

# QUARTERLY REPORT

27 April 2023

## ABOUT KINGSTON RESOURCES

Kingston Resources Ltd is currently producing gold at the Mineral Hill gold & copper mine in NSW and advancing its flagship development asset, the 3.8Moz Misima Gold Project in PNG. The company is focused on building a mid-tier gold and base metals business with multiple producing assets.

## CAPITAL STRUCTURE

Shares on Issue: 416M  
Market Cap: A\$42  
Cash: A\$9.5M (31 Mar 2023)

## DIRECTORS & MANAGEMENT

**Mick Wilkes**  
Non-Executive Chairman  
**Andrew Corbett**  
Managing Director & CEO  
**Stuart Rechner**  
Non-Executive Director  
**Tony Wehby**  
Non-Executive Director  
**Stuart Hayward**  
Chief Geologist  
**Geoff Merrell**  
GM, Mineral Hill

## CORPORATE DETAILS

ASX: KSN  
[www.kingstonresources.com.au](http://www.kingstonresources.com.au)  
ABN: 11 060 156 452  
[E:info@kingstonresources.com.au](mailto:info@kingstonresources.com.au)  
A: 202/ 201 Miller Street,  
North Sydney, NSW 2060  
Share Register: Automic Group  
LinkedIn: Kingston Resources Limited  
Twitter: @KSNResources

## Quarterly Activities Report FOR THE PERIOD ENDING 31 MARCH 2023

### HIGHLIGHTS

#### Mineral Hill Gold & Copper Mine, NSW

- **Production** – Record quarterly sales at Mineral Hill, 4,431 ounces (oz) gold (+20%) at AISC A\$1543/oz (-13%) and at an average gold price of A\$2,770/oz.
- **Improved Operating Cashflow** – As a result of strong production performance, Kingston's cash balance at the end of the quarter was \$9.5m, 40% higher than at the end of the previous quarter.
- **Increase in Resources & Reserves** –
  - An updated Ore Reserve for Pearse North and Pearse South open pits is estimated at 260kt @3.7 g/t Au and 57 g/t Ag for 31,000 oz of gold and 470,000 oz of silver.
  - Mineral Resource Update at Jack's Hut including 1.6Mt at 0.9% Cu, 1.25g/t Au, 0.8% Pb, 0.6% Zn and 20g/t Ag, representing an additional 26% in contained copper and gold across the site.
- **Life of Mine Plan (LOM)** – Work on the life of mine plan focused on refinement of the mine schedules and financial modelling.
- **Exploration** – An Induced Polarisation (IP) geophysical program was completed to the southeast of the current Mineral Hill mine workings. The results of this program will allow for detailed drill targeting in the June quarter 2023.

#### Misima Gold Project, PNG

- The recent rise in the gold price has increased the level of interest in large scale, low-cost, long-life development projects such as Misima. The company is continuing to focus on development strategies to find the best value solutions on bringing the project into production while maximizing shareholder returns
- Work has continued on collecting environmental samples to finalise the full ESIA report for submission.

### Corporate

- Managing Director and CEO, Andrew Corbett, presented at numerous events and conferences, including an AUSTEX lunch held in Brisbane in February, the Ord Minnett East Coast Mining Conference held in Sydney in March and Sydney Mining Club Cutting Edge Series event in March.

**Kingston Managing Director, Andrew Corbett, said:**

*"We are extremely pleased to have continued the strong production results from Mineral Hill during the March quarter. Our team has built substantial in-house knowledge on managing tailings retreatment projects and this has led to an optimization of the operation across numerous fronts; feed grades have increased, gold recovery is at record highs and we've also seen a reduction in input consumable costs. We received an average gold price of A\$2,865/oz during the month of March, so it is great timing to be producing high margin ounces.*

