

ASX Announcement

1 September 2014

Talang Santo Update

Ramp up Activities Progressing

Kingsrose Mining Limited (ASX:KRM) is pleased to provide an update in relation to the progress of the Company's ongoing ramp up at the Talang Santo Mine on the Way Linggo Project in South Sumatra, Indonesia.

The proceeds of the first shipment of dore from site have now been received ([refer ASX Announcement – 5 August 2014](#)) and a second shipment of approximately 2,200 ounces of gold and 7,344 ounces of silver was shipped on 31 August 2014 (subject to final assay at the refinery). The Company's current cash balance and bullion on hand stands at AUD \$8.62M.

Mining

Operations at the Talang Santo mine continue to focus on the setup of additional sub levels and rises required to commence stoping. Since receipt of the final approval to commence production seven weeks ago, the number of working faces in the mine has increased from 9 to 17 with a total of 23 working areas targeted to support the tonnage required to meet the current mill capacity.

Progress of the work being undertaken on both the 2 and 3 Levels in the Hanging wall and Mawi veins, and the Splay vein off the 3 Level is shown in Figure 1. These activities are progressing well, and it is expected that room and pillar stoping will commence during September.

Sinking of the internal shaft to access the 4 Level has commenced and has advanced approximately 10 vertical metres to date.

Exploration development of the Splay vein on the 3 Level continues with narrow high grade veining between 0.5 - 1.0 metre continuing a further 60m since last update ([Refer ASX Announcement – 23 July 2014](#)).

Processing

The plant ran for a full month in August, at an average throughput of 320 tonnes per day. This will continue to increase to capacity over the coming months as mine production increases.

The average head grade for the month was an estimated 10.2 g/t Au and 32 g/t Ag, with material currently being sourced from 17 headings, which includes lower grade development ore from continued exploration on the narrower sections of the Splay vein and setup for stoping. Head grades are expected to increase once stoping commences.



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Encouragingly, as throughput has been increased, metallurgical recoveries have remained at 97% for gold and 92% for silver, both above expectations.

A planned 3 day shutdown of the plant will occur at the start of September to complete a scheduled reline of the SAG mill and complete detailed inspections of the plant following the first period of continuous operation since mid 2012.

Talang Samin Exploration Shaft

Development at Talang Samin is underway to access the mineralized veining identified by previous drilling with a total of 28 metres of lateral development completed on the 1 Level by the end of August.

-ENDS-

For more information please contact:

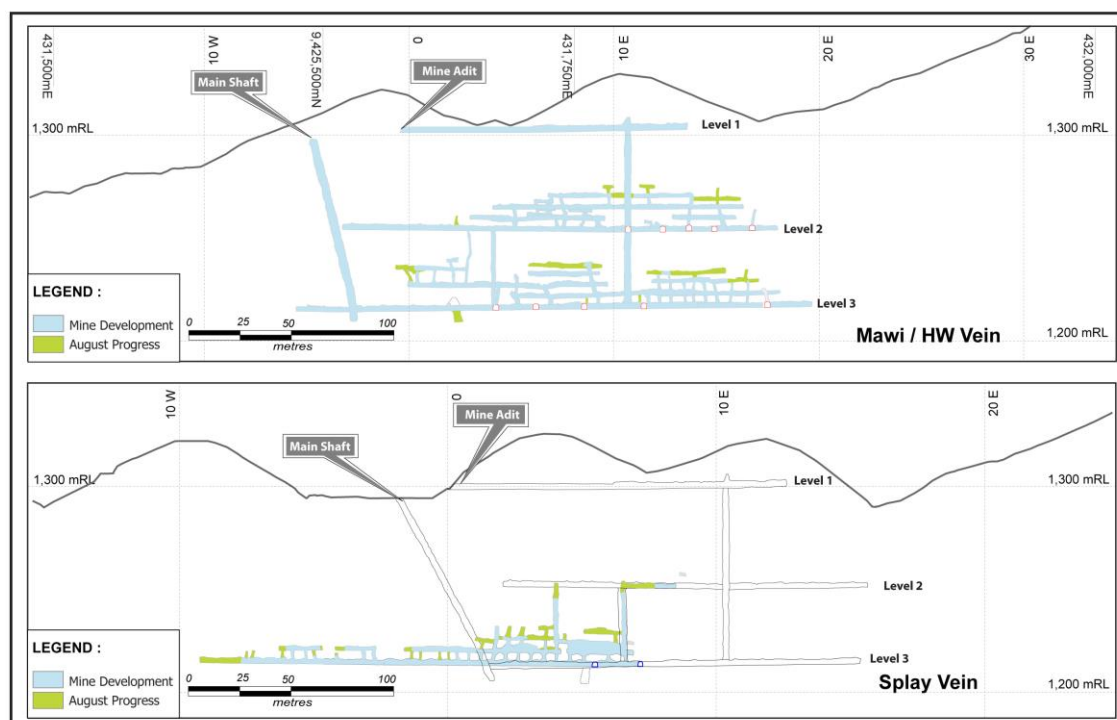
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Figure 1: Progress of the work undertaken on the 2 and 3 Levels in the Hanging wall and Mawi Veins, and the Splay vein off the 3 Level.



Kingsrose Mining Limited (ASX:KRM) owns 85% of the Way Linggo Gold Project in Southern Sumatra, Indonesia. The Project is held under a 100km² 4th Generation Contract of Work (CoW) and is located on the mineral rich Trans-Sumatran Fault, part of the Pacific Rim of Fire. The Project has established infrastructure with a 140Ktpa processing plant and has produced 65,000oz of gold at an average grade of 13.1g/tAu.

The Company is currently transitioning to full production at its second mine on the Project area – Talang Santo, which, based on current development is pointing to being a significantly larger mineralised system than that seen at the original Way Linggo Mine. In addition, significant exploration upside exists on the wider Project area, in particular at the Talang Samin prospect which presents the potential for continued organic growth.