

# KINGSROSE MINING LIMITED | QUARTERLY REPORT

## For the period ended 30 June 2015

### PRODUCTION

- 5,763 ounces of gold and 10,433 ounces of silver produced.
- Grade continues to exceed expectations with reconciled mined grade of 12.5g/t Au; second consecutive quarter above 12 g/t Au.
- Average uplift of 2x on Mineral Resource grade to mined grade from December 2014 to June 2015.
- Gold production primarily affected by very high volumes of water delaying access to scheduled high grade development on the 4 Level in June.
- 24,227 ounces of gold and 59,949 ounces of silver produced since mine permit approvals granted in July 2014 at an average All-in Sustaining Cost of US\$1076.

### DEVELOPMENT

- Excellent progress on 5 Level haulage shaft; 84m of fully equipped advance achieved during the Quarter.
- On schedule to access high grade zones and additional orebodies on the 5 Level.

### PROJECT SCALE EXPLORATION

- Significant progress made on the infill of the Project scale exploration data set.
- 643m surface drilling completed during the period.
- Gold veins identified under cover increasing the probability of further discoveries.

### CORPORATE & FINANCIALS

- Cash and Bullion on hand of A\$12.73M at 30 June 2015. (30 June 2014: \$6.704m).
- Director Bill Phillips increased his holding in the Company to 6.18%.

Managing Director, Scott Huffadine commented: ***"We are making good progress having completed our first year since production commenced at Talang Santo. To have produced a second consecutive Quarter of reconciled mined grade of over 12 g/t Au, which represents twice our stated Mineral Resource grade is particularly encouraging."***

***Underground mining is not without its challenges, and the recent efficient management of the high volume of water of the 4 Level with zero Lost Time Injuries is testament to the quality of our operations team. Despite this delay, we are once again making good progress on the 4 Level and particularly the 5 Level haulage shaft which will be key in accessing the previously identified high grade zones of the Talang Santo system in the coming year."***

**TALANG SANTO OPERATIONS OVERVIEW**

	UNITS	SEPTEMBER 2014 QUARTER	DECEMBER 2014 QUARTER	MARCH 2015 QUARTER	JUNE 2015 QUARTER	YEAR TO DATE
<b>MINE PRODUCTION</b>						
ORE HOISTED	T	16,123	20,242	16,475	14,647	67,487
MINE GRADE (GOLD)	g/t	8.9	8.3	12.4	12.5	10.4
MINE GRADE (SILVER)	g/t	34	25	25	24	27
<b>ORE PROCESSED</b>						
TONNES MILLED	T	23,278	23,747	17,002	15,265	79,291
HEAD GRADE (GOLD)	g/t	9.1	7.4	12.1	12.2	9.8
HEAD GRADE (SILVER)	g/t	31	24	24	24	26
RECOVERY (GOLD)	%	96.7	97	96.7	95.9	96.6
RECOVERY (SILVER)	%	91.7	90.4	86.9	87.9	86.6
GOLD PRODUCED	Oz	6,590	5,465	6,409	5,763	24,227
SILVER PRODUCED	Oz	21,137	16,870	11,509	10,433	59,949
<b>COSTS OF PRODUCTION</b>						
CASH OPERATING COSTS (C1)	US\$/oz	660	780	658	763	711
ALL-IN-SUSTAINING COSTS OF PRODUCTION (AISC)	US\$/oz	997	1,208	1,006	1,116	1,076

**SAFETY**

There were no Lost Time Injuries (“LTI”) for the quarter which is a positive improvement on the March quarter. The 12 month moving average Lost Time Injury Frequency Rate (“LTIFR”) stands at 2.77.

**MINING**

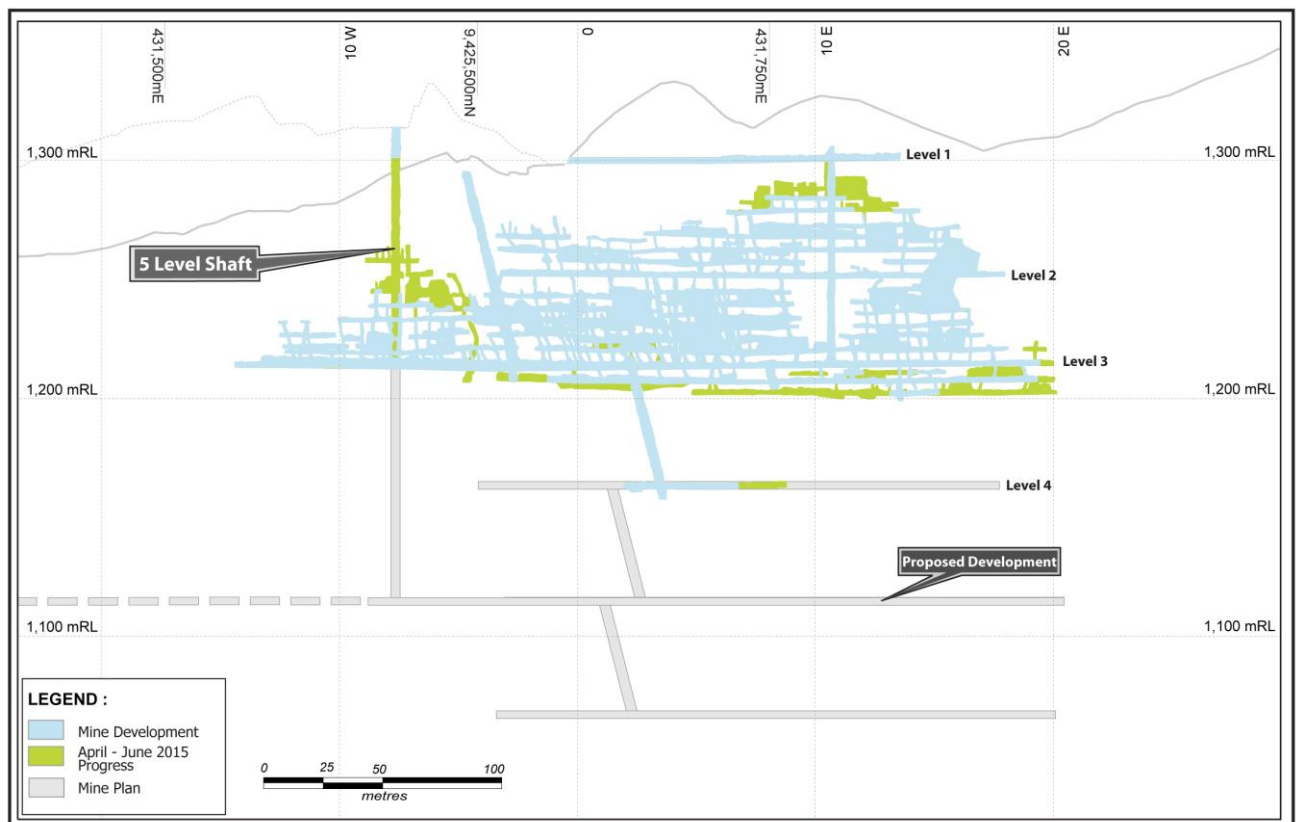
Mining activities during the period were centred on sublevel development and stope production from the 2, 3 and 4 Levels. 804 metres of lateral development and 186 metres of vertical development was completed during the period (refer Figure 1). This included 84 metres of vertical development on the 5 Level external shaft, which remains on schedule to reach the 5 Level by the end of December 2015. 14,647 tonnes were mined at 12.5 g/t Au and 24 g/t Ag for the period.