*"Our technical team is delivering high quality work to prepare the site for a return to hard rock mining. We updated the Mineral Resource and Ore Reserve estimates for Pearse North and Pearse South open pits and produced a Mineral Resource Update at Jack's Hut. These achievements reflect the hard work and dedication of our team and their commitment to delivering value to our shareholders.*

*"The strong cash balance of \$9.5m at the end of the quarter is a testament to our solid production and financial performance at Mineral Hill. This sets a solid platform for transitioning back to conventional mining. The completion of the IP geophysics program is also a major milestone in our near-mine exploration efforts. We've been able to redefine our exploration targeting by taking a new approach to exploration over the tenements.*

*"Finally, the recent strong gold price movements have also highlighted the value we have built at Misima. Our DFS forecasts a 20-year life of mine, with a gold production range of 120-130kozpa. An increase to the long-term gold price assumptions has a substantial effect on the estimated net present value for the project. We will be continuing to look at strategic options to maximise value from the project. We look forward to building on this momentum and delivering continued success for our shareholders.*

## **MINERAL HILL MINE**

Key highlights at Mineral Hill during the quarter included a continuation of the gold production records from the Tailings Project, updating Mineral Resources and Ore Reserve estimates for Pearse open pits, updating the Mineral Resource estimate for Jack's Hut and completing an IP geophysics program to the mine's southeast.

## **Operations**

Kingston achieved record gold production from the Tailings Project during the quarter with production of 4,575oz and sales of 4431oz. Higher feed grades (averaging 1.45g/t) and elevated processing recoveries (65%) contributed to the strong production results. Processing plant throughput has remained high at 150,847t (604ktpa annualised). Cost management has been another highlight during the quarter, with all-in-sustaining costs falling 13% quarter on quarter to A\$1543/oz. The unit cost of certain high usage processing reagents and diesel have fallen during the quarter.

**Table 1: March 2023 quarter production summary.**

	<b>December Quarter</b>	<b>March Quarter</b>	<b>Q on Q change</b>
<b>Tonnes processed (t)</b>	158,897	150,847	-5%
<b>Average feed grade (g/t)</b>	1.24	1.45	17%
<b>Gold Sales (oz)</b>	3,705	4,431	20%
<b>Silver Sales (oz)</b>	2,767	6,928	150%
<b>Gold Production (oz)</b>	3,642	4,575	26%
<b>AISC (A\$/oz)</b>	\$1,770	\$1,543	-13%

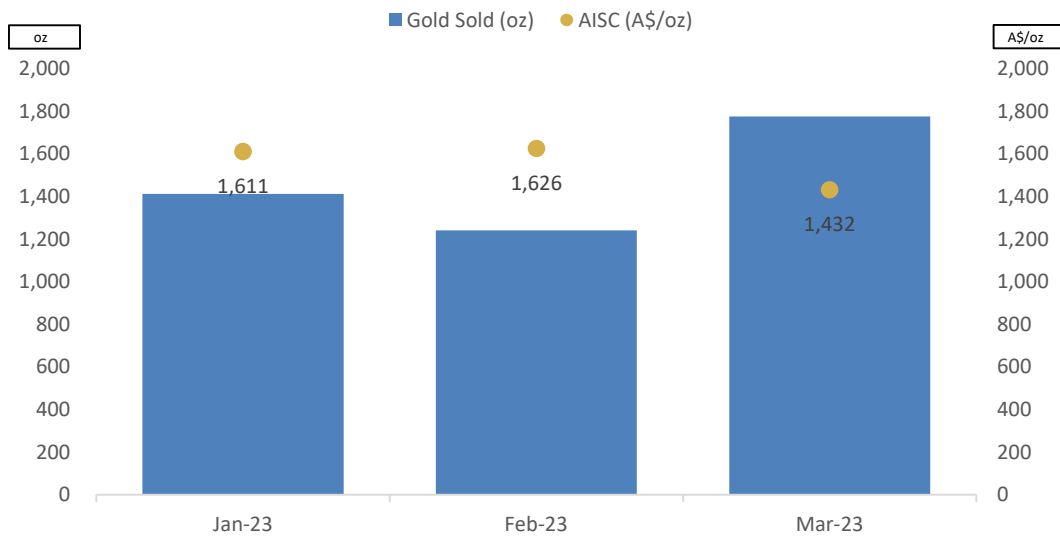


Figure 1: Monthly gold sold and AISC.

