

Quarterly Report for the Period Ended December 31 2021

Kingsrose Mining Limited (ASX: KRM) (“Kingsrose” or the “Company”) is pleased to provide an update on its activities for the December 2021 quarter.

HIGHLIGHTS

- **Cash balance of A\$28.2m at December 31, 2021 (September 30, 2021: A\$30.7m)**
- **Acquisition of Element-46 Limited**
- **Commencement of a Strategic Review for a Transaction on the Way Linggo Project**
- **Initial Drilling at the Maul Vein Target**
- **Completion of Phase 1 Mine Reclamation at Way Linggo**

EXECUTIVE SUMMARY

Following extensive due diligence, the Company negotiated and closed the acquisition of Element-46 Ltd and its highly prospective exploration assets in Finland and Norway during the quarter. The Penikat project in Finland is a high-grade PGE-nickel-copper project with mineralisation demonstrated over 25 kilometres of strike length through historical mapping and drilling. The Porsanger project in Norway hosts two outcropping PGE-copper-nickel mineralised intrusions and widespread copper occurrences.

During the upcoming quarter, the Company is re-assaying numerous historical drill holes at Penikat for a full suite of elements including rhodium, copper and nickel that were not routinely sampled for in the past. Additionally, Kingsrose is establishing a dedicated sustainability and permitting team to complete the work required to obtain drilling permits. At Porsanger, Kingsrose is in the process of permitting and designing an electromagnetic geophysical survey to be conducted in Q2 of 2022 to search for indications of massive sulphide accumulations at depth.

At Way Linggo, regional exploration that resulted in the discovery of the Maul vein has progressed to initial drilling, with 5 holes completed for a total of 816.7 metres, significant intercepts include:

- 3.1 metres at 13.0 g/t gold, 21.9 g/t silver (from 78.2 metres, DDH-597)
- 4.3 metres at 6.0 g/t gold, 8.6 g/t silver (from 41.2 metres, DDH-596)
- 2.7 metres at 6.7 g/t gold, 8.9 g/t silver (from 8.1 metres, DDH-595)

Mineralised intervals include gold grades up to 25.1 g/t over 0.7 metres (from 78.2 metres, DDH-597) that are evidence of high-grade mineralising events present within the vein system and indicate potential to vector toward thicker high-grade zones. Drilling of a further 500 metres in two drill holes has commenced to target depth extensions of the newly discovered mineralisation.

Despite past production at the Way Linggo project having been highly profitable at times and exploration potential remaining within the project area, the Board of Kingsrose has determined that current resources at the project do not meet the economic thresholds required to realise the Company’s strategy. Therefore, Kingsrose is commencing a process to seek and assess opportunities to divest all or part of the Way Linggo project or realise value through an alternative transaction, in each case seeking to maximise the value of Kingsrose’s interest in the Way Linggo project for the benefit of all shareholders. Any discussions with counterparties will remain incomplete and confidential until the process has concluded and there can be no certainty any transaction will be agreed. The Company shall inform the market of any developments with respect to this process in due course in accordance with its continuous disclosure obligations.

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In preparation for the potential divestment of Way Linggo, and to meet the Company's commitments to the Indonesian government and local communities, phase 1 of mine reclamation has been completed over all aspects of the mine site that are not of value to a future exploration or mining operation. Based on this, the Company expects to be entitled to the reimbursement of over US\$300,000 from bonds previously paid to the Indonesian Government. Such repayment is subject to an independent inspection by the Mines Department and this process is currently suspended due to COVID-19 restrictions in Indonesia.

Completion of the phase 1 reclamation allows the Company to reduce ongoing holding costs at Way Linggo to provide for the minimum maintenance and environmental monitoring requirements, and to manage ongoing drilling at the Maul Vein target.

Additionally, a dedicated team is continuing to assess further acquisition and joint venture opportunities, with a focus on drill-ready opportunities in Scandinavia. The Company will keep shareholders updated on any material developments.

SAFETY

During the quarter, the Company's detailed COVID-19 Management Protocol was rigorously adhered to, to ensure the health and safety of all employees.