Despite a positive start to the quarter (which was on track to improve from the March quarter), the overall performance was heavily impacted by the intersection of a high pressure aquifer in the orebody from the lowest level (the 4 Level) in the mine. This resulted in the mine managing 175 litres per second of water for the month of June. Whilst this is a significant volume of water, the Company had drilled depressurisation holes in advance and additional pumping capacity was installed to remove the water from the mine which importantly allowed work to continue, albeit at a much reduced rate. The instantaneous inflow of water at the working faces on the 4 Level meant that advance and production rates in the planned high grade headings defined was much slower as drawdown of the water pressure continued. Development into the high grade areas which had previously seen high grade production (i.e Hanging Wall vein 1,028t @ 28 g/t Au in January) was not able to be accessed as planned. The water is being managed and development rates are expected to increase as the development on the 4 Level pushes further to the west reducing the level of water ingress

directly at many of the planned working faces.

Ground conditions remain challenging, with poor conditions on both the 2 and 3 Levels which, when combined with remnant pillar mining on the 2 Level resulted in continued slower production rates on both these levels. This was partially offset with a focus on mining the upper sublevels of the 4 Level, along with the high grade remnant pillars and ore zones on the 2 Level.

Grades however, continued to positively exceed expectations based on forecast from the Mineral Resource model with consistent uplift throughout the period which saw the average mined grade continuing to exceed 12 g/t Au for the second consecutive quarter (Refer to Figure 2).



**Figure 1 – Quarterly mine development progress**

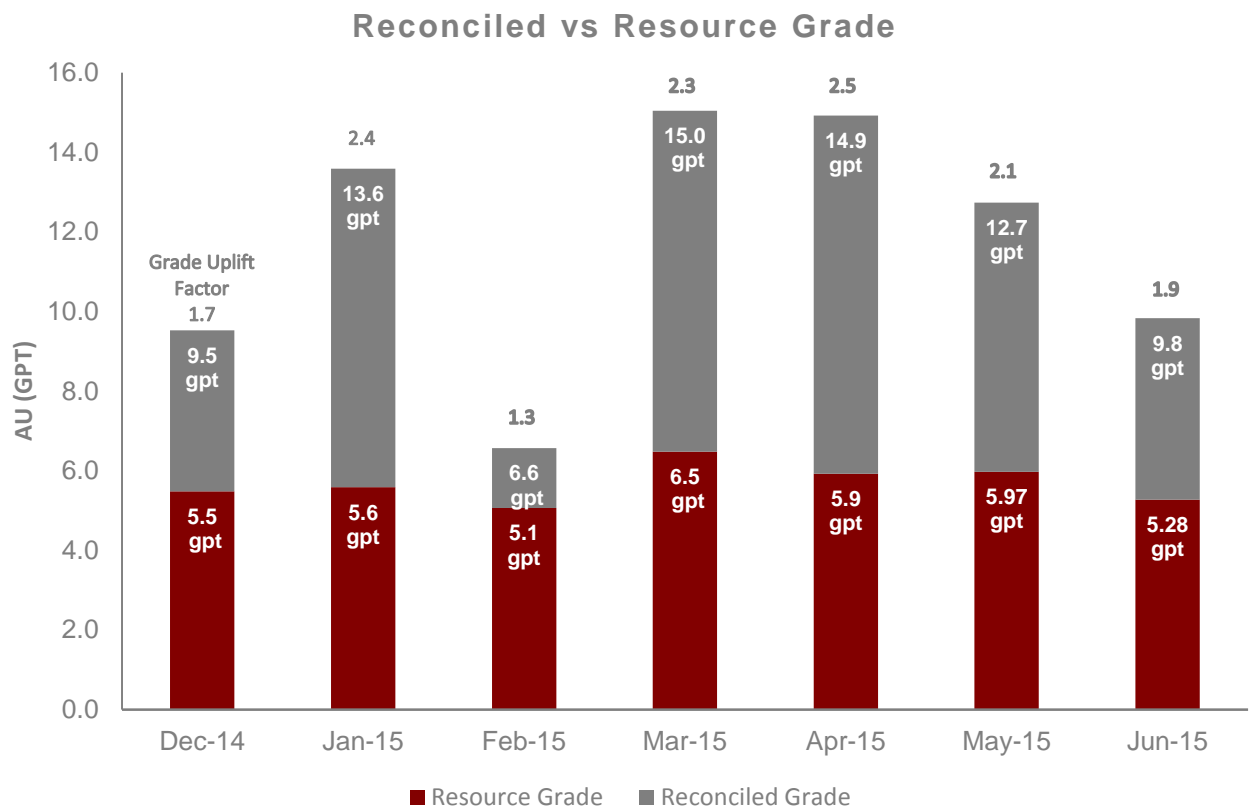


Figure 2: Resource Grade vs Reconciled Grade

### Capital Mine Development

The development of the haulage shaft to the 5 Level remained on schedule during the period with 84 metres of fully equipped advance being achieved. The headframe was fabricated and installation to commence in July. Once completed to a depth of approximately 210 metres, this shaft will provide direct access to the high grade zones identified on the 5 Level and allow for the evaluation of additional resources in the Central and North-West Mawi veins, which, as indicated by Figure 4 below, remain open.