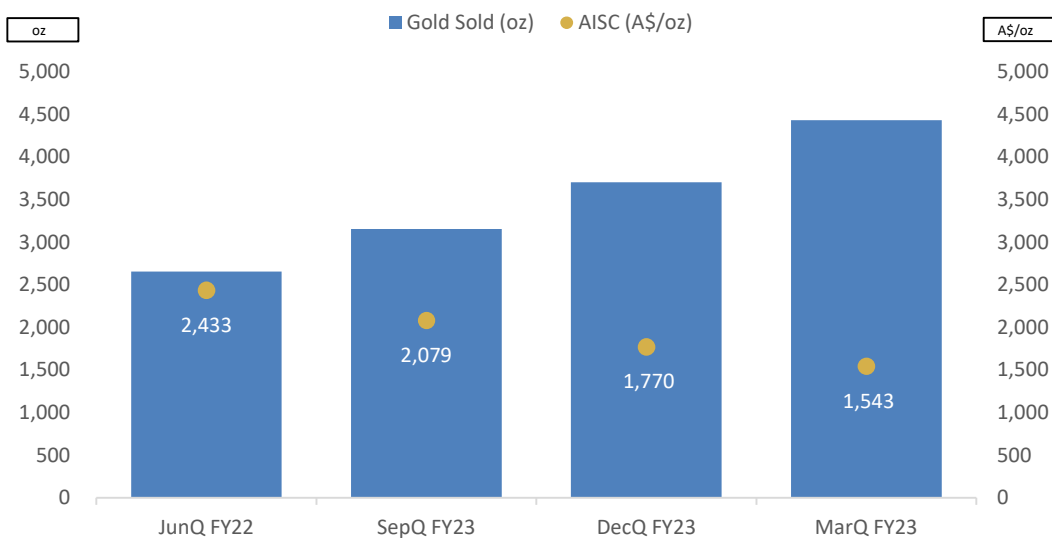


Figure 2: Quarterly gold and AISC.

Kingston announced an updated JORC 2012 Ore Reserve Estimate for the Pearse North and Pearse South open pits of 260kt @3.7 g/y Au and 57 g/t Ag for 31,000 oz of gold and 470,000 oz of silver. This is supported by a revised Mineral Resource Estimate (MRE) for both deposits on the back of 2022 resources drilling. Pearse South will be a cutback and depth extension to the existing pit, while Pearse North will be a new development. Both pits are fully permitted.

The Pearse pits comprise the initial stage of Mineral Hill's return to hard rock mining. From Kingston's analysis so far, LOM production tonnes are comprised nearly entirely of Ore Reserves out to end of CY24 (TSF Project plus open pit mining). The underground component of the LOM plan is expected to contain a significant proportion of Measured and Indicated Resources from the Southern Ore Zone (SOZ) and Jack's Hut MREs (see ASX announcements on 11 November 2022 and 21 March 2023).