Site experienced one lost time injury and no restricted duty or medically treated injuries in the quarter. The 12-month moving average Lost Time Injury Frequency Rate (LTIFR) was 3.94 (September 2021 quarter: 6.17). The Total Recordable Injury Frequency Rate (TRIFR) for the site at the end of the quarter was 3.94 (September 2021 quarter: 6.17).

OPERATIONS

The Company's Care and Maintenance Plan continued to be adhered to with the aim of ensuring all major parts of the plant are preserved and to reduce the requirements for regular maintenance. Additional care and maintenance activities, including reducing personnel on site, were undertaken to further reduce ongoing costs.

Geotechnical assessments were routinely undertaken during the quarter to ensure all mine areas were stable. Siphoning of the Talang Santo pit and the construction of a spillway was undertaken to reduce water levels and improve the pit stability during periods of high rainfall.

EXPLORATION

[Way Linggo Project, Indonesia](#)

Exploration during the quarter focused on the newly discovered Maul Vein, including interpretation of assay results from trenching completed in the previous quarter, and completion of a scout drill program.

The Maul Vein is a newly discovered, largely concealed, four to eight metre thick, vein breccia system located 500 metres west of the Talang Santo open pit. Trenching has exposed the vein beneath one to three meters of alluvial cover, over a strike length of at least 300 metres, and the vein strikes under deep alluvial cover to the southeast. The vein displays high level epithermal quartz textures and mineralogy, indicative of being located above the main precious metal interval.

Results from the trenching were announced on 1 November 2021, including significant intercepts of:

- 4.5 metres at 1.2 g/t gold, including 0.2 metres at 4.7 g/t gold (TR-MV-03)
- 8.0 metres at 0.6 g/t gold, including 2.0 metres at 1.3 g/t gold (TR-MV-02)

Five diamond drill holes totalling 816.7 metres were completed in November and December 2021 and have proven the vein over 160 metres of strike length and to a depth of 120 metres down dip. Mineralisation remains open in all directions. Significant intercepts include (See ASX announcement dated 20 January 2022):

- 3.1 metres at 13.0 g/t gold, 21.9 g/t silver (from 78.2 metres, DDH-597)
- 4.3 metres at 6.0 g/t gold, 8.6 g/t silver (from 41.2 metres, DDH-596)
- 2.7 metres at 6.7 g/t gold, 8.9 g/t silver (from 8.1 metres, DDH-595)

During the quarter total exploration costs associated with the Maul Vein drilling program were A\$327,041.