The completion of the planned vent works (*Refer March 2015 Quarterly Activities Report*) was deferred following a request from the Indonesian Mines Department for an additional review after submission of a work plan. With work areas reducing in the upper levels above the 2 Level a decision was made to break the 5 Level haulage shaft through to the 3 Level workings to ensure adequate ventilation to the work areas in the interim. This also meant that the ore which was potentially recoverable as part of the planned surface vent was deferred.



Figure 3: Installation of completed headframe

The overall plan for recovery of the ore related to any future vent works will be undertaken in conjunction with the drill results returned from surface drilling conducted during the quarter at Talang Santo as part of the confirmatory work on the soil geochemistry. (See *Resource Definition Drilling*).

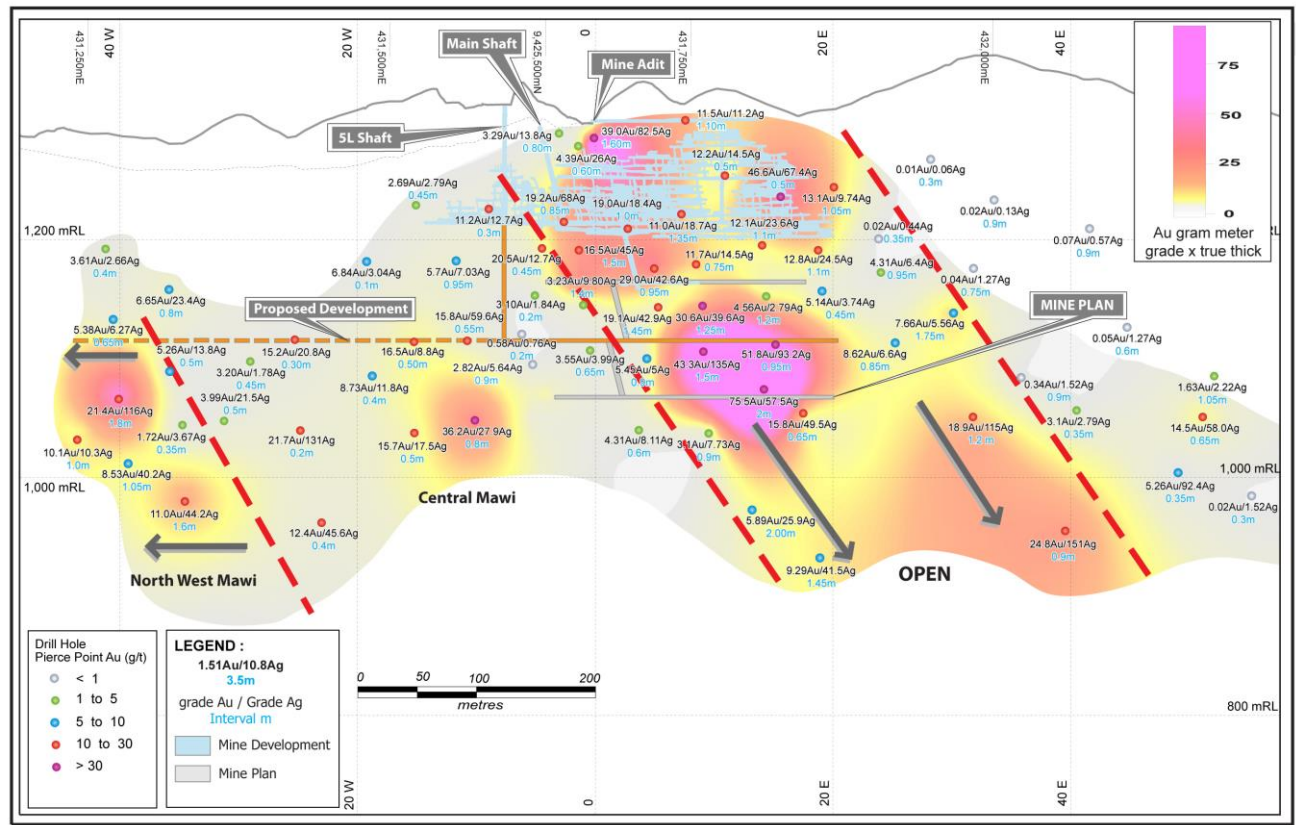


Figure 4: Location of second vertical shaft at the Talang Santo Mine

## PROCESSING

The processing statistics for the operating period are tabulated below:

ORE PROCESSED	UNITS	SEPTEMBER 2014 QUARTER	DECEMBER 2014 QUARTER	MARCH 2015 QUARTER	JUNE 2015 QUARTER	YEAR TO DATE
TONNES MILLED	T	23,278	23,747	17,002	15,265	79,291
HEAD GRADE (GOLD)	g/t	9.1	7.4	12.1	12.2	9.8
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RECOVERY (GOLD)	%	96.7	97.0	96.7	95.9	96.6
RECOVERY (SILVER)	%	91.7	90.4	86.9	87.9	89.6
GOLD PRODUCED	Oz	6,590	5,465	6,409	5,763	24,227
SILVER PRODUCED	Oz	21,137	16,870	11,509	10,433	59,949



The plant throughput for the period was 15,265 tonnes at a head grade of 12.2 g/t Au and 24 g/t Ag. Recoveries of both gold and silver have remained steady at 96% and 88% respectively.

#### GOLD SALES AND COSTS OF PRODUCTION

During the quarter the Company sold 6,141 ounces of gold at an average gold price of A\$1,513 and realised A\$9.3M in revenue.

The cash costs of production for the quarter were US\$763/oz and all-in sustaining costs of production for the period were US\$1,116/oz. The average all-in sustaining costs of production for the 2015 financial year was US\$1076.

