21 November 2014
ASX Announcement

REVISED PRODUCTION GUIDANCE AND OPERATIONAL UPDATE

Kingsrose Mining Limited (KRM: ASX) (Kingsrose or the Company) provides an update on the ramp-up of operations to steady production at the Talang Santo Mine. Since operational start-up commenced in mid-July, a continuous and thorough monitoring and review program has been undertaken to closely monitor the performance of all aspects of the mine and focus on the assessment of new operational data and ongoing results.

KEY POINTS:

- Revised gold production guidance FY 2015 to a range of 30,000 to 35,000 ounces
- The primary driver for the revised production guidance is the deferment of high grade tonnes from the scheduled 2 Level stopes
- Consistent increase in mine tonnage since start-up with over 1.8 km of lateral development completed since mid-July
- Site currently at 518 days Lost Time injury Free
- Infill drilling in main Ore Zone indicates wider sections of higher grade mineralization than previously interpreted
- Underlying project fundamentals remain positive

Revised Production Guidance

The Company advises that the anticipated ramp-up in production has not yet been achieved, with the mine currently hoisting approximately 315 dry tonnes of ore per day. The transition to production from the limited development phase through to increased stoping activities was initially focused on the higher grade sections of the Hanging Wall vein above the 2 Level and the first two trial panels in the Splay vein in Zone A.

The mine schedule factored production of approximately 60 tonnes per day from the 2 Level stopes. However, ground conditions, (which are specific to the upper level of the mine and nearer to the surface), have necessitated the introduction of additional ground support to ensure the safe extraction of ore. This has resulted in the mining rate from these production areas being reduced to approximately 20 tonnes per day from 2 Level, with requirements for additional pillars currently under review. It is anticipated that a proportion of the production from the 2 Level will be deferred over a longer mining period and into next financial year.

The amount of development ore mined relative to production ore has been higher than forecast as a result of the lower mining rates from the scheduled stopes on the 2 Level and access to production ore on the 3 Level. This has resulted in the overall grade being lower than forecast, however the total production to date remains within the lower end of the 8-12 g/t Au guidance range. The grade is expected to improve as the main sources of production are brought on line over the next 2 months.

In light of the above the Company has reviewed its 2015 financial year gold production guidance and revised it to a range of 30,000 to 35,000 ounces (from 40,000 ounces).

The Company sees these issues as being short-term in nature related to the establishment of a more stable longer-term production profile from the Talang Santo Mine. The underlying fundamentals of the Project remain strong, coupled with the growth potential from the ongoing near mine drilling and evaluation of the Talang Samin shaft.

The immediate operational focus is on the continued increase in mine production, predominantly from the main ore zone, to achieve consistent levels of above 350 tonnes per day, in conjunction with a reduction in all-in sustaining costs as production reaches a steady state.

Cost Review

The Company's current management completed a full review of operational and corporate costs which resulted in the revision of steady state all-in sustaining cost guidance to a range of US$670 – US$720 per ounce *(Refer to ASX Announcement - Investor Presentation 01/09/2014)*.

The Company advises that total costs are running below forecast levels, however the reduced production rate identified above is likely to see a short-term increase in unit costs. Once steady state production levels have been attained, the all-in sustaining costs are expected to fall within the guidance range.

Operational Update

The review process has focused on the new operational data as the Company has rapidly advanced development of the mine following the successful receipt of approvals to mine in mid-July 2014.

Since that time, more than 1.8 kilometres of lateral development has been completed, exposing significant sections of the Mawi and Hanging Wall veins over the currently defined 300 metres of strike. This development has provided a higher level of resolution than previously seen in the Resource drilling and has identified variability in the grade along strike and better defined high grade components within the mine as the daily tonnage has been sourced from up to 30 active work areas over the 2 and 3 Levels.

Grade Control Infill Drilling Program

Positive results have returned from an ongoing sludge infill-drilling program being undertaken from sublevels above the 3 Level. Preliminary results have indicated that the Mawi and Hanging Wall veins

coalesce in some areas, indicating wider mineralised sections along strike which were not identified in previous wider spaced Resource drilling.

Given the increased mining spans that will be encountered from the wider areas of ore, a revised plan to extract these sections is currently being developed to maximize ore recovery (Figure 1).