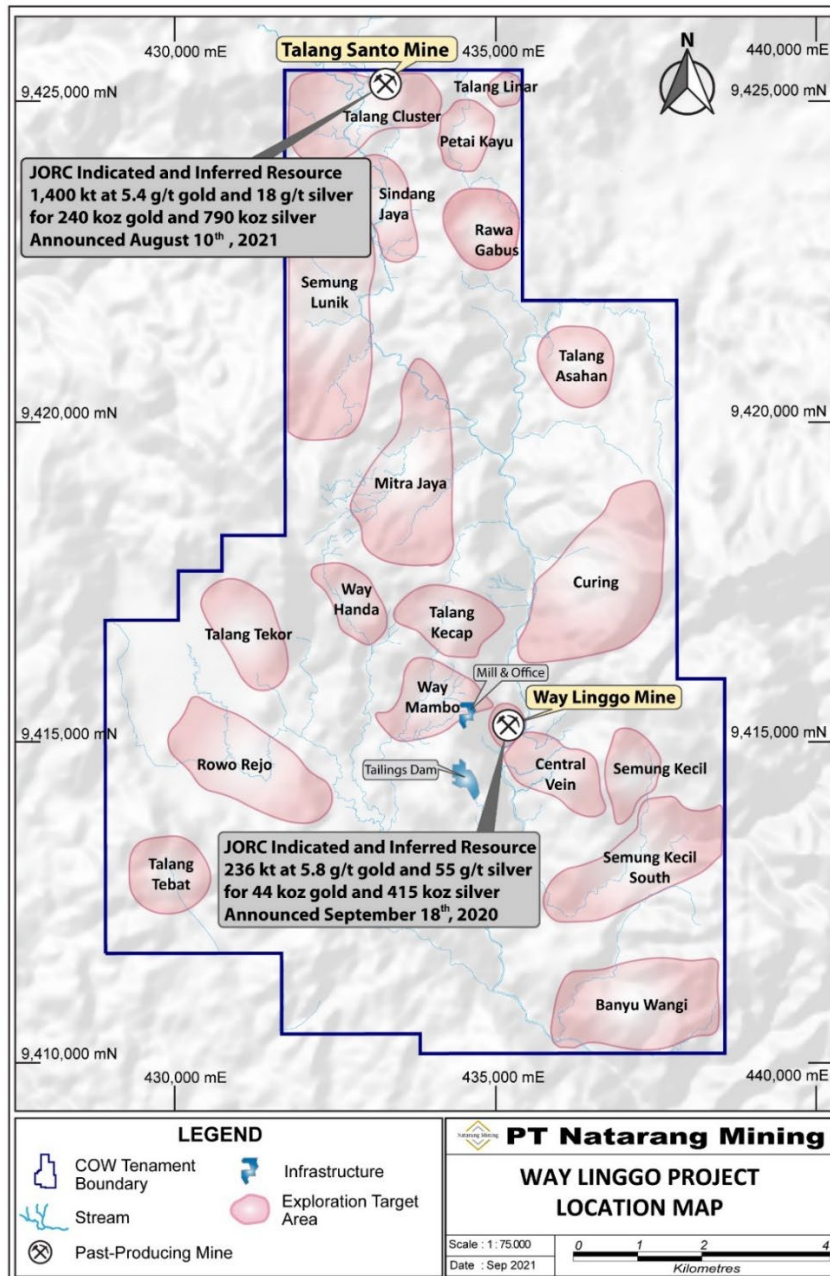


FIGURE 1: Map showing prospects and deposits, Way Linggo Project.