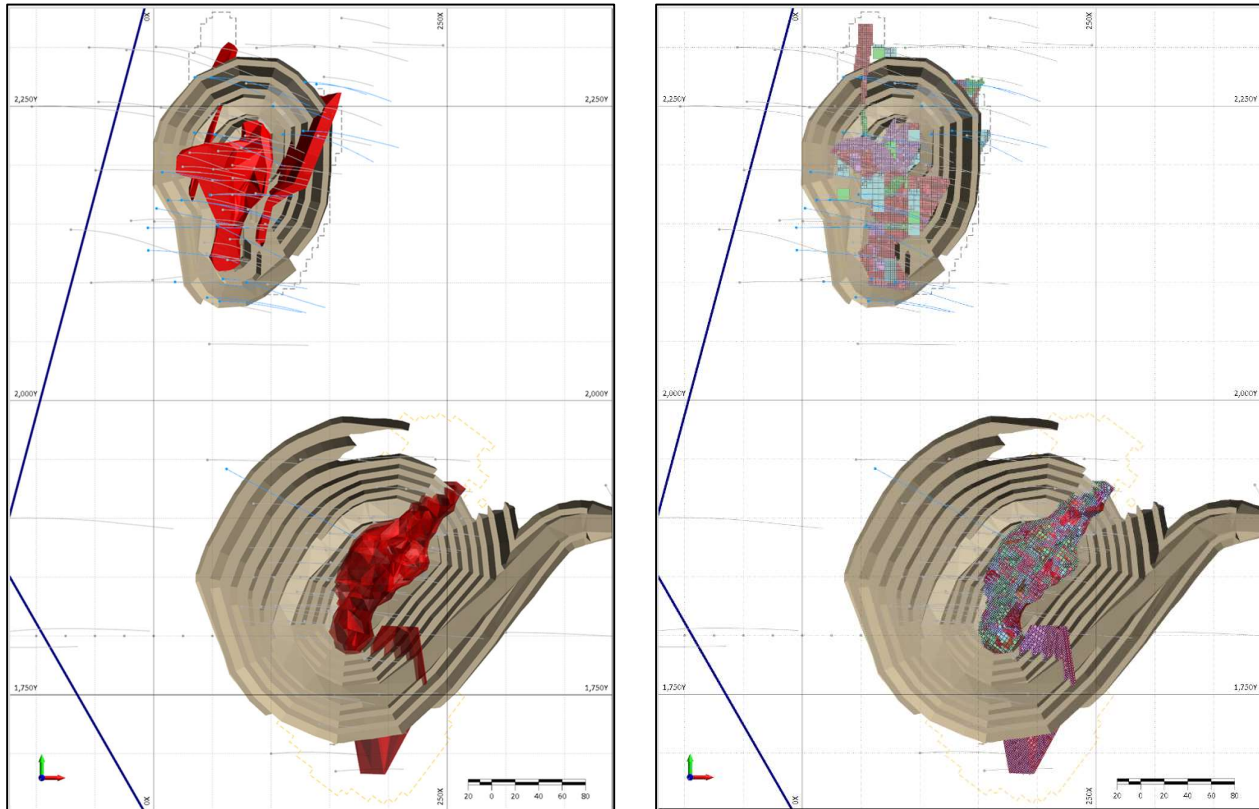


Figure 3: Plan view of Pearse North and South with geological models and pit designs.

Kingston also announced an updated JORC MRE for Jack's Hut, within existing Mining Leases at Mineral Hill. This estimate is the culmination of recent confirmation drilling (see *ASX Announcement on 24 August 2022*), a full data review, and updated geological model with assistance from external consultants Mining Associates. The MRE for Jack's Hut now stands at 1.6Mt at 0.9% Cu, 1.25g/t Au, 0.8% Pb, 0.6% Zn and 20g/t Ag, for 66koz Au and 15kt copper. Total contained gold and copper for the entire Mineral Hill Resource base has increased by over 26%.

