

Kingwest Resources Ltd

ASX: KWR

Shares on Issue
100,582,726

Directors & Management

Chairman
Adrian Byass

CEO
Ed Turner

Non-Executive Directors
Stephen Brockhurst
Stephen Woodham
Jon Price

Company Secretary
David McEntaggart

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30 October 2019

ASX via Electronic Lodgement

Quarterly Report for the period ending 30 September 2019

Highlights

- Menzies Gold Project acquisition completed
- Diamond drilling commenced at Menzies targeting the Yunndaga, Lady Shenton, Pericles, Selkirk and Lady Irene Deposits
- Subsequent to the end of the Quarter First assays received from drilling of initial shallow targets include high grade gold intersections:
 - **0.93m @ 36.20 g/t Au** from 126.27m (within 4.92m @ 8.44 g/t from 125.27m) in KWD008 (Pericles)
 - **0.78m @ 21.6 g/t Au** from 106.22m (within 2.30m @ 8.36 g/t Au from 105.7m) in KWD003 (Selkirk)
 - **0.50m @ 32.2 g/t Au** from 69.37m (within 1.23m @ 13.6 g/t Au from 68.64m) in KWD002 (Selkirk)
 - **1.14m @ 12.54 g/t Au** from 90.29m (within 3.00m @ 4.54 g/t Au from 89.00m) in KWD001 (Selkirk)
- 12 holes completed for 2,914 metres (616m of RC, 2,298m of core)
- An additional 14 RC pre collars completed for 819m
- 2019 drill program now extended from 6,500 metres to 8,000 metres and deeper high-grade targets being tested now

Kingwest Resources Ltd is pleased to present the September 2019 Quarterly Report.

Menzies Gold Project Acquisition

During the Quarter Kingwest Resources Limited ("KWR" or "the Company") completed the acquisition of the Menzies Gold Project ("Menzies", or "MGP") from Intermin Resources Limited (subsequently renamed Horizon Minerals Limited) (ASX:HRZ) for \$8 million in cash and shares which will be paid over 18 months (refer to ASX announcement 9 July 2019 and 18 September 2019). Menzies is one of Western Australia's major historic gold fields. Located 130km

north of the globally significant gold deposits of Kalgoorlie, the MGP includes multiple high-grade deposits. Past production and current resources confirm the significant scale of the Menzies region.

KWR believes the MGP has considerable exploration upside and production potential. This belief is based on the detailed data and exploration history review to date which supports the structural control model KWR is testing. This model is based not only on extensions of known high-grade shoots but repeats of this style of high-grade gold mineralisation.

Board and Management Changes

As part of the acquisition Ed Turner, the founding CEO and later GM Geology and Exploration Manager of Galena Mining Limited ("Galena") (ASX: G1A) moved into the role of CEO at KWR, Adrian Byass, founding Chairman of Galena took over as Chairman of KWR and Jon Price, Managing Director of project vendor; Intermin Resources joined the Board as Non-Executive Director. Peter Bennetto resigned as Chairman and Director, and Stephen Woodham stepped down as CEO but remains a Non-Executive Director of KWR.

Placement and Share Issue

The Company completed a \$4M Placement to professional and sophisticated investors through the issue of 26,666,666 ordinary shares in the Company at \$0.15 per share to raise \$4,000,000 (before costs). The Placement was completed in two tranches and were a condition precedent to the MGP acquisition. The funds raised were used to pay the cash purchase consideration to Horizon for Stage 1 and the balance will be used to fund the proposed exploration activities at the MGP.

The Company also issued 2,500,000 ordinary shares and 7,850,000 unlisted options expiring 30 June 2022, comprising 2,700,000 options exercisable at \$0.39 ("Class A Options") and 5,150,000 options exercisable at \$0.54 ("Class B Options") to facilitators of the MGP acquisition ("Facilitator Securities") as approved by shareholders on 10 September 2019.

Menzies Project Summary

The MGP covers a contiguous land package over a strike length in excess of 15km. Within the MGP a series of structurally controlled high-grade gold deposits have been historically mined and display extensive exploration potential for high-grade extensions. Modern exploration since closure over 20 years ago has been limited.

The MGP is hosted along the Menzies Shear Zone (Figure 1). All deposits lie within granted Mining Leases and are 100% owned by KWR. The Goongarrie Project, which is approximately 45km south of Menzies, is also part of the tenement package acquired by KWR. Whilst Goongarrie has a proven record of production and there is exploration upside, the focus of KWR in the short term will be the MGP.