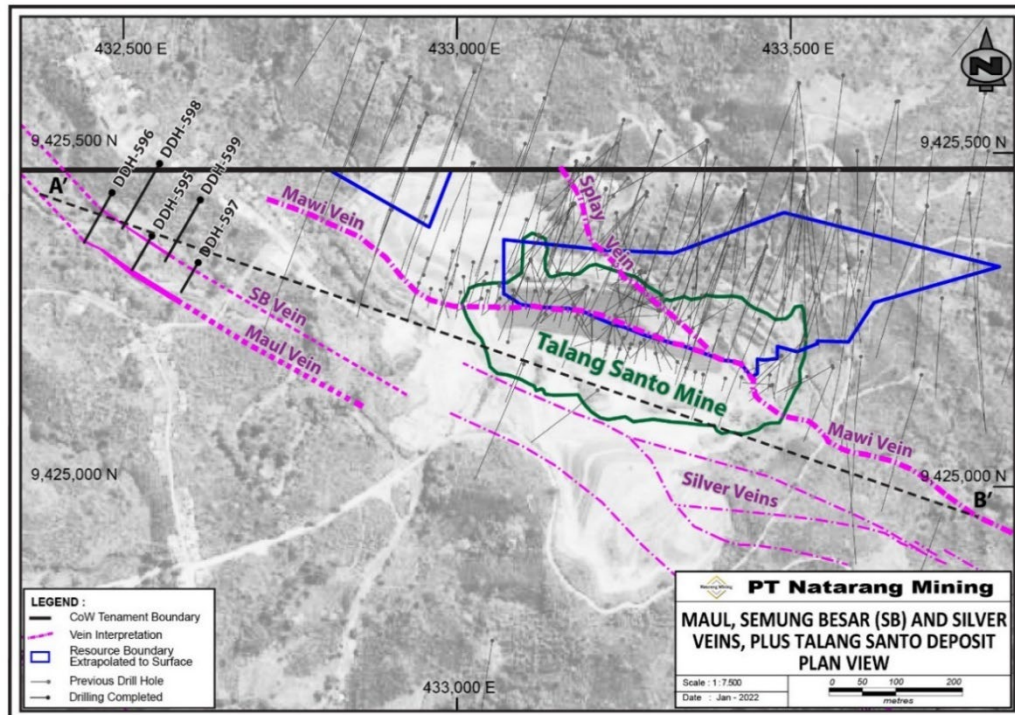


FIGURE 2: Map showing location of drill holes at the Maul Vein target, located 500 m west of the Talang Santo mine.

[Acquisition of Element-46 Ltd](#)

On 30 November 2021, the Company announced that all conditions precedent to first completion regarding the acquisition of Element-46 Ltd (E-46) had been satisfied and 88.2 % of the issued capital in E-46 had been acquired. The final 11.8% of the issued capital in E-46 will be acquired following the Company's Annual General Meeting, which will be held on 28 January 2022. Kingsrose is now the owner and operator of mineral exploration rights at the Penikat PGE-nickel-copper deposit in Finland ("Penikat Project") and Porsanger PGE-copper project in Norway ("Porsanger Project").

[Penikat Project, Finland](#)

On 24 November 2022 the Company announced the results of resampling at the Penikat project, which confirmed historical high-grade intercepts of palladium, platinum, gold, nickel and copper mineralisation with significant intercepts including:

- 8.8 metres at 11.1 g/t PdEq (8.1 g/t Pd, 2.3 g/t Pt, 0.5 g/t Au, 0.5 % Cu, 0.4 % Ni) from surface (SI/KI-034)
- 4.0 metres at 6.8 g/t PdEq (3.9 g/t Pd, 1.2 g/t Pt, 0.4 g/t Au, 0.8 % Cu, 0.3 % Ni) from 3.2 metres (SI/KI-456)
- 13 metres at 2.3 g/t PdEq (1.8 g/t Pd, 0.6 g/t Pt, 0.1 g/t Au, 0.1 % Cu) from 0.8 metres (SI/KI-457), including
 - 4.3 metres at 4.0 g/t PdEq (3.1 g/t Pd, 0.9 g/t Pt, 0.1 g/t Au, 0.1 % Cu) from 3.7 metres and
 - 0.4 metres at 11.1 g/t PdEq (8.2 g/t Pd, 2.9 g/t Pt, 0.5 g/t Au, 0.4 % Cu, 0.1 % Ni) from 12.7 metres
- 10.0 metres at 3.1 g/t PdEq (2.4 g/t Pd, 0.7 g/t Pt, 0.1 g/t Au, 0.1 % Cu) from 0.7 metres

Note: Refer to ASX announcement dated 24 November 2022 for palladium equivalent (PdEq) formula.

The Company is now working towards drill permitting through an exploration licence application process at Penikat and a re-logging and resampling program is planned for January and February 2022. The aim of the re-logging and resampling program is to better characterise each of the three mineralised reefs (SJ, AP and PV), as well as to select samples for a PGE department study. This work will form the foundations of a metallurgical sampling strategy to be implemented once drilling is permitted.

Porsanger Project, Norway

The Company is planning to conduct a ground-based electromagnetic geophysical survey at the Porsanger project, to explore for the potential presence of copper, nickel and PGE bearing massive sulphide deposits located at the base of the mafic-ultramafic intrusions at Porsvann and Karenhaugen. The survey will be completed in Q2 2022, pending the grant of certain permits from the local authorities and municipality.

Porsanger is prospective for feeder-conduit type massive sulphide deposits, and the shallow parts of the outcropping intrusions have been proven to contain disseminated sulphide associated with copper, PGE and weak nickel mineralisation (refer to ASX announcement dated 10 November 2021).