#### FY 2015 PRODUCTION

24,227 ounces of gold and 59,949 ounces of silver produced since mine permit approvals granted in July 2014 at an average All-in Sustaining Cost of US\$1076.

The result for the year has been impacted primarily by the physical conditions encountered in the mine since the commencement of production in October 2014. Ground conditions (specific to the upper level of the mine and near to the surface) necessitated the introduction of additional ground support to ensure the safe extraction of ore. This resulted in a reduction in the mining rate from these production areas.

More recently, high water inflows on the 4 Level have also impacted access to high grade development areas further compounding this issue. In addition, ounces that were viewed as being recoverable as part of the planned vent works in the June 2015 quarter were deferred (*Refer Capital Mine Development*).

Costs were impacted by the shortfall in production, and also as a result of the requirement for additional ground support in the upper levels of the mine and more recently additional operating costs associated with mine dewatering.

#### FY 2016 GUIDANCE

Production and cost guidance for the year is estimated to be between 27,000 and 35,000 ounces of Gold, and an average range for C1 costs of US\$500 – US\$600 and an average range for all-in sustaining costs of US\$800 – US\$900.

Capital mine development costs and plant and equipment capital are relatively low for the year. However the key aspect is the inclusion in the capital cost of the development of the 5 Level haulage shaft and associated infrastructure which includes pumps for the 5 Level and generators necessary to support increased mine power requirements. Higher All-in sustaining costs will be seen in the first half of the financial year which will be a direct function of the timing of this capital expenditure.

#### RESOURCE DEFINITION DRILLING

During the period, 67 metres of underground diamond drilling was completed at Talang Santo. The purpose of this drilling was twofold. It was focussed on the 4 Level and designed as resource definition drilling, and also to depressurise the aquifer prior to development. All holes intersected high grade mineralisation over approximately 100m of strike.

Significant intercepts as follows:

#### UDH-050

Hanging Wall vein 3.1m @ 21.01 g/t Au and 99 /t Ag

#### UDH-051

Mawi vein 3.2m @ 10.78 g/t Au and 43 g/t Ag

## EXPLORATION

### Project/Regional Exploration

Significant advances and success was achieved at the Project scale as part of the ongoing review and infill of the exploration dataset. This saw the return of the initial soil geochemistry results for orientation surveys over Talang Santo and the high priority areas of Talang Toha within the Talang Cluster, and also the Mitra Jaya target spatially located in the main alteration corridor halfway between Talang Santo and the processing plant at Way Linggo (refer Figure 5). The purpose of this work was to evaluate a baseline to be applied over the other priority areas within the Project Area.

A total of 643m of surface diamond drilling was also completed during the period.

The company continues to see significant potential for organic growth supported by the early success of the current exploration program in identifying quality targets within the prospective Way Linggo project area. The exploration program for FY2016 includes drill testing of the recently identified Mitra Jaya and Talang Toha targets with first pass reconnaissance drilling programs.

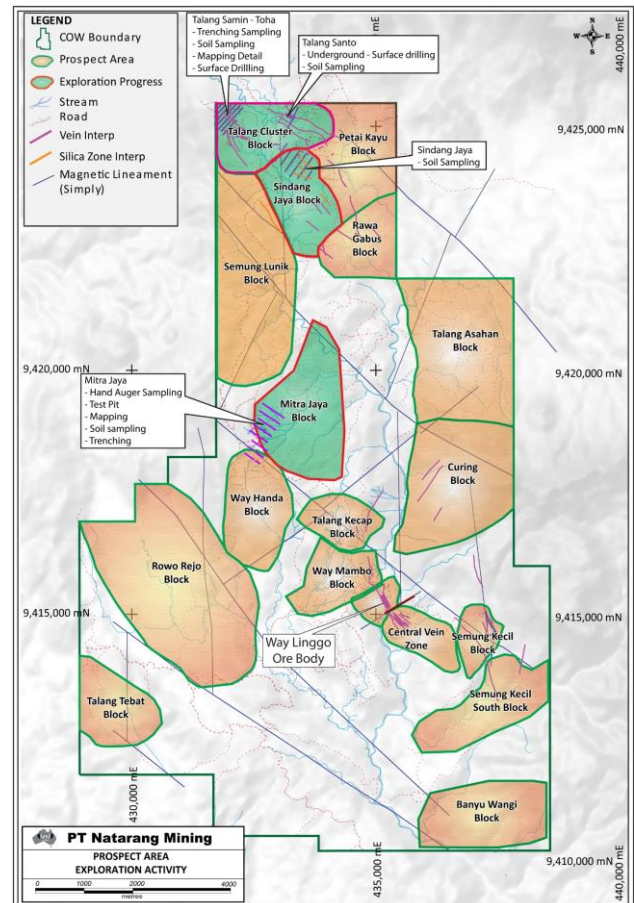


Figure 5: Quarterly exploration progress at the Way Linggo Project

A key aspect is the acceleration of the acquisition of additional soil geochemistry data over a further 7 priority targets within the contract area. Based on the early success following the application of this methodology, it presents a high probability of yielding further drill targets, which could potentially lead to the discovery of further mineralised epithermal systems. Sufficient funds have been allocated to achieve this work program and any additional expenditure will be discretionary and outcome driven.

### Talang Santo

The geochemical orientation work completed at Talang Santo provided strong support for the use of soil geochemistry, especially gold in soil at the parts per billion (ppb) level in defining the location of the mineralised structures at surface. Multi element data is also able to be used in defining the potential position vertically within a possible epithermal system which are variably zoned in terms of grade distribution as seen within the Talang Santo orebody.

Based on these results, drilling was undertaken to define the upper limit of mineralisation given there was little evidence of grade at surface. The results indicate that high grade mineralisation extends above the current limits for extraction from the underground and warrants further work to evaluate potential for recovery by alternate means. (Refer Figure 6).