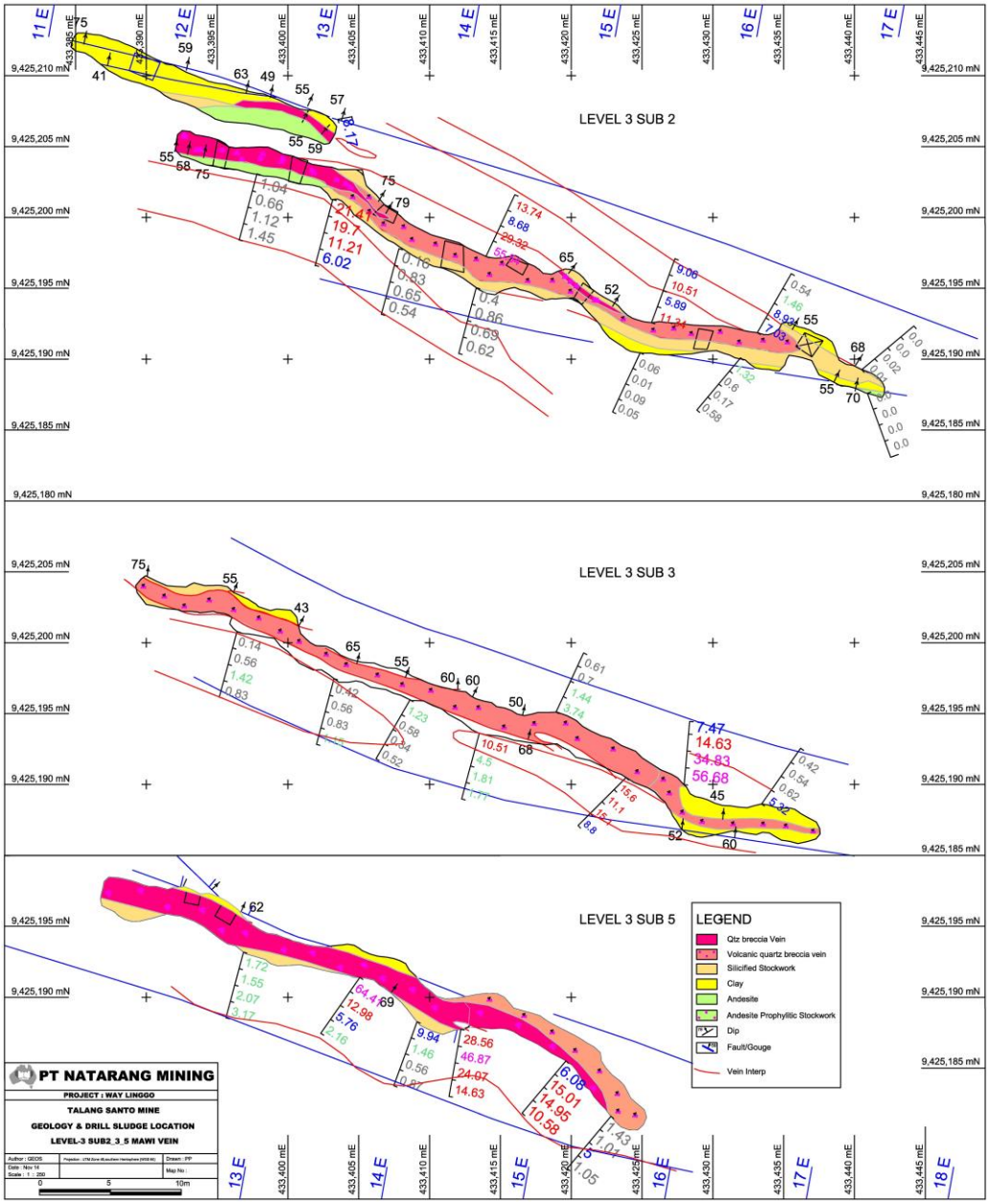

Figure 1 – Completed sludge infill drilling at the Eastern end of the ore body showing the wider sections of mineralization.

Internal Shaft Sink

The internal shaft sink between the 3 and 4 Levels remains on track for completion in mid-December 2014. Completion of the shaft sink will provide access to the higher-grade portions of the Talang Santo ore body below Level 4 (Figure 2).