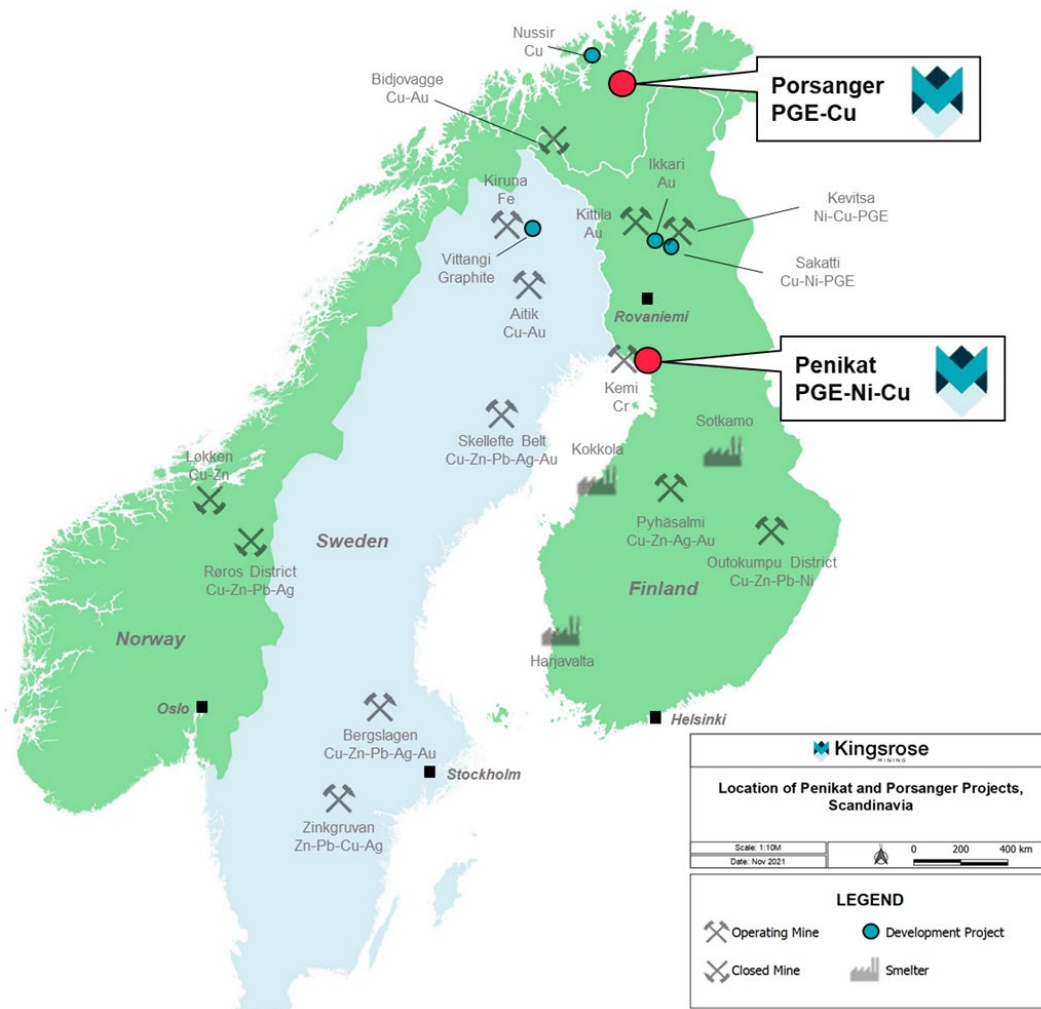


FIGURE 3: Location of the Penikat Project and Porsanger Project within Scandinavia.