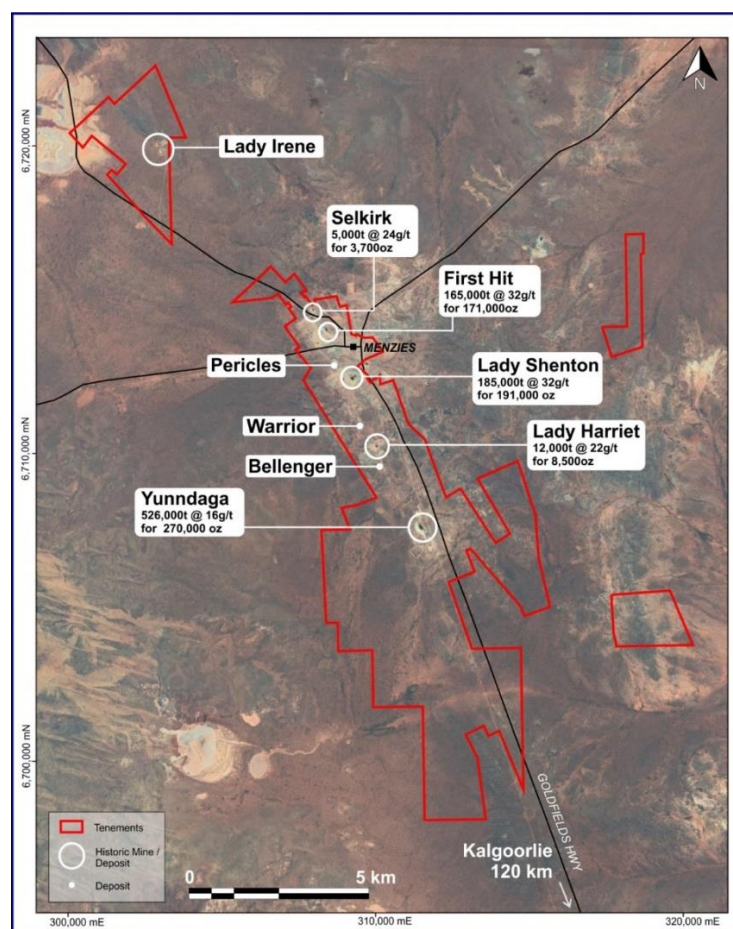


Figure 1: Menzies Project deposits, historic production figures and tenement boundaries.

The MGP has recorded historical production of **643,200 oz @ 22.5g/t Au¹** from underground (U/G) between 1895 and 1943 plus **145,000 oz @ 2.6g/t Au²** open cut between 1995 and 1999, for a total of **787,200 oz @ 18.9g/t¹ Au**. A current 2012 JORC compliant Resource has been defined at the Yunnadaga, Pericles, Bellenger and Warrior Deposits and is detailed in Table 1. These resources have only been calculated for shallow mineralisation considered suitable for open cut mining at periods of lower gold prices. Higher-grade intersections within this larger mineralisation package have thus been diluted by the low cut-off grade applied. The MGP deposits remain poorly drill tested at depth, along strike and also display considerable potential for en echelon/parallel repeated lodes in a lateral offset under cover.

Table 1: Menzies Gold Project – Summary of Mineral Resources.

Deposit (>1g/t Au)	Indicated Resource			Inferred Resource			Total Resource		
	Mt	Au (g/t)	Oz	Mt	Au (g/t)	Oz	Mt	Au (g/t)	Oz
Pericles	0.53	2.49	42,500				0.53	2.49	42,500
Yunnadaga				1.58	2.03	103,000	1.58	2.03	103,000
Bellenger	0.24	2.63	19,900				0.24	2.63	19,900
Warrior				0.07	2.49	5,910	0.07	2.49	5,900
TOTAL	0.77	2.52	62,400	1.65	2.05	108,910	2.42	2.2	171,310

Drilling Update

Subsequent to the end of the Quarter the first holes in the current drilling programme have intersected high-grade gold mineralisation at the Selkirk and Pericles Deposits (Figure 2). Orientated diamond core drilling underway in this programme is specifically designed to refine the structural control model developed by Kingwest for the MGP.