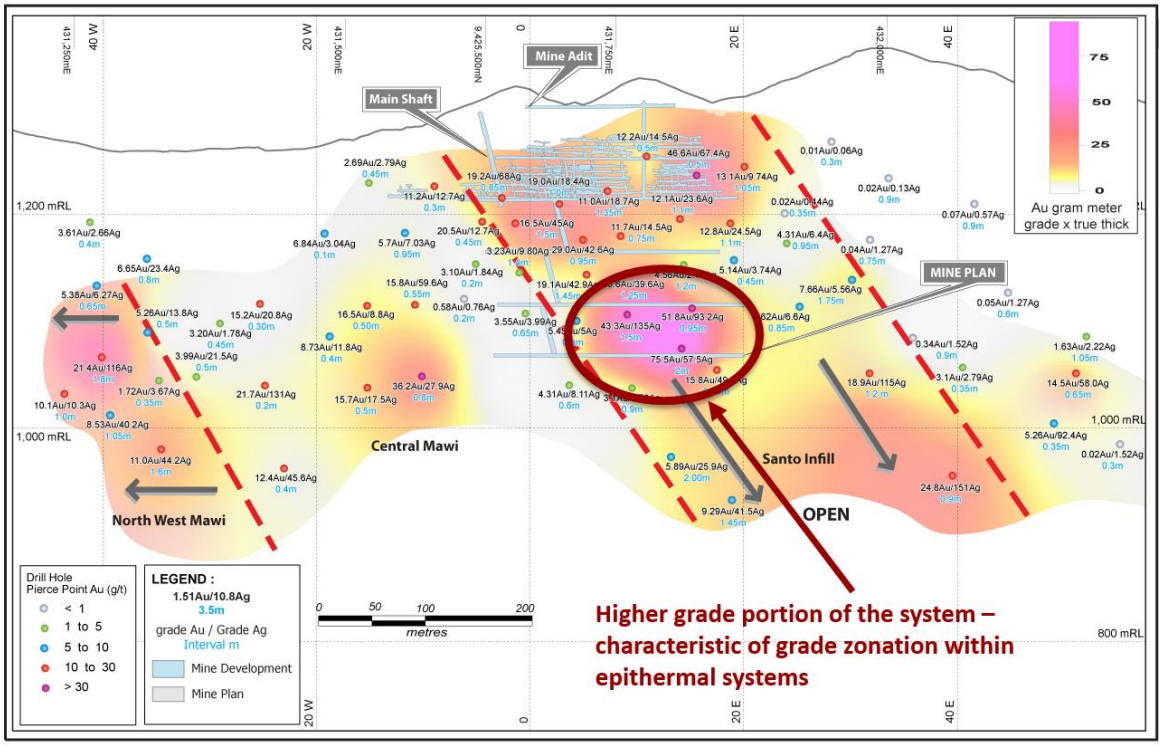

Figure 2 – The Talang Santo ore body

Splay Vein Development

The first two stoping panels at the eastern end of the Splay vein in Zone A have been completed with 2,950 t @ 9.60 g/t Au and 49 g/t Ag recovered from production. The overall grade was affected with a failure of the Hanging Wall in sections of the first panel, which caused dilution and ore loss to pillars.

The current plan is to finalise set-up of the last two panels on Zone A between Levels 2 and 3 with the evaluation of the significantly narrower Zone B under review in light of the results from the initial stopes.

Safety

The Company has maintained a consistent focus on safety, recruiting additional safety professionals. This has led to the implementation of a number of initiatives following a review of additional requirements to improve the safety systems on site, which has focused on the tracking of lead safety indicators. In addition to this, the lag metrics remain positive with the increase in activity over the last 4 months in the mining and processing areas, with site at a 12 month rolling LTIFR of 0 and 518 days LTI free.

Kingsrose Mining Limited's Managing Director Scott Huffadine said: "*Since receiving the final permits in mid-July we have rapidly accelerated development with completing over 1.8 kilometres of lateral development, and steadily increased mine production from Talang Santo. In doing this we have also increased our understanding of what is still a new mine in start-up phase, and confirmed that the underlying fundamentals and growth potential of the project remain positive*".

-ENDS-

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Competent Persons Statement

The information in this announcement that relates to exploration results, data quality, geological interpretations, potential for eventual extraction and estimates of exploration potential, is based on and fairly represents information complied by or under the supervision of Scott Huffadine, who is a member of the Australasian Institute of Mining and Metallurgy and a Director and full time employee of Kingsrose Mining Limited. Mr Huffadine has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves." Mr Huffadine consents to the inclusion in this announcement of the matter based on his information in the form and context in which it appears.

Kingsrose Mining Limited (ASX:KRM) owns 85% of the Way Linggo Gold Project in Southern Sumatra, Indonesia. The Project is held under a 100km^2 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.