Significant intersections returned from drilling include:

#### DDH-404

1.6 m @ 39.60 g/t Au and 82.5 g/t Ag (including 0.5m @ 109.7 g/t Au and 216.3 g/t Ag) from 36m

#### DDH-414

1.1m m @ 11.52 g/t Au and 11.3 g/t Ag from 18m

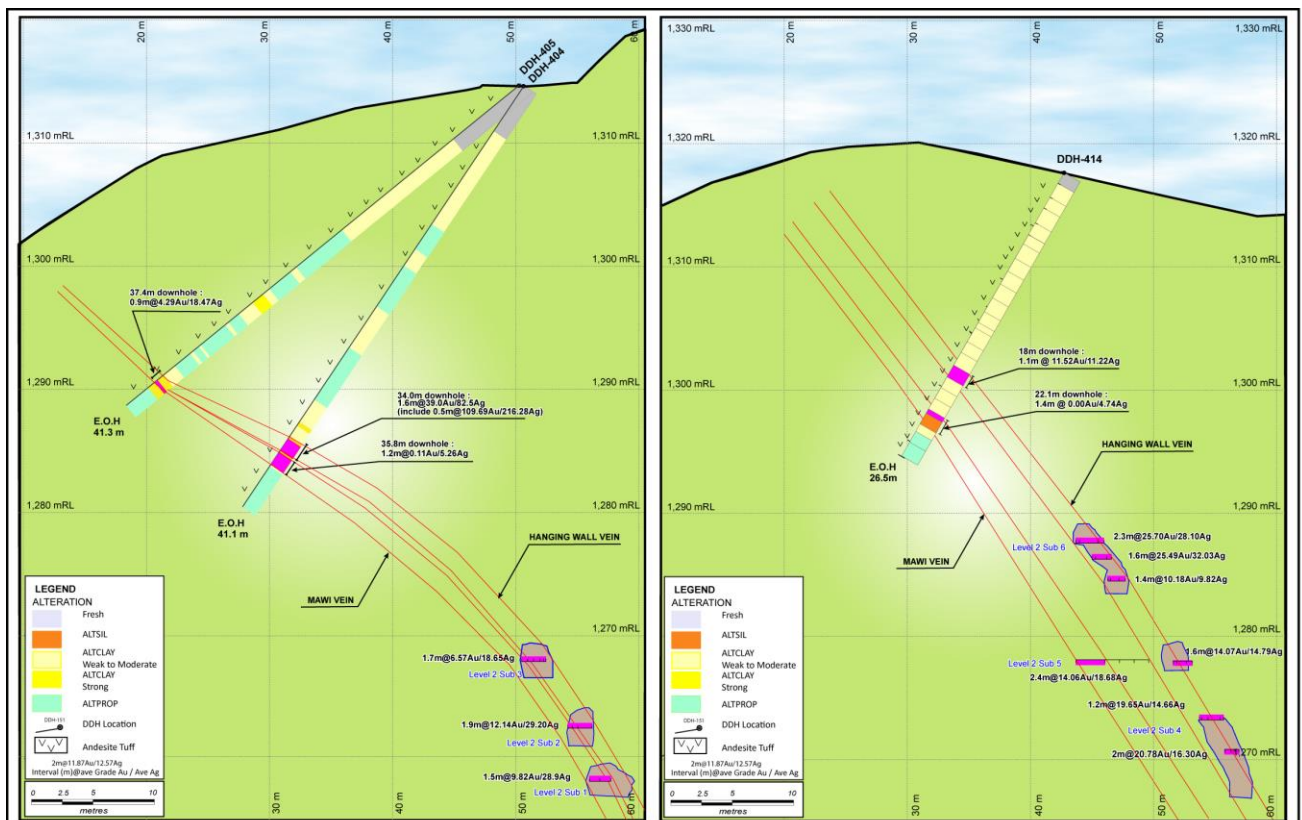


Figure 6 – Cross-Section Talang Santo surface drilling testing geochemistry



### Talang Toha

Following receipt of soil geochemistry, follow up surface trenching identified mineralised veining undercover with no evidence of outcrop. This represents a significant result given that this part of the Talang Cluster has already been subject to detailed surface reconnaissance. Trenching over the soil anomalies highlighted three separate mineralised occurrences, the highest being a vein grading 7.22 g/t Au over 0.4m beneath shallow soil cover. (Refer to Figure 7). Additional undercover occurrences were defined over approximately 300m of strike with stockwork mineralisation and alteration identified at two other locations including 0.6m @ 3.61 g/t and 0.8m @ 3.06 g/t Au, both in quartz vein stockwork.

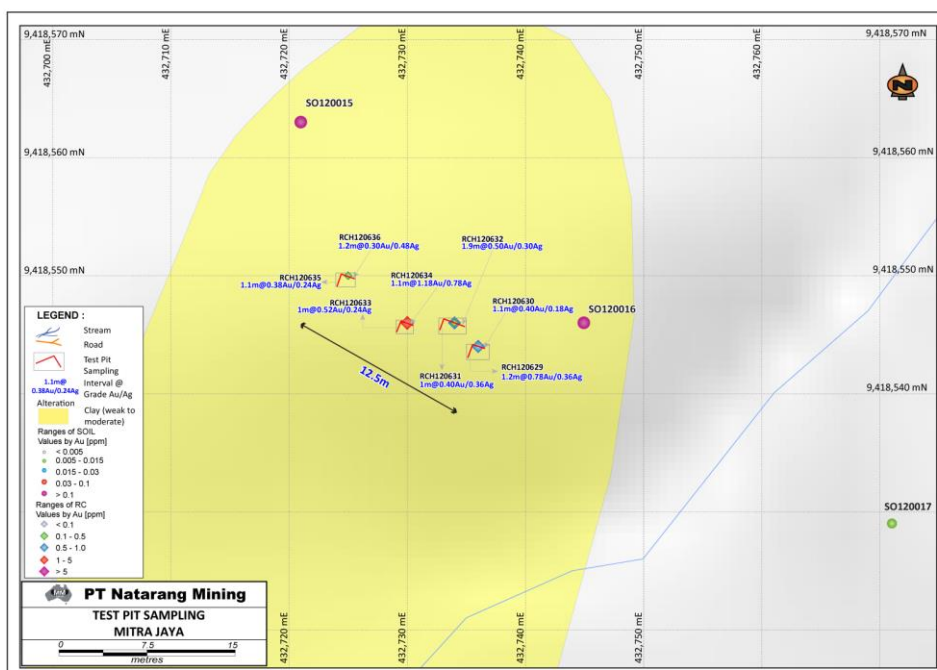


Figure 7 – Quartz vein 0.4m @ 7.22 g/t Au at Talang Toha

### Mitra Jaya

The second priority area is the Mitra Jaya prospect which lies immediately along strike from the historic Way Linggo Mine. Mitra Jaya has coincident host lithologies, alteration, geophysical anomalies and has previously returned a number of surface quartz float<sup>1</sup> samples over 5 g/t Au with gold assays including as high as 43 g/t Au, 33 g/t Au and 16.7 g/t Au.