The results support a narrow-lode high-grade mineralisation model similar to the successful East-Kundana mine. East Kundana is a well know, long-running, narrow, high-grade gold mine located 25 km north west of Kalgoorlie.

Additional information regarding the programme are included below. The high-grade results are encouraging and will be followed up with step out drilling (see Table 2 for significant intersections). The mineralisation style at Menzies has historically shown excellent depth continuity and includes deposits with extensive north - south strike extent. Drilling has now commenced at the Yunndaga Deposit.

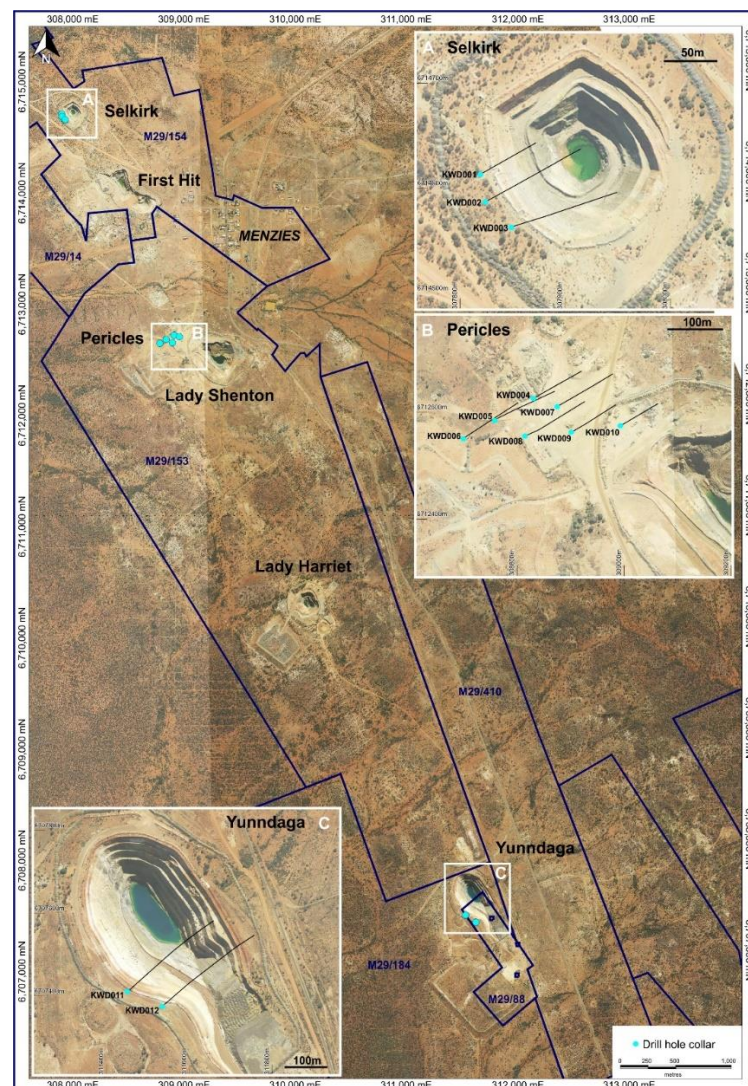


Figure 2: Menzies Project 2019 completed drill hole locations and hole traces

This initial drilling program was comprised of 26 holes for approximately 6,500 metres at five deposits (Lady Irene, Selkirk, Pericles, Lady Shenton and Yunndaga). This program has since been extended to allow for deeper testing of potential footwall lodes at Yunndaga and additional deep holes at Lady Shenton. The program will now include approximately 8,000 metres of drilling and is planned to be completed in December. It will be dominantly diamond core drilling with shallow RC pre collars through the regolith and into fresh rock. To date 12 holes have been completed for 2,914 metres (616m of RC, 2,298m of core). An additional 14 RC pre collars have been completed for 819m (See Table 3 for drill hole details).

A summary of drilling completed at each deposit follow:

At **Selkirk** three holes (KWD001 – 003) have been completed for a total of 443.6 metres with high grade intersections in each of the holes (see Figure 3 for a long section of the drill pierce points). The lode remains open down plunge.