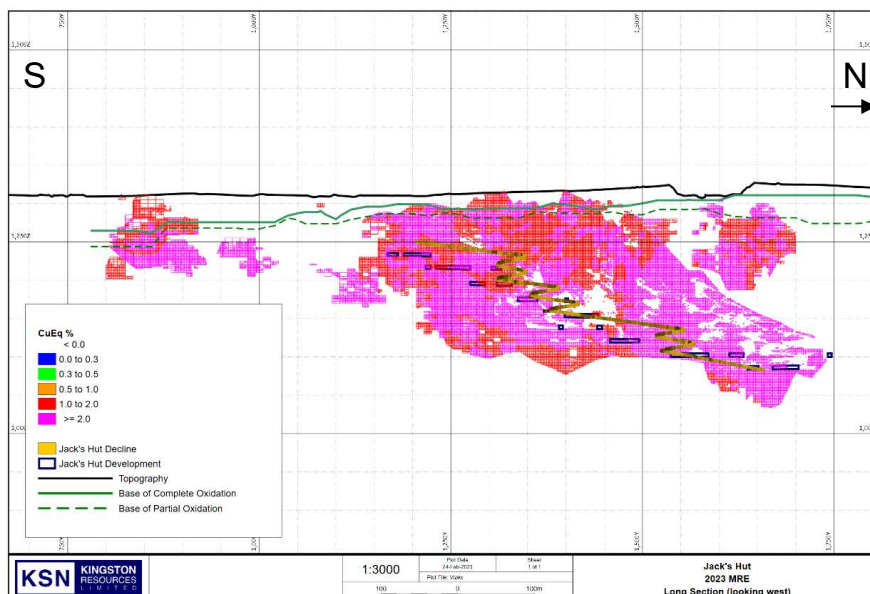


Figure 3: Long section of the Jack's Hut block model looking west, coloured by copper equivalent grade.

Jack's Hut was mined previously with existing underground development already in place. The company is investigating the potential of adding Jack's Hut to the overall LOM plan for Mineral Hill, with plans for additional diamond drilling over the area.

The Company has been focused on firming up life of mine production plans for the return to open pit and underground mining at Mineral Hill. Optimization and scheduling of the Ore Reserves and Mineral Resource components is in the final stages. The initial development plan focuses on gold and copper production out to 2028+ from within approved MLs.

## Exploration

In February, Kingston commenced an Induced polarization (IP) geophysics program over the Mineral Hill tenements. An updated gravity geophysics interpretation, in conjunction with existing IP data, has provided new and highly prospective targets to the south of the Mineral Hill Mine.

The program extended coverage of IP data to the south-eastern limit of EL1999 and has complemented the gravity gradients already identified in this area. Known mineralisation within the mining lease has been found to correspond with coincident IP anomalies and gravity gradients. The application of modern techniques and new exploration models proving that Mineral Hill remains highly prospective both locally and regionally.

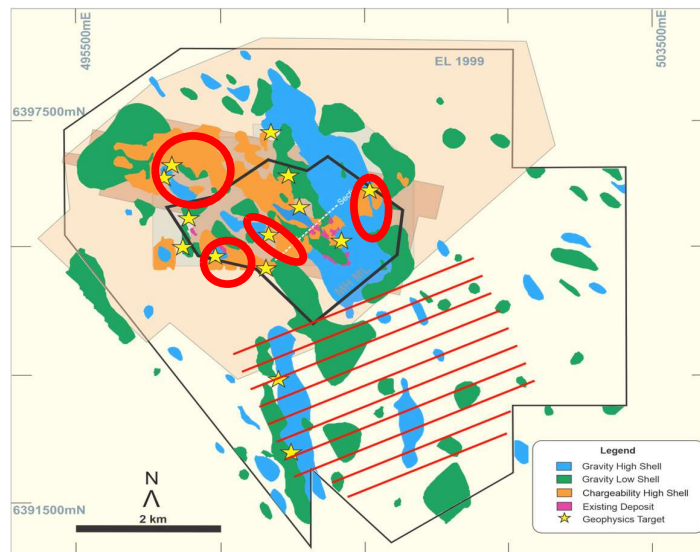


Figure 4: March quarter 2023 IP geophysics program to the southeast of Mineral Hill Mine (red lines).