SLUDGE DRILLING AT TALANG SANTO

Level 3 Sublevel 1 - Mawi - Hanging Vein											
Sample ID	Easting	Northing	Elevation	Azimuth	Dip (degrees)	Depth From	Depth To	Interval	Au Grade	Ag Grade	End of Hole (m)
DS_L3_S1_HWV_10E_S06_DS113758	433378.787	9425216.172	1220.372	180	5	0	0.6	0.6	1.44	3.42	4.8
						0.6	1.6	1	1.12	2.98	
						1.6	2.6	1	0.57	2.15	
						2.6	3.6	1	1.48	5	
						3.6	4.8	1.2	3.17	6.08	
DS_L3_S1_HWV_10E_S07_DS113763	433385.445	9425214.809	1220.853	180	5	0	0.6	0.6	0.42	3.55	4.8
						0.6	1.8	1.2	0.88	3.29	
						1.8	2.4	0.6	0.69	2.34	
						2.4	3.6	1.2	0.3	2.28	
						3.6	4.8	1.2	0.82	2.28	
DS_L3_S1_HWV_5E_S03_DS113894	433334.844	9425231.231	1219.5	190	5	0	1.2	1.2	3.36	5.38	4.8
						1.2	2.4	1.2	5.13	4.43	
						2.4	3.4	1	9.12	6.84	
						3.4	3.9	0.5	11.34	6.97	
						3.9	4.8	0.9	5.57	4.81	
DS_L3_S1_HWV_6E_S04_DS113899	433340.358	9425231.049	1219.5	185	5	0	1.2	1.2	3.99	3.61	4
						1.2	2.4	1.2	5	6.02	
						2.4	3.4	1	11.46	8.61	
						3.4	4	0.6	9.82	13.49	
DS_L3_S1_HWV_9E_S05_DS113753	433369.819	9425217.733	1220.117	210	5	0	1.2	1.2	0.64	1.33	4.8
						1.2	2.2	1	3.1	3.1	
						2.2	3.4	1.2	4.88	6.02	
						3.4	4.1	0.7	5.38	5.7	
						4.1	4.8	0.7	4.81	6.65	
DS_L3_S1_HWV_XCUT_7E_DS115427	433346.757	9425220.873	1219.6	195	5	0	1.2	1.2	0.29	4.75	4.8
						1.2	2.4	1.2	0.08	12.29	
						2.4	3.6	1.2	0.18	5.32	
						3.6	4.8	1.2	0.32	7.41	
DS_L3_S1_MWV_14E_N01_DS113768	433424.74	9425196.01	1220.931	30	5	0	1.2	1.2	4.31	4.05	4.8
						1.2	2.4	1.2	8.04	6.27	
						2.4	3.6	1.2	11.08	16.15	
						3.6	4.8	1.2	10.01	14.25	
DS_L3_S1_MWV_15E_N02_DS113772	433435.386	9425195.898	1220.001	20	5	0	1.2	1.2	7.6	7.09	4.8
						1.2	2.4	1.2	6.65	4.94	
						2.4	3.6	1.2	3.36	3.86	
						3.6	4.8	1.2	0.79	1.9	
DS_L3_S1_MWV_17E_N03_DS113776	433446.976	9425193.228	1220.965	30	5	0	1.2	1.2	0.05	0.63	4.8
						1.2	2.4	1.2	0.08	0.06	
						2.4	3.6	1.2	0.02	0.13	
						3.6	4.8	1.2	0.22	0.32	

Level 3 - Sublevel 2 - Mawi Vein											
Sample ID	Easting	Northing	Elevation	Azimuth	Dip (degrees)	Depth from	Depth To	Interval	Au Grade	Ag Grade	End of Hole (m)
DS_L3_S2_MWV_16E_N01_DS113780	433440.521	9425189.26	1226.704	50	5	0	1.2	1.2	0.01	0.00	4.8
						1.2	2.4	1.2	0.02	0.00	
						2.4	3.6	1.2	0.00	0.25	
						3.6	4.8	1.2	0.00	0.44	
DS_L3_S2_MWV_16E_S01_DS113784	433440.91	9425187.588	1226.704	160	5	0	1.2	1.2	0.00	0.00	4.8
						1.2	2.4	1.2	0.00	0.00	
						2.4	3.6	1.2	0.00	0.19	
						3.6	4.8	1.2	0.00	0.00	
DS_L3_S2_MWV_15E_N02_DS113788	433433.134	9425191.873	1226.704	30	5	0	1.2	1.2	7.03	5.19	4.8
						1.2	2.4	1.2	8.93	7.16	
						2.4	3.6	1.2	1.46	1.27	
						3.6	4.8	1.2	0.54	1.20	
DS_L3_S2_MWV_15E_S02_DS113792	433431.962	9425190.089	1227.34	220	5	0	1.2	1.2	1.32	5.26	4.8
						1.2	2.4	1.2	0.60	4.43	
						2.4	3.6	1.2	0.17	1.39	
						3.6	4.8	1.2	0.58	14.00	
DS_L3_S2_MWV_15E_S03_DS113800	433424.867	9425190.447	1226.704	205	5	0	1.2	1.2	0.06	6.02	4.6
						1.2	2.4	1.2	0.01	8.42	
						2.4	3.6	1.2	0.09	7.03	
						3.6	4.6	1	0.05	3.80	
DS_L3_S2_MWV_15E_N03_DS113796	433425.679	9425192.581	1226.704	20	5	0	1.2	1.2	11.34	8.93	4.8
						1.2	2.4	1.2	5.89	10.13	
						2.4	3.6	1.2	10.51	9.94	
						3.6	4.8	1.2	9.06	10.20	
DS_L3_S2_MWV_13E_N04_DS113954	433413.992	9425197.245	1226.748	25	5	0	1.2	1.2	55.54	48.70	4.8
						1.2	2.4	1.2	29.32	25.02	
						2.4	3.6	1.2	8.68	8.87	
						3.6	4.8	1.2	13.74	8.61	
DS_L3_S2_HWV_4E_S08_DS113889	433317.554	9425230.749	1224.725	190	5	0	1.2	1.2	0.03	3.55	4.8
						1.2	2.4	1.2	0.46	3.36	
						2.4	3	0.6	6.14	5.00	
						3	3.6	0.6	8.68	7.85	
						3.6	4.8	1.2	4.88	20.33	
DS_L3_S2_HWV_5E_S07_DS113885	433332.495	9425228.863	1224.294	215	5	0	1.2	1.2	1.57	4.81	4.8
						1.2	2.4	1.2	6.52	5.76	
						2.4	3.6	1.2	4.37	12.41	
						3.6	4.8	1.2	4.88	9.25	
DS_L3_S2_HWV_8E_S06_DS113881	433367.947	9425214.374	1225.179	205	5	0	1.2	1.2	4.50	3.17	4.8
						1.2	2.4	1.2	8.61	5.70	
						2.4	3.6	1.2	5.95	4.43	
						3.6	4.8	1.2	8.11	6.71	