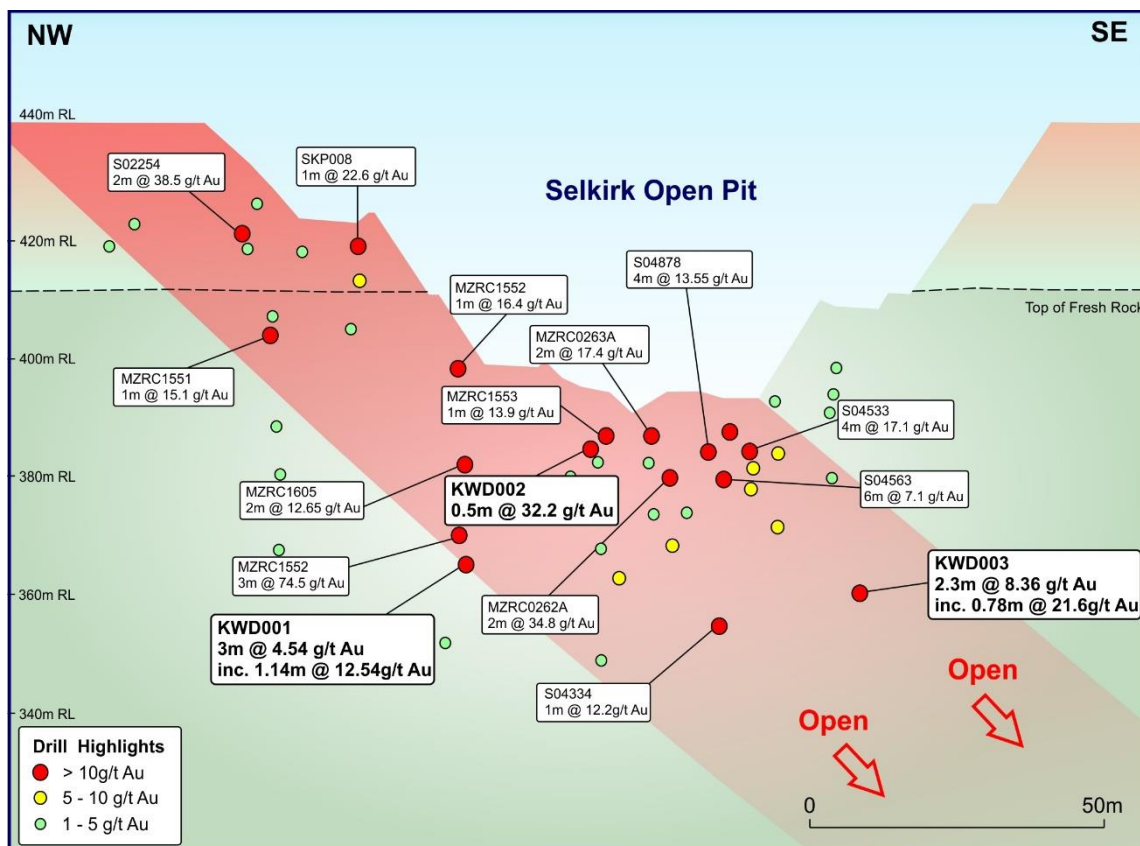


Figure 3: Selkirk long section showing KWD001 - KWD003 pierce points and historic intersection pierce points

At **Pericles** seven holes have been completed (KWD004 – 010) for a total of 1,514.79 metres. There were numerous high-grade intersections with the best being **0.93m @ 36.20g/t Au** from 126.27m in KWD008. Assays are pending for diamond core in KWD009 and KWD010.

At **Yunndaga** two holes have been completed (KWD011, 012) for a total of 955.90 metres. Assays are pending.

Table 2: Significant drill intersections

Hole ID	From	To	Interval	Au g/t
KWD001	89.00	92.00	3.00	4.54
Inc.	90.29	91.43	1.14	12.54
KWD002	68.64	69.87	1.23	13.60
Inc.	69.37	70.27	0.50	32.20
KWD003	105.70	108.00	2.30	8.36
Inc.	106.22	107.00	0.78	21.60
KWD004	90.17	92.16	1.99	3.18
KWD004	97.00	98.00	1.00	1.44
KWD004	107.00	108.00	1.00	1.51
KWD005	82.77	84.50	1.73	2.15
KWD005	152.00	153.00	1.00	1.56
KWD005	154.00	155.00	1.00	1.06
KWD005	156.00	159.00	3.00	1.39
KWD006	113.86	115.59	1.73	4.93
KWD006	117.70	118.55	0.85	2.59
KWD006	197.80	198.65	0.85	12.60
KWD007	19.00	25.00	6.00	1.05
KWD007	75.91	78.10	2.19	1.38
KWD007	87.10	87.60	0.50	7.78
KWD007	223.20	223.70	0.50	5.10
KWD008	78.00	80.40	2.40	5.45
Inc.	79.00	80.00	1.00	8.08
KWD008	125.27	130.19	4.92	8.44
Inc.	126.27	127.20	0.93	36.20
KWD008	150.00	153.20	3.20	1.78
KWD009	11.00	12.00	1.00	2.49
KWD009	57.00	60.00	3.00	1.05
KWD010	35.00	36.00	1.00	2.28