The company aims to re-establish the mine and processing plant as a significant polymetallic precious and base metals producer in the region. The tenure held at Mineral Hill boasts significant potential for accretive and virgin resource discovery. There is strong potential to expand the Mineral Resource inventory from within the existing tenure and by looking at opportunities more regionally (see Figure 5). This is part of the Company's strategy of finding ways to expand production capacity and sustain a highly profitable long-term operation.



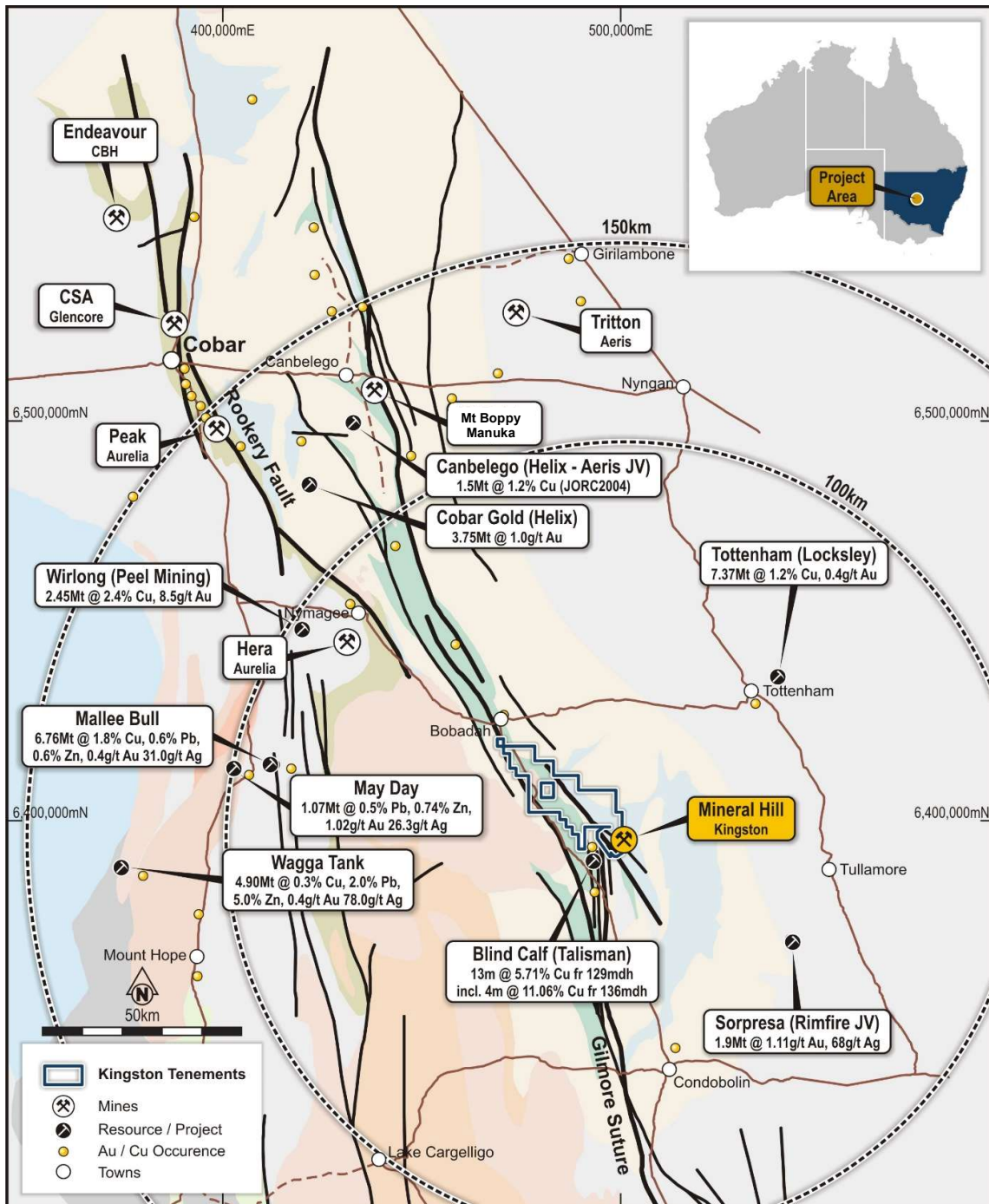


Figure 5: Regional deposits surrounding Mineral Hill mining lease and exploration tenure.