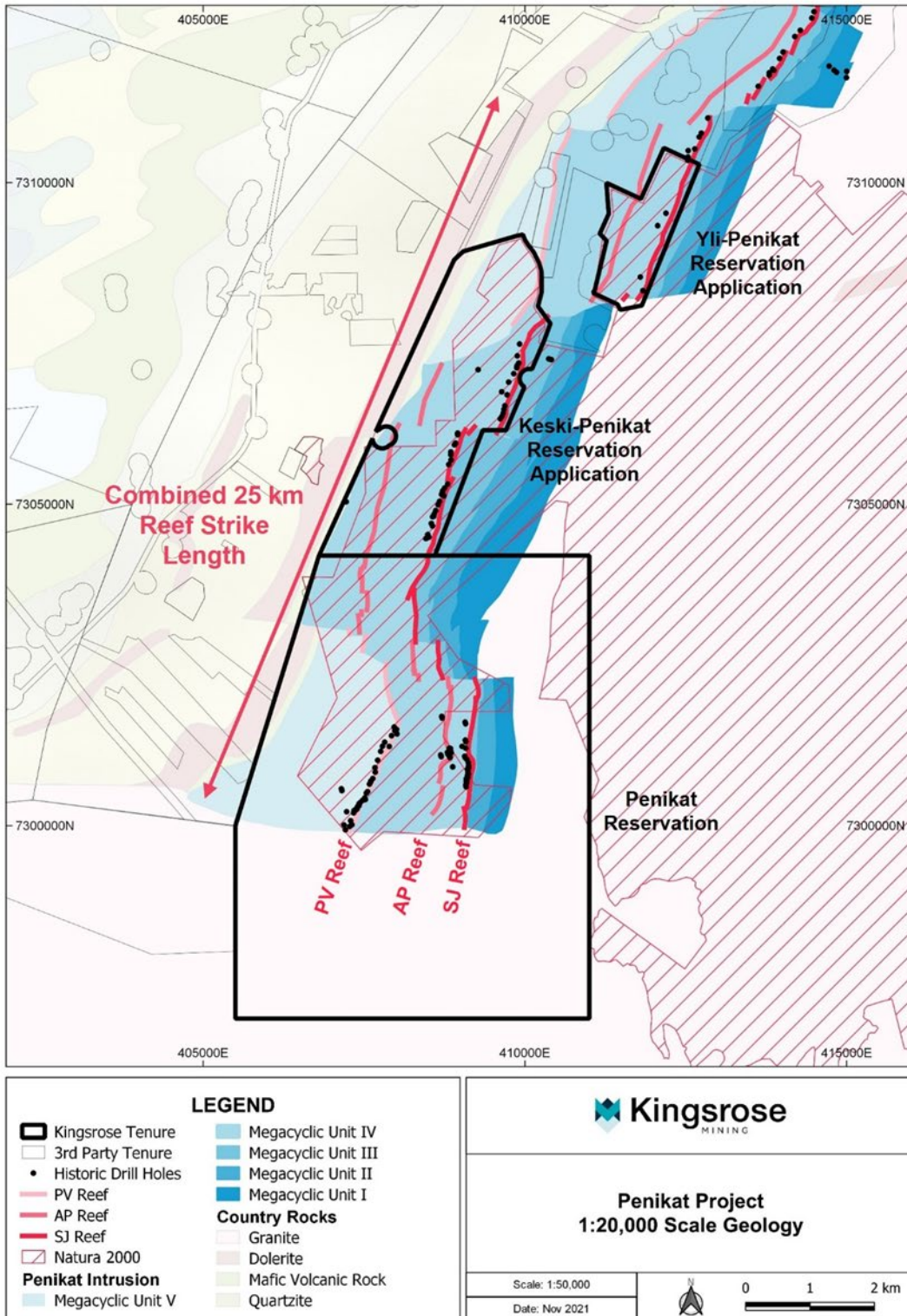


FIGURE 4: Penikat Reservation and applications, geology, historic drill collars overlain by Natura 2000 area.