N.B. Minimum intersection of 1.0 gm (ie. >1.0m @ 1.0g/t Au or 0.5m @ 2.0g/t Au). Maximum internal dilution of 2.0m < 1.0g/t Au

Table 3: Menzies 2019 drill hole details

Prospect	Drillhole ID	Easting	Northing	Elevation	Dip	Azimuth	RC Pre Collar (m)	DD core (m)	Total (m)
Selkirk	KWD001	307819	6714613	419	-60	60	0	120.8	120.8
Selkirk	KWD002	307824	6714587	419	-50	60	0	160.1	160.1
Selkirk	KWD003	307849	6714563	419	-50	70	0	162.7	162.7
Pericles	KWD004	308830	6712625	422	-60	60	54	148.09	202.09
Pericles	KWD005	308758	6712585	422	-60	60	52	171	223
Pericles	KWD006	308700	6712550	422	-60	60	80	170	250
Pericles	KWD007	308875	6712610	422	-60	60	60	175	235
Pericles	KWD008	308815	6712555	422	-60	60	80	166.9	246.9
Pericles	KWD009	308901	6712562	425	-60	60	60	141.8	201.8
Pericles	KWD010	308993	6712574	425	-60	60	50	106	156
Yunndaga	KWD011	311450	6707410	418	-60	50	90	385	475
Yunndaga	KWD012	311539	6707375	418	-60	50	90	390.9	480.9
Yunndaga	KWD013	311601	6707320	418	-65	50	90		
Yunndaga	KWD014	311634	6707248	418	-60	50	45		
Yunndaga	KWD015	311689	6707176	418	-60	50	48		
Yunndaga	KWD016	311759	6707112	418	-60	50	48		
Lady Shenton	KWD017	302736	6719902	392	-60	50	70		
Lady Shenton	KWD018	302825	6719733	392	-60	50	70		
Lady Shenton	KWD019	302861	6719684	392	-60	50	70		
Lady Shenton	KWD020	309355	6712347	429	-60	55	60		
Lady Shenton	KWD021	309442	6712330	429	-60	55	60		
Lady Shenton	KWD022	309323	6712245	429	-60	55	60		
Lady Shenton	KWD023	309203	6712152	429	-60	55	48		
Lady Irene	KWD024	309473	6712312	429	-60	55	60		
Lady Irene	KWD025	309355	6712195	429	-60	55	60		
Lady Irene	KWD026	309235	6712100	429	-60	55	30		

References to ASX Releases

¹ As announced to the ASX on 19 February 2019 (ASX: IRC)

² As announced to the ASX on 22 October 2015 (ASX: IRC)

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Kingwest Resources Limited's planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "expect," "intend," "may", "potential," "should," and similar expressions are forward-looking statements. Although Kingwest believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that further exploration will result in the estimation of a Mineral Resource.

Competent Person Statement

The information in this report that relates to Exploration results is based on information compiled by Mr Peter Spitalny who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Spitalny is a consultant Geologist to Kingwest Resources Limited. Mr Spitalny has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results and consents to the inclusion in this report of the matters based on their information in the form and context in which they appear.

The information in this report that relates to Mineral Resources or Ore Reserves is based on information compiled by Mr Simon Coxhell. Mr Coxhell is a Member of the Australasian Institute of Mining and Metallurgy. Mr Coxhell was a consultant to Intermin Resources Limited (now Horizon Minerals Limited). Some information was prepared and first disclosed under the JORC Code 2004. It has not been updated since (unless indicated) to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The remaining exploration results and all of the information relating to resource estimates comply with JORC Code 2012. Mr Coxhell has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserve s'. Mr Coxhell consents to the inclusion in this report of the matters based on their information in the form and context in which they appear.