## Safety, Environment and Sustainability

There were no reportable environmental or safety incidents during the Quarter. Sustainability initiatives at Mineral Hill during the Quarter included:

- Kingston's attendance and support of the International Woman's Day 2023 event in Sydney hosted by AusIMM, to promote gender equity in the mining industry.
- Kingston hosted a recruitment event at the local Condobolin Railway Hotel to explore the exciting job opportunities at the Mineral Hill Mine. Kingston is proud to hire people from a variety of backgrounds, with a range of skills experience.

## MISIMA GOLD PROJECT, PNG

The recent rally in the gold price has increased the level of interest towards Misima Gold Project in PNG. Kingston continues to hold discussions with interested parties on a range of funding and strategic options for the Project. The Definitive Feasibility Study (DFS) over the project originally forecasted a net present value (NPV) of A\$956m using a discount rate of 7%, AUD:USD exchange rate of 0.7 and a gold price of US\$1,800/oz<sup>1</sup>. Using a long-term gold price of US\$2,000/oz, the estimated NPV increases 33% to A\$1,273m.

Table 1-9: Misima NPV Sensitivity to Gold Price and FX assumptions

NPV Sensitivity		US\$/oz Gold Price									
		1,500	1,600	1,700	1,800	1,900	2,000	2,100	2,200	2,300	2,400
AUD:USD	0.55	1,154	1,355	1,557	1,759	1,960	2,162	2,364	2,566	2,767	2,969
	0.60	892	1,077	1,261	1,446	1,631	1,816	2,001	2,186	2,371	2,556
	0.65	670	841	1,011	1,182	1,353	1,523	1,694	1,865	2,036	2,206
	0.70	480	639	797	956	1,114	1,273	1,431	1,590	1,748	1,907
	0.75	315	463	611	759	907	1,055	1,203	1,351	1,499	1,647
	0.80	171	310	449	587	726	865	1,003	1,142	1,281	1,420
	0.85	44	175	305	436	566	697	827	958	1,088	1,219
	0.90	(69)	55	178	301	424	548	671	794	917	1,041
	0.95	(170)	(53)	64	181	297	414	531	648	764	881
	1.00	(261)	(150)	(39)	72	183	294	405	516	627	738

Work undertaken during the quarter consisted of environmental monitoring work as part of the Environmental and Social Impact Assessment work programs. Additionally, Kingston personnel have been working closely with local Misimans on a range of health, maintenance and community projects.

## CORPORATE

The Company ended the quarter with \$9.54 million in unrestricted cash and a further \$5.6 million in restricted cash (environmental bonds). Gross revenue received totaled \$12.26 million from metal sales during the quarter. The total operating cost for the quarter was \$7.49 million comprised of \$5.29 million in production cost, \$1.97 million in staff cost, \$239,000 in administration and corporate cost, and net interest payment of \$134,000 resulting in a net positive operating cash outflow of \$4.88 million.

Exploration and development totaled \$1.2 million. During the quarter, the Company made payments totaling \$145,000 to associates or related parties reflecting fees, wages, and superannuation paid to Directors.

On 2 April, the Company paid A\$2.24m to US-based Quintana MH Holdings Co LLC as part of the original Mineral Hill acquisition. This is the first deferred consideration payment in relation to the production milestone of 15koz at Mineral Hill, which was achieved at the end of March.