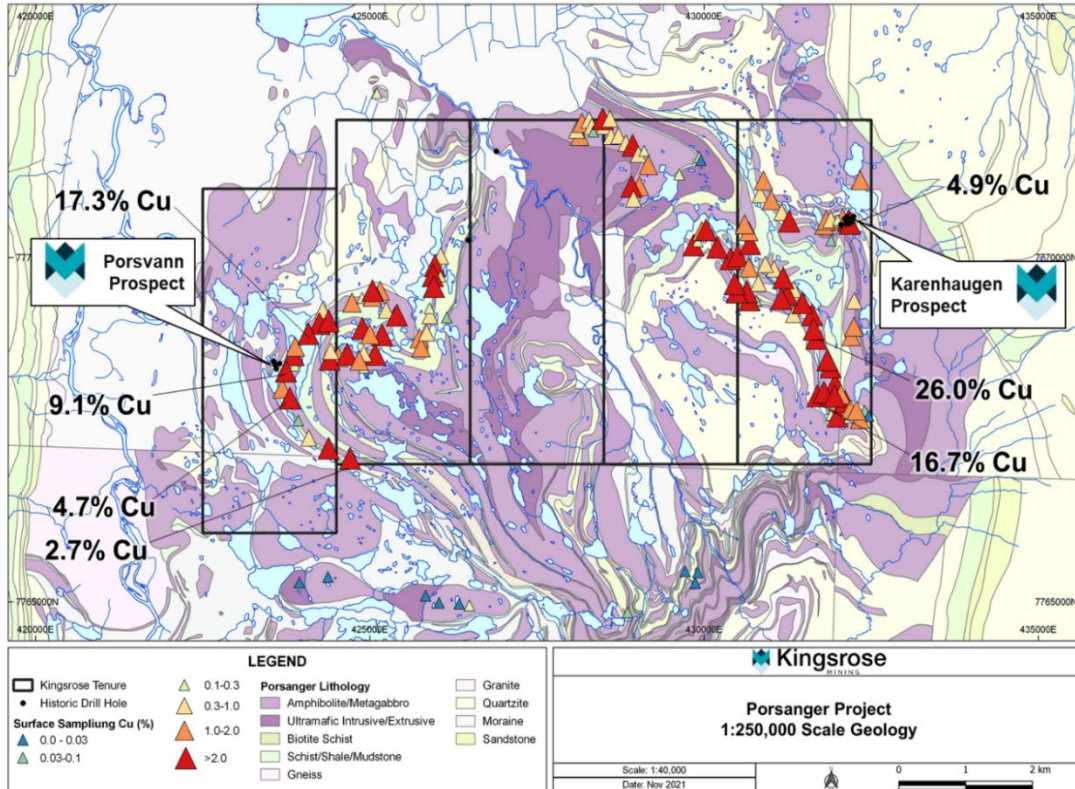


FIGURE 5: Porsanger exploration licences, geology and historical drill collars and thematic historical rock chip samples attributed by copper grade.

COMMUNITY AND THE ENVIRONMENT

Community

During the quarter, the Community Development team continued to consult and collaborate with local villagers and community leaders to maintain a harmonious working relationship. Resources were directed towards local community initiatives to assist in increasing self-reliance in numerous areas including health, education, agriculture, and forestry. Projects included monitoring medical herb plant programs, financial support and educational resources provided to numerous local schools surrounding the mine site, the provision of a new pipe for clean water to the Talang Toha community, road improvements, trenching and road construction between villages following heavy rainfall and general agricultural and construction assistance.



Goat Farm Program and Medicinal Herb Plant Farm

Environment

The site practises continuous rehabilitation and revegetation to manage and minimise its environmental impact. During the quarter seeding and planting of trees continued as part of reclamation and rehabilitation activities in both new and previously rehabilitated areas. In addition, reshaping and spreading of topsoil continued in the Talang Santo areas, including the Tailings Storage Facility, upper ROM pad and waste dumps. Environmental monitoring of sedimentation ponds, the tailings storage facility and ground water was ongoing in line with statutory requirements.