Level 3 - Sublevel 3 - Mawi Vein											
Sample ID	Easting	Northing	Elevation	Azimuth	Dip (degrees)	Depth from	Depth To	Interval	Au Grade	Ag Grade	End of Hole (m)
DS_L3_S3_HWV_14E_N02_DS113958	433418.93	9425195.106	1230.822	25	5	0	1.2	1.2	3.74	7.54	4.6
						1.2	2.4	1.2	1.44	2.98	
						2.4	3.6	1.2	0.7	2.03	
						3.6	4.6	1	0.61	2.41	
DS_L3_S3_HWV_15E_S05_DS113962	433423.879	9425190.491	1231.179	225	5	0	1.2	1.2	15.58	10.96	4.8
						1.2	2.4	1.2	11.15	9.63	
						2.4	3.6	1.2	15.14	12.86	
						3.6	4.8	1.2	8.8	6.65	
DS_L3_S3_HWV_16E_N03_DS113966	433433.44	9425188.623	1231.705	35	5	0	1.2	1.2	5.32	8.23	4.8
						1.2	2.4	1.2	0.62	1.2	
						2.4	3.6	1.2	0.54	1.01	
						3.6	4.8	1.2	0.42	0.95	
DS_L3_S3_HWV_7E_S03_DS113974	433353.601	9425213.735	1230.422	205	5	0	1.2	1.2	1.14	42.69	4.8
						1.2	2.4	1.2	5.13	8.04	
						2.4	3.6	1.2	2.01	10.7	
						3.6	4.8	1.2	2.18	8.3	
DS_L3_S3_HWV_7E_S04_DS113978	433348.577	9425215.132	1230.422	205	5	0	1.2	1.2	9.5	7.79	4.8
						1.2	2.4	1.2	19.57	12.1	
						2.4	3.6	1.2	6.4	5	
						3.6	4.8	1.2	5.19	5.45	
DS_L3_S3_HWV_7E_S05_DS113982	433344.2511	9425217.715	1230.422	195	5	0	1.2	1.2	13.24	12.67	4.8
						1.2	2.4	1.2	2.41	5.38	
						2.4	3.6	1.2	6.14	8.36	
						3.6	4.8	1.2	3.04	6.59	
DS_L3_S3_HWV_7E_S06_DS113986	433331.166	9425222.203	1230.422	180	5	0	1.2	1.2	4.43	5.32	4.8
						1.2	2.4	1.2	5	9.37	
						2.4	3.6	1.2	4.37	4.24	
						3.6	4.8	1.2	4.24	4.62	
DS_L3_S3_HWV_8E_S02_DS113970	433360.011	9425213.209	1230.422	210	5	0	1.2	1.2	13.05	9.31	4.8
						1.2	2.4	1.2	12.48	11.84	
						2.4	3.6	1.2	7.6	10.01	
						3.6	4.8	1.2	14.19	13.93	
Level 3 - Sublevel 4 - Hanging Wall											
DS_L3_S4_HWV_5E_S04_DS113990	433340.1913	9425215.428	1234.681	195	5	0	1.2	1.2	0.1	1.77	4.8
						1.2	2.4	1.2	0.09	2.34	
						2.4	3	0.6	0.11	8.61	
						3	3.6	0.6	0.22	12.29	
						3.6	4.8	1.2	0.25	5.51	
DS_L3_S4_HWV_5E_S05_DS113995	433331.143	9425216.789	1234.681	190	5	0	1.2	1.2	21.85	12.73	4.8
						1.2	2.4	1.2	7.66	5.95	
						2.4	3.6	1.2	2.67	3.99	
						3.6	4.8	1.2	4.24	6.27	
DS_L3_S4_R12EC_DS11_DS113936	433412.31	9425190.21	1237.00	195	5	0	1.2	1.2	6.65	7.98	4.8
						1.2	2.4	1.2	3.74	4.05	
						2.4	3.6	1.2	2.03	4.75	
						3.6	4.8	1.2	1.36	6.21	