The soil geochemistry results returned a strong gold in soil anomaly with coincident Arsenic, Molybdenum and Antimony zonation. Test pits, trenching and auger sampling have confirmed a zone of clay alteration with gold grades between 0.3 g/t and 1.18 g/t Au over a broad zone of at least 12.5 metres wide in altered volcanics. (Refer Figure 8). These results are very encouraging and work is ongoing with drill targeting underway with plans to drill a first pass orientation program this quarter.



### Sindang Jaya

Given the early success with soil geochemistry, a program to accelerate the acquisition of data has commenced over Sindang Jaya, a priority target at the South eastern end of the Talang Cluster. Sindang Jaya was identified as part of the reconnaissance and infill program with alteration and silicic float identified on the ground.

### COMMUNITY DEVELOPMENT

The Group continues to actively engage and support the local communities surrounding the mine and also the wider Lampung province. Throughout the period, significant assistance was provided to various cultural, educational, health and environmental initiatives and programs.

Local employment at site continues to be actively encouraged with approximately 70% of employees coming from the nearby Lampung province.



Figure 9: Donation of educational supplies to local schools



Figure 10: 10km of road maintenance completed



Figure 11: Food donations for Mother & Child care Centre



Figure 12: Facilitation and organisation of "Famer Groups" (workshops)

### CORPORATE SNAPSHOT AS AT 30 JUNE 2015

KEY STATISTICS	
Shares on Issue	358,611,493
Unlisted Options	13,850,000
Share Price	\$0.28
Market Capitalisation	\$100.4M
Cash & Bullion	A\$12.7M
Debt	A\$11.5M

DIRECTORS & MANAGEMENT	
John Morris	Chairman
Scott Huffadine	Managing Director
Bill Phillips	Non Exec Director
Andrew Spinks	Non Exec Director
Matthew Smith	Chief Financial Officer
Joanna Kiernan	Company Secretary

### CASH AND BULLION ON HAND AS AT 30 JUNE 2015

Cash & Term Deposits	A\$9.5M
Bullion*	<u>A\$3.2M</u>
<b>Total</b>	<b>A\$12.7M</b>

\* Bullion includes unrefined (filter cake, dore) and refined gold (at A\$1,525/oz) and silver (at A\$20/oz).

### SUMMARY OF MINING TENEMENTS AND AREAS OF INTEREST

PROJECT/TENEMENT HELD	LOCATION	TENEMENT NUMBER	EQUITY'S INTEREST AT QUARTER END	CHANGE IN ENTITY'S INTEREST DURING QUARTER
4 <sup>th</sup> generation Contract of Work (CoW)	Lampung Province, South Sumatra, Indonesia	N/A	85%	N/A

-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 compiled 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 report of the matter based on his information in the form and context in which it appears.*

*The information in this report that relates to underground drilling at Talang Santo and exploration results at Talang Toha and float samples at Mitra Jaya was first reported by the Company in compliance with the 2012 edition of the JORC Code in an ASX release dated 4 June 2015. The Company confirms that it is not aware of any new information or data that materially affects the information included in the ASX release dated 4 June 2015 and further confirms that all material assumptions and technical parameters underpinning the exploration results contained in the ASX release dated 4 June 2015 continue to apply and have not materially changed.*

### **Caution Regarding Forward Looking Statements and Forward Looking Information**

*The information contained in this Quarterly Report contains forward looking statements and forward looking information, which are based on assumptions and judgements of management regarding future events and results. Such forward looking statements and forward looking information involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward looking statements. Such factors include, among others, the actual market prices of gold, the actual results of current exploration, the availability of debt and equity financing, the volatility in global financial markets, the actual results of future mining, processing and development activities, receipt of regulatory approvals as and when required and changes in project parameters as plans continue to be evaluated.*

*Except as required by law or regulation (including ASX Listing Rules), Kingsrose Mining Limited undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.*

Table 1 | Material Drill Holes from Surface Drilling at Talang Santo

Hole No	Easting (UTM)	Northing (UTM)	RL	Dip (degrees)	Azimuth (degrees)	End of Hole Depth (m)	Downhole From (m)	Downhole To (m)	Downhole Intersection (m)	Au gpt (uncut)	Ag gpt (uncut)	Est. True Thickness (m)
DDH-403	433249.98	9425220.88	1316.81	-55.05	200.08	44.80	37.25	40.20	2.95	0.04	3.69	2.21
							41.25	41.65	0.40	5.70	10.45	0.36
DDH-404	433301.57	9425260.79	1314.62	-56.21	198.16	41.10	34.00	35.60	1.60	39.00	82.55	1.55
							35.80	37.00	1.20	0.11	5.26	1.07
DDH-405	433301.57	9425260.79	1314.62	-39.00	198.16	41.30	37.40	38.30	0.90	4.29	18.47	0.68
DDH-406	433301.57	9425260.79	1315.98	-39.08	199.49	45.60	42.80	43.60	0.80	3.26	12.86	0.78
DDH-408	433260.45	9425210.96	1318.74	-78.90	199.14	46.20	40.30	40.90	0.60	4.39	26.00	0.37
							40.90	42.90	2.00	0.02	4.49	1.02
DDH-410	433258.33	9425204.51	1318.50	-39.00	199.49	45.20	37.50	38.00	0.50	2.66	9.06	0.44
DDH-414	433343.61	9425174.95	1317.01	-60.00	190.00	26.60	18.00	19.10	1.10	11.55	11.22	0.97