Seeding and planting activities



Spreading soil at ex ore stockpile Talang Santo



Construction of Talang Santo Pit Spillway

CORPORATE

Related Party Payments

The following payments to Related Parties of the Company and their associates were made during the quarter:

Director Salaries and Non-Executive Director Fees	A\$ 135,000
Drilling services provided by an entity associated with a director	A\$ 91,000
Total	A\$ 226,000

Cash On Hand as at December 31, 2021

Cash & Term Deposits	A\$ 28.23M
Total	A\$ 28.23M

Capital Structure

The Company's Capital Structure as at December 31, 2021 was as follows:

Ordinary Fully Paid Shares	746,486,518
Options	12,000,000 (various strike prices and expiry dates)
Performance Rights	3,500,000 (various expiry dates)

SUMMARY OF MINING TENEMENTS AND AREAS OF INTEREST

Project/Tenement Held	Location	Tenement Number	Equity Interest at Quarter End	Change in Entity's Interest During the Quarter
Way Linggo Gold Project, Indonesia				
4 th generation Contract of Work with the Government of the Republic of Indonesia	Lampung Province, South Sumatra, Indonesia	N/A	85%	N/A
Penikat Platinum Group Element-Copper-Nickel Project, Finland				
Ala Penikka Exploration Licence Application (pending)	Lapland, Finland	ML2021:0132	100%	
Penikat Kaltio Exploration Licence Application (pending)	Lapland, Finland	ML2021:0133	100%	
Penikat Pooki Exploration Licence Application (pending)	Lapland, Finland	ML2021:0134	100%	
Keski-Penikka Exploration Reservation	Lapland, Finland	VA2021:0065	100%	
Yli-Penikka Exploration Reservation	Lapland, Finland	VA2021:0069	100%	
Porsanger Platinum Group Element-Copper-Nickel Project, Norway				
Porsanger-A Exploration Licence	Finnmark, Norway	0165/2019	100%	
Porsanger-B Exploration Licence	Finnmark, Norway	0166/2019	100%	
Porsanger-C Exploration Licence	Finnmark, Norway	0167/2019	100%	
Porsanger-D Exploration Licence	Finnmark, Norway	0168/2019	100%	
Porsanger-E Exploration Licence	Finnmark, Norway	0169/2019	100%	

-ENDS-



This Quarterly Activities Report has been released with authority from the Board of Directors.

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For more information regarding the Company's activities, please visit our website www.kingsrosemining.com

Competent Persons Statement

The information in this report that relates to Exploration Results was first reported by the Company in compliance with the 2012 edition of the JORC Code in ASX announcements dated 10 August 2021. The Company confirms that it is not aware of any new information or data that materially affects the information included in the ASX releases referred to above and it further confirms that all material assumptions and technical parameters underpinning the exploration results continues to apply and have not materially changed.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Kingsrose Mining Limited

ABN

49 112 389 910

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	29	244
1.2	Payments for		
	(a) exploration & evaluation	(72)	(263)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(580)	(1,099)
	(e) administration and corporate costs	(619)	(894)
1.3	Dividends received	-	-
1.4	Interest received	16	31
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other – Site care & maintenance costs	(387)	(648)
	– VAT refund received	-	-
1.9	Net cash from / (used in) operating activities	(1,614)	(2,628)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	(389)	(389)
	(b) tenements	-	-
	(c) property, plant and equipment	-	(52)
	(d) exploration & evaluation	(327)	(327)
	(e) investments	-	-
	(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received	-	-
2.5	Other	98	98
2.6	Net cash from / (used in) investing activities	(619)	(671)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	36	36
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Repayment of hire purchases)	(2)	(6)
3.10	Net cash from / (used in) financing activities	34	30
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	30,724	30,571
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,614)	(2,628)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(619)	(671)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	34	30
4.5	Effect of movement in exchange rates on cash held	(294)	931
4.6	Cash and cash equivalents at end of period	28,232	28,232

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,325	5,665
5.2	Call deposits	24,907	25,059
5.3	Bank overdrafts	-	-
5.4	Other	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	28,232	30,724

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	226
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Item 6.1 consists of:		
- Directors' salaries and fees A\$135K		
- Drilling services provided by an entity associated with a director A\$91K		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
N/A			

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,614)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(327)
8.3	Total relevant cash inflows / (outgoings) (item 8.1 + item 8.2)	(1,941)
8.4	Cash and cash equivalents at quarter end (item 4.6)	28,232
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	28,232
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	15

Note: If the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: Where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2022

Authorised by: 
Joanna Kiernan, Company Secretary