Level 3 - Sub Level 5 - Mawi Vein											
Sample ID	Easting	Northing	Elevation	Azimuth	Dip (degrees)	Depth From	Depth To	Interval	Au Grade	Ag Grade	End of Hole (m)
DS_L3_S5_12EA_DS12_DS113940	433396.90	9425193.21	1241.00	195	5	0	1.2	1.2	1.72	5.7	4.8
						1.2	2.4	1.2	1.55	4.56	
						2.4	3.6	1.2	2.07	7.79	
						3.6	4.8	1.2	3.17	17.86	
DS_L3_S5_R12EB_DS13_DS113944	433405.12	9425191.41	1241.00	215	5	0	1.2	1.2	64.41	97.41	4.8
						1.2	2.4	1.2	12.98	18.81	
						2.4	3.6	1.2	5.76	11.02	
						3.6	4.8	1.2	2.16	6.33	
DS_L3_S5_R12EC_DS14_DS113948	433409.16	9425188.24	1241.06	200	5	0	1.2	1.2	9.94	10.13	4.8
						1.2	2.4	1.2	1.46	2.28	
						2.4	3.6	1.2	0.56	2.72	
						3.6	4.8	1.2	0.87	3.04	
DS_L3_S5_HWV_6E_S04_DS115411	433340.9403	9425211.215	1240.13	195	5	0	1.2	1.2	8.3	13.87	4.8
						1.2	2.4	1.2	12.29	12.92	
						2.4	3.6	1.2	6.21	7.41	
						3.6	4.8	1.2	4.88	7.6	
DS_L3_S5_HWV_7E_S02_DS115403	433353.108	9425209.084	1239.504	210	5	0	1.2	1.2	5.51	7.28	4.8
						1.2	2.4	1.2	5.51	6.08	
						2.4	3.6	1.2	1.91	7.6	
						3.6	4.8	1.2	8.11	11.21	
DS_L3_S5_HWV_7E_S03_DS115407	433345.846	9425210.533	1240.13	195	5	0	1.2	1.2	4.31	5.95	4.8
						1.2	2.4	1.2	5.45	19.7	
						2.4	3.6	1.2	5.64	13.05	
						3.6	4.8	1.2	7.79	16.66	
DS_L3_S5_HWV_9E_S01_DS113999	433362.59	9425204.513	1239.504	220	5	0	1.2	1.2	6.71	5.7	4.8
						1.2	2.4	1.2	11.65	7.79	
						2.4	3.6	1.2	7.47	7.28	
						3.6	4.8	1.2	10.89	7.85	
DS_L3_S5_14E_02_DS113873	433419.569	9425185.534	1241.9	220	5	0	1.2	1.2	6.08	8.55	4.8
						1.2	2.4	1.2	15.01	10.07	
						2.4	3.6	1.2	14.95	10.45	
						3.6	4.8	1.2	10.58	6.78	
DS_L3_S5_14E_03_DS113877	433422.802	9425181.611	1242.406	220	5	0	1.2	1.2	1.43	7.09	4.8
						1.2	2.4	1.2	1.01	5.19	
						2.4	3.6	1.2	5	5.45	
						3.6	4.8	1.2	1.05	2.03	
DS_L3_S5_14E_DS113869	433412.213	9425187.73	1241.205	190	5	0	1.2	1.2	28.56	19.06	4.8
						1.2	2.4	1.2	46.87	28.56	
						2.4	3.6	1.2	24.07	16.09	
						3.6	4.8	1.2	14.63	12.54	

Level 3 Sublevel 6 - Mawi Vein											
Sample ID	Easting	Northing	Elevation	Azimuth	Dip (Degrees)	Depth from	Depth To	Interval	Au Grade	Ag Grade	End of Hole (m)
DS_L3_S6_HWV_7E_S02_MS115419	433346.6983	9425206.116	1244.776	190	5	0	1.2	1.2	9.31	8.17	4.8
						1.2	2.4	1.2	21.66	19.63	
						2.4	3.6	1.2	2.33	5.83	
						3.6	4.8	1.2	3.67	8.93	
DS_L3_S6_HWV_8E_S01_DS115415	433354.3703	9425205.193	1244.776	200	5	0	1.2	1.2	9.75	15.07	4.8
						1.2	2.4	1.2	4.43	9.44	
						2.4	3.6	1.2	3.29	5.76	
						3.6	4.8	1.2	7.16	6.02	
DS_L3_S6_HWV_8E_S02_MS115423	433339.7585	9425209.149	1244.687	200	5	0	1.2	1.2	18.62	19.32	4.8
						1.2	2.4	1.2	5.95	7.47	
						2.4	3.6	1.2	4.31	5.45	
						3.6	4.8	1.2	4.56	6.02	
DS_L3_S6_14E_DS113864	433414.641	9425184.007	1246.027	190	5	0	0.6	0.6	9.12	7.98	4.8
						0.6	1.8	1.2	16.28	13.49	
						1.8	2.4	0.6	11.91	10.83	
						2.4	3.6	1.2	18.43	14.82	
						3.6	4.8	1.2	24.51	19.13	
DS_L3_S6_12E_DS15_DS113952	433398.37	9425190.49	1246.98	195	5	0	1.2	1.2	4.31	5.45	4.8
						1.2	2.4	1.2	1.46	5.64	
						2.4	3.6	1.2	0.71	4.24	
						3.6	4.8	1.2	0.76	7.66	
DS_L3_S6_12EA_DS16_DS113956	433404.78	9425187.01	1245.51	195	5	0	1.2	1.2	0.58	2.91	4.8
						1.2	2.4	1.2	0.11	2.66	
						2.4	3.6	1.2	0.4	2.09	
						3.6	4.8	1.2	0.33	1.46	
DS_L3_S6_12EB_DS17_DS113960	433409.94	9425186.06	1245.77	195	5	0	1.2	1.2	59.66	35.72	4.8
						1.2	2.4	1.2	18.87	11.02	
						2.4	3.6	1.2	8.49	6.65	
						3.6	4.8	1.2	14.38	9.5	