Table 2 | Surface Geochemical Rock Samples at Mitra Jaya &amp; Talang Toha

Sample Id	Easting (UTM)	Northing (UTM)	RL	Downhole Intersection (m)	Au gpt (uncut)	Ag gpt (uncut)	Est. True Thickness (m)
RCH120629	432736.00	9418544.00	1374.20	1.2	0.78	0.36	1.2
RCH120630	432736.00	9418544.00	1374.20	1.1	0.40	0.18	1.1
RCH120631	432734.00	9418546.00	1375.00	1	0.40	0.36	1
RCH120632	432734.00	9418546.00	1375.00	1.9	0.50	0.30	1.9
RCH120633	432730.00	9418546.00	1376.82	1	0.52	0.24	1
RCH120634	432730.00	9418546.00	1376.82	1.1	1.18	0.78	1.1
RCH120635	432725.00	9418550.00	1378.65	1.1	0.38	0.24	1.1
RCH120636	432725.00	9418550.00	1378.65	1.2	0.30	0.48	1.2
RCH120511	431961.00	9425169.00	1378.54	0.8	3.06	1.44	0.8
RCH104431	431819.00	9425393.00	1382.05	0.6	3.61	1.46	0.6



**JORC CODE, 2012 EDITION – TABLE 1**  
**Section 1: Sampling Techniques and Data**

Criteria	JORC Code Explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <li>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.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>This Table 1 relates to sampling by diamond drilling, face sampling, float sampling and rock chip sampling. Sample intervals are designed to honour geological boundaries.</li> <li>Core is aligned and measured by tape, referenced to downhole core blocks.</li> <li>Diamond drilling and face sampling are completed to industry standard using various sampling intervals (0.1m to 1.5m) dominated by geological constraints (e.g. Rock types, veining and alteration/sulphidation).</li> <li>Rock chip samples are collected by hand using a rock hammer with multiple pieces of rock collected at one location for each sample.</li> <li>Rock chip sample locations are picked up by a handheld GPS. Sample rock types were recorded where the rock was identifiable.</li> <li>Rock chip samples are collected directly from the rock. Samples taken were dry.</li> <li>Rock chip and float chip samples are inherently variable and do not accurately represent the average grade of the surrounding rock. Rock chip and float samples are used as a non-quantitative guide for assessing prospectivity hence are regarded as suitable for this purpose.</li> <li>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.</li> <li>Face samples are analysed for gold and silver via an aqua regia digestion of a 30g charge with an atomic absorption spectrometry (AAS) finish.</li> <li>Float rock samples are taken from the surface and not from in-situ outcrop.</li> <li>Float rock sample locations are picked up by hand-held GPS and sample description take to be reviewed in conjunction with other geological data. This includes vein type and host/country rock.</li> </ul>
Drilling techniques	<ul style="list-style-type: none"> <li>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).</li> </ul>	<ul style="list-style-type: none"> <li>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).</li> </ul>
Drill sample recovery	<ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> <li>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of</li> </ul>	<ul style="list-style-type: none"> <li>Diamond drill recoveries are recorded as a percentage of measured core against downhole drilled intervals. Achieved ≈90% recoveries.</li> <li>Standard drilling practice used to ensure maximum core recoveries.</li> <li>A documented relationship between core recoveries and</li> </ul>

	fine/coarse material.	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	<ul style="list-style-type: none"> <li>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.</li> <li>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</li> <li>The total length and percentage of the relevant intersections logged.</li> </ul>	<ul style="list-style-type: none"> <li>Core logging is conducted by PT. Natarang Mining ("PTNM") geologists, who delineate intervals on geological, structural, alteration and/or mineralogical boundaries, to industry standard.</li> <li>Logging is qualitative and all core is photographed. Rock types, veining and alteration/sulphidation are all recorded.</li> <li>100% of drill core is logged.</li> </ul>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <li>If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</li> <li>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>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.</li> <li>Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>Face chips are nominally chipped horizontally across the face from left to right, sub set by geological features.</li> <li>The nature, quality and appropriateness of the sample preparation technique is deemed adequate.</li> <li>Duplicate samples are not routinely sampled.</li> <li>External laboratories coarse duplicates are used.</li> <li>Sample sizes are considered appropriate for the grain size of the material being sampled.</li> </ul>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>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.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>Gold and silver concentrations in face samples is determined by aqua regia digestion with an AAS finish, and is considered to be total gold.</li> <li>Geophysical tools etc are not applicable to this report.</li> <li>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.</li> <li>The QAQC protocols used include the following:</li> <li>Commercial blanks are used at an incidence of 1 in 10 samples.</li> <li>Drill core coarse duplicates are sent to an external laboratory, PT Intertek Utama Services, at an incidence of 1 in 25 samples.</li> </ul>
Verification of sampling and assaying	<ul style="list-style-type: none"> <li>The verification of significant intersections by either independent or alternative company personnel.</li> <li>The use of twinned holes.</li> <li>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</li> </ul>	<ul style="list-style-type: none"> <li>Significant intersections were reviewed by senior exploration geology and mining geology managers from PTNM and by Kingsrose Mining Limited ("KRM") personnel.</li> <li>Twinned holes have not been used to date as they are not considered necessary.</li> </ul>