APPENDIX 1

Terms of the MGP Acquisition:

- A cash payment of \$1.75M;
- Issue of 20M ordinary shares in KWR at a deemed issue price of \$0.15 per share and subject to voluntary escrow from issue until the earlier of (a) 18 months following settlement and (b) 3 months following the payment/issue of the deferred consideration.

Under the terms of the Acquisition Agreement, the Company will also make a deferred consideration payment to Horizon no later than 18 months after settlement of:

- A further \$1.625M in cash; and
\$1.625M in value of ordinary shares in KWR at a deemed issue price being the lower of \$0.15 per share and a 30 day VWAP (subject to HRZ not exceeding 19.99% ownership in KWR).

APPENDIX 2

Tenement information for the quarter ending 30 September 2019

PROJECT	TENEMENT	TENURE TYPE	STATUS	CHANGE IN INTEREST	KWR CURRENT INTEREST
MENZIES (Western Australia)	E29/984	EXPLORATION	GRANTED	100%	100%
	L29/42	MISCELLANEOUS	GRANTED	100%	100%
	L29/43	MISCELLANEOUS	GRANTED	100%	100%
	L29/44	MISCELLANEOUS	GRANTED	100%	100%
	M29/14	MINING	GRANTED	100%	100%
	M29/153	MINING	GRANTED	100%	100%
	M29/154	MINING	GRANTED	100%	100%
	M29/184	MINING	GRANTED	100%	100%
	M29/212	MINING	GRANTED	100%	100%
	M29/410	MINING	GRANTED	100%	100%
	M29/88	MINING	GRANTED	100%	100%
	P29/2251	PROSPECTING	GRANTED	100%	100%
	P29/2252	PROSPECTING	GRANTED	100%	100%
	P29/2253	PROSPECTING	GRANTED	100%	100%
	P29/2254	PROSPECTING	GRANTED	100%	100%
	P29/2346	PROSPECTING	GRANTED	100%	100%
	P29/2366	PROSPECTING	GRANTED	100%	100%
	P29/2367	PROSPECTING	GRANTED	100%	100%
	P29/2383	PROSPECTING	GRANTED	100%	100%
	P29/2384	PROSPECTING	GRANTED	100%	100%
	P29/2385	PROSPECTING	GRANTED	100%	100%
	P29/2386	PROSPECTING	GRANTED	100%	100%
	P29/2387	PROSPECTING	GRANTED	100%	100%
	P29/2450	PROSPECTING	GRANTED	100%	100%
GOONGARRIE (Western Australia)	E29/966	EXPLORATION	GRANTED	100%	100%
	E29/996	EXPLORATION	GRANTED	100%	100%
	L29/109	MISCELLANEOUS	GRANTED	100%	100%
	M29/420	MINING	GRANTED	100%	100%
	P29/2380	PROSPECTING	GRANTED	100%	100%
	P29/2381	PROSPECTING	GRANTED	100%	100%
	P29/2412	PROSPECTING	GRANTED	100%	100%
	P29/2413	PROSPECTING	GRANTED	100%	100%
CRAWFORD (Western Australia)	M37/1202	MINING	GRANTED	-	75%
	P37/8901	PROSPECTING	GRANTED	-	100%
GAMBIER LASS NORTH (Western Australia)	E37/0893	EXPLORATION	GRANTED	-	75%
KING OF THE WEST (Western Australia)	E37/1253	EXPLORATION	GRANTED	-	100%
EMPEROR (Western Australia)	E37/0882	EXPLORATION	GRANTED	-	100%
	E37/1054	EXPLORATION	GRANTED	-	100%
	E37/1086	EXPLORATION	GRANTED	-	100%
	E37/1319	EXPLORATION	GRANTED	-	100%

	E37/1321	EXPLORATION	GRANTED	-	100%
	E37/1322	EXPLORATION	GRANTED	-	100%
ROMAN WELL (Western Australia)	E37/1252	EXPLORATION	GRANTED	-	100%
GREYMARE WELL (Western Australia)	E37/1284	EXPLORATION	GRANTED	-	100%
BIG WELL (Western Australia)	E37/1285	EXPLORATION	GRANTED	-	100%
	E37/1314	EXPLORATION	GRANTED	-	100%