JORC CODE, 2012 EDITION – TABLE 1

Section 1: Sampling Techniques and Data

Criteria	JORC Code Explanation	Commentary
Sampling techniques	• Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. • Aspects of the determination of mineralisation that are Material to the Public Report. • In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	• This Table 1 relates to sampling by diamond drilling, sludge drilling face sampling and rock chip sampling. Sample intervals are designed to honour geological boundaries. • Core is aligned and measured by tape, referenced to downhole core blocks. • Diamond drilling and face sampling are completed to industry standard using various sampling intervals (0.1m to 1.5m) domained by geological constraints (e.g. Rock types, veining and alteration/sulphidation). • Sludge drilling is performed with an underground air leg drill machine. It is an open hole drilling method using water as the flushing medium, with a 32mm (nominal) hole diameter. Sample intervals are ostensibly the length of the drill steel which are typically 1.2 metres. Holes are drilled at sufficient angles to allow flushing of the hole with water following each interval to prevent contamination between samples. • Rock chip samples are collected by hand using a rock hammer with multiple pieces of rock collected at one location for each sample. • Rock chip sample locations are picked up by a handheld GPS. Sample rock types were recorded where the rock was identifiable. • Rock chip samples are collected directly from the rock. Samples taken were dry. • Rock chip samples are inherently variable and do not accurately represent the average grade of the surrounding rock. Rock chip samples are used as a non-quantitative guide for assessing prospectivity hence are regarded as suitable for this purpose. • Diamond drilling samples are crushed and pulverised to create a 30g charge for fire assay lead collection followed by flame atomic adsorption spectrometry. Analysis for silver is via gamma ray spectrometry. • Face samples are analysed for gold and silver via an aqua regia digestion of a 30g charge with an atomic absorption spectrometry (AAS) finish.
Drilling techniques	• Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	• Underground diamond drill core. Several core sizes are used: NQ (47.6mm nominal core diameter). HQ (63.5mm nominal core diameter). PQ (85.0mm nominal core diameter).
Drill sample recovery	• Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	• Diamond drill recoveries are recorded as a percentage of measured core against downhole drilled intervals. Achieved ≈90% recoveries. • Standard drilling practice used to ensure maximum core recoveries. • A documented relationship between core recoveries and grade has not yet been established although core loss occurred in some of the high-grade intersections due to

		the friable nature of the vein material.
Logging	• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. • The total length and percentage of the relevant intersections logged.	• Core logging is conducted by PT. Natarang Mining ("PTNM") geologists, who delineate intervals on geological, structural, alteration and/or mineralogical boundaries, to industry standard. • Logging is qualitative and all core is photographed. Rock types, veining and alteration/sulphidation are all recorded. • 100% of drill core is logged.
Sub-sampling techniques and sample preparation	• If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled.	• Core is cut by diamond saw and half core used for sampling, the remaining half is archived. For gouge, soft and friable core a knife splitter is used to halve the core. • Face chips are nominally chipped horizontally across the face from left to right, sub set by geological features. • The nature, quality and appropriateness of the sample preparation technique is deemed adequate. • Duplicate samples are not routinely sampled. • External laboratories coarse duplicates are used. • Sample sizes are considered appropriate for the grain size of the material being sampled.
Quality of assay data and laboratory tests	• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	• Gold concentration in diamond drilling samples is determined by fire assay lead collection followed by flame atomic adsorption spectrometry, and is considered to be total gold. Analysis for silver is via gamma ray spectrometry, and is considered total silver. • Gold and silver concentrations in face samples is determined by aqua regia digestion with an AAS finish, and is considered to be total gold. • Geophysical tools etc are not applicable to this report. • One in 25 (1:25) drill core coarse duplicates are sent to an external laboratory, PT Intertek Utama Services, as part of quality control testing. • The QAQC protocols used include the following: • Commercial blanks are used at an incidence of 1 in 10 samples. • Drill core coarse duplicates are sent to an external laboratory, PT Intertek Utama Services, at an incidence of 1 in 25 samples.
Verification of sampling and assaying	• The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data.	• Significant intersections were reviewed by senior exploration geology and mining geology managers from PTNM and by Kingsrose Mining Limited ("KRM") personnel. • Twinned holes have not been used to date as they are not considered necessary. • Data is manually checked by PTNM staff geologists prior to input into excel for transfer to an access database. • Hard copies of face sampling, core log sheets, surveys and assay results are stored on site.

