.71	4.1	3.8	22.1
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

Mineral Hill JORC 2012 & JORC 2004 Mineral Resource & Ore Reserve summary table

Resource Category	Tonnes (kt)	Gold Grade (g/t Au)	Silver Grade (g/t Ag)	Cu %	Pb %	Zn %	Au (koz)	Ag (koz)	Cu (kt)	Pb (kt)	Zn (kt)
Measured	698	2.63	40.3	0.85%	0.42%	0.28%	59	904	5.9	3.0	2.0
Indicated	4,542	0.92	21.4	0.66%	1.09%	0.55%	134	3126	30.1	49.7	25.1
Inferred	674	1.68	20.2	1.16%	1.30%	1.19%	36	438	7.8	8.8	8.0
Total	5,913	1.20	23.5	0.74%	1.03%	0.60%	229	4461	43.5	61.1	35.3
Reserve Category	Tonnes (kt)	Gold Grade (g/t Au)	Silver Grade (g/t Ag)	Cu %	Pb %	Zn %	Au (koz)	Ag (koz)	Cu (kt)	Pb (kt)	Zn (kt)
Proved	55	2.30	17.0				4	31			
Probable	2,017	1.38	4.9				67	315			
Total	2,072	1.41	5.2				71	346			

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 confirms that the information in the market announcement provided is an accurate representation of the available data and studies for the material mining project and 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.