<sup>1</sup> See ASX Announcement on 1 June 2022

**Table 2: Tenement Schedule (ASX LR 5.3.3) as at end of quarter**

Tenement	Project Name & Location	Status	Ownership	Type	Title Area
EL1747	Misima, PNG	Live	100%	EL	180 km <sup>2</sup>
EL1999	Mineral Hill, NSW	Live	100%	EL	17 UNITS
EL8334	Mineral Hill, NSW	Live	100%	EL	100 UNITS
ML5240	Mineral Hill, NSW	Live	100%	ML	32.37 HA
ML5267	Mineral Hill, NSW	Live	100%	ML	32.37 HA
ML5278	Mineral Hill, NSW	Live	100%	ML	32.37 HA
ML332	Mineral Hill, NSW	Live	100%	ML	22.36 HA
ML333	Mineral Hill, NSW	Live	100%	ML	28.03 HA
ML334	Mineral Hill, NSW	Live	100%	ML	21.04 HA
ML335	Mineral Hill, NSW	Live	100%	ML	24.79 HA
ML336	Mineral Hill, NSW	Live	100%	ML	23.07 HA
ML337	Mineral Hill, NSW	Live	100%	ML	32.27 HA
ML338	Mineral Hill, NSW	Live	100%	ML	26.3 HA
ML339	Mineral Hill, NSW	Live	100%	ML	25.09 HA
ML340	Mineral Hill, NSW	Live	100%	ML	25.79 HA
ML1695	Mineral Hill, NSW	Live	100%	ML	8.779 HA
ML1712	Mineral Hill, NSW	Live	100%	ML	23.92 HA
ML1778	Mineral Hill, NSW	Live	100%	ML	29.05 HA
ML5499	Mineral Hill, NSW	Live	100%	ML	32.37 HA
ML5621	Mineral Hill, NSW	Live	100%	ML	32.37 HA
ML5632	Mineral Hill, NSW	Live	100%	ML	27.32 HA
ML6329	Mineral Hill, NSW	Live	100%	ML	8.094 HA
ML6365	Mineral Hill, NSW	Live	100%	ML	2.02 HA



This release has been authorised by the Kingston Resources Limited Board. For all enquiries, please contact the 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
<b>Total</b>	<b>0.3</b>	<b>169</b>	<b>0.71</b>	<b>4.1</b>	<b>3.8</b>	<b>22.1</b>
Reserve	Cut-off (g/t Au)	Tonnes (Mt)	Gold Grade (g/t Au)	Silver Grade (g/t Ag)	Au (Moz)	Ag (Moz)
<b>Probable</b>	<b>0.3</b>	<b>75.6</b>	<b>0.79</b>	<b>4.2</b>	<b>1.73</b>	<b>4.1</b>

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

Resource Category	Tonnes (kt)	Gold Grade (g/t)	Silver Grade (g/t)	Cu Grade %	Pb Grade %	Zn Grade %	Au (koz)	Ag (koz)	Cu (kt)	Pb (kt)	Zn (kt)
Measured	228	2.11	11	1.3%	0.5%	0.3%	15	80	3	1.2	0.7
Indicated	5,582	1.06	28	1.2%	1.7%	1.1%	191	4,244	47	70	42
Inferred	3,091	1.17	23	0.7%	1.4%	1.2%	116	2,242	22	42	38
<b>Total</b>	<b>8,901</b>	<b>1.13</b>	<b>26</b>	<b>1.0%</b>	<b>1.6%</b>	<b>1.1%</b>	<b>323</b>	<b>6,566</b>	<b>72</b>	<b>113</b>	<b>81</b>
Reserve Category	Tonnes (kt)	Gold Grade (g/t)	Silver Grade (g/t)	Cu Grade %	Pb Grade %	Zn Grade %	Au (koz)	Ag (koz)	Cu (kt)	Pb (kt)	Zn (kt)
Proved	-	0.00	0				-	0			
Probable	1,431	1.55	57				71	470			
<b>Total</b>	<b>1,431</b>	<b>1.55</b>	<b>57</b>				<b>71</b>	<b>470</b>			

### 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 Misima 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.