		• No adjustment is made to any assay data.
Location of data points	• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control.	• Surface diamond holes are set-out and picked-up by the site survey team using a Leica TGRA+1203 total station. • Exploration drillholes are surveyed with Sure-Shot digital downhole camera at nominally fifty metre intervals. • Rock chip sample locations were recorded using a handheld GPS. Elevation values were in AHD RL and values recorded within the database. Expected accuracy is + or – 5m for easting, northing and 10m for elevation coordinates. • The Universal Transverse Mercator (UTM) system is used. No local grid system is used at Talang Santo Mine. • Topographic data is not relevant to the underground mine. For general use remote sensing data with the incorporation of local scale topographic surfaces, collected by the site survey team, is used.
Data spacing and distribution	• Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied.	• Exploration result data spacing can be highly variable, as little as 5m and up to 100m. • Data spacing and distribution is considered sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource estimation and classifications applied. • Sampling is based on geological intervals. Compositing is not applied until estimation stage.
Orientation of data in relation to geological structure	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	• Intercept angles are generally of suitable orientation (40° to 90°) to the vein system to provide unbiased sampling results. Development openings on strike of the vein system confirm this. • The rock chip sampling method is used to provide a surface sample only. • Generally drilling orientation is not considered to introduce a sampling bias due to the relatively high (40° to 90°) intercept angles.
Sample security	• The measures taken to ensure sample security.	• Samples retrieved from drilling are stored securely in a locked facility patrolled by onsite security. Samples are then logged, cut and stored in numbered sample bags for transported by PTNM employees to the ISO17025 accredited onsite assay laboratory operated by PT. Geoservices Geo-assay Laboratory.
Audits or reviews	• The results of any audits or reviews of sampling techniques and data.	• Independent review conducted in 2011 which resulted in work practices being modified and brought in line with industry standards. • Data handling and management is performed by PTNM geologists and is to industry standard. • Data is stored in an access database.

Section 2: Reporting of Exploration Results

Criteria	JORC Code Explanation	Commentary
Mineral tenement and land tenure	• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title	• Tenure is occasioned via a fourth generation Contract of Work (CoW) held by PTNM. • PTNM is 85% owned by KRM with the remaining 15% interest held by an Indonesian national.

status	interests, historical sites, wilderness or national park and environmental settings. • The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area	• The mine, mill and camp area are all located within agricultural land that produces primarily coffee and cocoa. • Good relations with local community. • CoW is valid until 2034.
Exploration done by other parties	• Acknowledgment and appraisal of exploration by other parties.	• All exploration at the Way Linggo Project has been completed by PTNM/KRM.
Geology	• Deposit type, geological setting and style of mineralisation.	• The Talang Santo deposit is an epithermal gold / silver deposit. Mineralisation is hosted within a vein system of brecciated parallel quartz veins with a dominantly clay supported matrix which also contains clay altered volcanic fragments.
Drill hole Information	• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: o easting and northing of the drill hole collar o elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar o dip and azimuth of the hole o down hole length and interception depth o hole length. • If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	• All material data is periodically released to the ASX.
Data aggregation methods	• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated.	• All reported assay results have been length weighted to provide an intersection width. A maximum of 2m of barren material between mineralised samples has been permitted in the calculation of these widths. • No assay results have been top-cut for the purpose of this report. A lower cut off grade of 2gpt has been used to identify significant results, although lower results are included where a known ore zone has been intercepted, and the entire intercept is low grade. • No metal equivalents are reported.
Relationship between mineralisation widths and intercept lengths	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	• Exploration results report estimated true width. • Due to the complex nature of the mineralisation geometry and varying intercept angles the true width is manually estimated on a hole by hole basis. • Exploration results are reported with both true width and down hole lengths.
Diagrams	• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of	• Refer to Figure 1 & 2 in this ASX release.

	drill hole collar locations and appropriate sectional views.	
Balanced reporting	• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	• Underground Diamond drilling results and rock chip sample results are attached to this ASX release. • All material data is periodically released to the ASX, including representative reporting of exploration results.
Other substantive exploration data	• Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	• No other exploration data is considered meaningful and material to this announcement.
Further work	• The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). • Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	• Diamond drilling will continue as required for grade control and resource development. • Included in previous ASX announcements. *(Refer ASX Announcement dated 16/01/2014, 10/04/2014, 23/07/2014 and 27/08/2014, March 2014 Quarterly Activities Report, June 2014 Quarterly Activities Report, September Quarterly Activities Report and AGM presentation dated 13/11/2014)*