	<ul style="list-style-type: none"> <li>Discuss any adjustment to assay data.</li> </ul>	<ul style="list-style-type: none"> <li>Data is manually checked by PTNM staff geologists prior to input into excel for transfer to an access database.</li> <li>Hard copies of face sampling, core log sheets, surveys and assay results are stored on site.</li> <li>No adjustment is made to any assay data.</li> </ul>
Location of data points	<ul style="list-style-type: none"> <li>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.</li> <li>Specification of the grid system used.</li> <li>Quality and adequacy of topographic control.</li> </ul>	<ul style="list-style-type: none"> <li>Surface diamond holes are set-out and picked-up by the site survey team using a Leica TGRA+1203 total station.</li> <li>Exploration drillholes are surveyed with Sure-Shot digital downhole camera at nominally fifty metre intervals.</li> <li>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.</li> <li>The Universal Transverse Mercator (UTM) system is used. No local grid system is used at Talang Santo Mine.</li> <li>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.</li> </ul>
Data spacing and distribution	<ul style="list-style-type: none"> <li>Data spacing for reporting of Exploration Results.</li> <li>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.</li> <li>Whether sample compositing has been applied.</li> </ul>	<ul style="list-style-type: none"> <li>Exploration result data spacing can be highly variable, as little as 5m and up to 100m.</li> <li>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.</li> <li>Sampling is based on geological intervals. Compositing is not applied until estimation stage.</li> </ul>
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> <li>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>The rock chip sampling method is used to provide a surface sample only.</li> <li>Generally drilling orientation is not considered to introduce a sampling bias due to the relatively high (40° to 90°) intercept angles.</li> </ul>
Sample security	<ul style="list-style-type: none"> <li>The measures taken to ensure sample security.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
Audits or reviews	<ul style="list-style-type: none"> <li>The results of any audits or reviews of sampling techniques and data.</li> </ul>	<ul style="list-style-type: none"> <li>Independent review conducted in 2011 which resulted in work practices being modified and brought in line with industry standards.</li> <li>Data handling and management is performed by PTNM geologists and is to industry standard.</li> <li>Data is stored in an access database.</li> </ul>

## Section 2: Reporting of Exploration Results

Criteria	JORC Code Explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</li> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Tenure is occasioned via a fourth generation Contract of Work (CoW) held by PTNM.</li> <li>PTNM is 85% owned by KRM with the remaining 15% interest held by an Indonesian national.</li> <li>The mine, mill and camp area are all located within agricultural land that produces primarily coffee and cocoa.</li> <li>Good relations with local community.</li> <li>CoW is valid until 2034.</li> </ul>
Exploration done by other parties	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<ul style="list-style-type: none"> <li>All exploration at the Way Linggo Project has been completed by PTNM/KRM.</li> </ul>
Geology	<ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
Drill hole Information	<ul style="list-style-type: none"> <li>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: <ul style="list-style-type: none"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length.</li> </ul> </li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>All material data is periodically released to the ASX.</li> </ul>
Data aggregation methods	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>No metal equivalents are reported.</li> </ul>
Relationship between mineralisation widths and intercept	<ul style="list-style-type: none"> <li>These relationships are particularly important in the reporting of Exploration Results.</li> <li>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> </ul>	<ul style="list-style-type: none"> <li>Exploration results report estimated true width.</li> <li>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.</li> </ul>

lengths	<ul style="list-style-type: none"> <li>• 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').</li> </ul>	<ul style="list-style-type: none"> <li>• Exploration results are reported with both true width and down hole lengths.</li> </ul>
Diagrams	<ul style="list-style-type: none"> <li>• 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 drill hole collar locations and appropriate sectional views.</li> </ul>	<ul style="list-style-type: none"> <li>• Refer to Figures 1, 4, 5, 6 and 8 in this ASX release.</li> </ul>
Balanced reporting	<ul style="list-style-type: none"> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• Underground and Surface Diamond drilling results and rock chip sample results are attached to this ASX release.</li> <li>• All material data is periodically released to the ASX, including representative reporting of exploration results.</li> </ul>
Other substantive exploration data	<ul style="list-style-type: none"> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• No other exploration data is considered meaningful and material to this announcement.</li> </ul>
Further work	<ul style="list-style-type: none"> <li>• The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>• Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>	<ul style="list-style-type: none"> <li>• Diamond drilling will continue as required for grade control and resource development.</li> <li>• Included in previous ASX announcements. <i>December 2014 Quarterly Activities Report, March 2015 Quarterly Activities Report, Investor Presentation – 29/04/2015, Exploration Update – 04/06/2015 &amp; International Roadshow Investor Presentation – 04/06/2015.</i></li> </ul>



## Appendix 5B

### Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Entity Kingsrose Mining Limited ABN 49 112 389 910		Quarter ended: 30 June 2015	
		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Consolidated statement of cash flows</b>			
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	9,501	33,199
1.2	Payments for		
	(a) exploration and evaluation	(264)	(1,673)
	(b) development	(1,346)	(4,219)
	(c) production	(5,350)	(20,196)
	(d) administration	(1,091)	(4,174)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	9	69
1.5	Interest and other costs of finance paid	(330)	(1,437)
1.6	Income taxes received (net)	3,481	2,312
1.7	Other (VAT refund received)	-	328
<b>Net Operating Cash Flows</b>		<b>4,610</b>	<b>4,209</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(180)	(957)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	3
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other	-	-
<b>Net investing cash flows</b>		<b>(180)</b>	<b>(954)</b>
<b>1.13</b>	<b>Total operating and investing cash flows</b>	<b>4,430</b>	<b>3,255</b>
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (Repayment of hire purchases)	(257)	(847)
1.19a	Other (Loan to related party)	-	(2,404)
1.19b	Other (Contribution from non-controlling interests to the increase in share capital of subsidiary)	-	2,404
<b>Net financing cash flows</b>		<b>(257)</b>	<b>(847)</b>
<b>Net increase / (decrease) in cash and cash equivalents held</b>		<b>4,173</b>	<b>2,408</b>
1.20	Cash and cash equivalents at beginning of quarter/year	5,306	6,661
1.21	Exchange rate adjustments to item 1.20	39	449
<b>1.22</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>9,518</b>	<b>9,518</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter
		\$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	203
1.24	Aggregate amount of loans to the parties included in item 1.10	0

1.25 Explanation necessary for an understanding of the transactions

Nil

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

**Financing facilities available**

		Amount	Amount used
		\$A'000	\$A'000
3.1	Loan facilities	11,510	11,510
3.2	Credit standby arrangements	-	-

**Estimated cash outflows for next quarter**

		\$A'000
4.1	Exploration and evaluation	670
4.2	Development	1,680
4.3	Production	5,530
4.4	Administration	1,170
<b>Total</b>		<b>9,050</b>

### Reconciliation of cash and cash equivalents

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 is as follows.

5.1 Cash on hand and at bank

5.2 Deposits at call

5.3 Bank overdraft

5.4 Other (provide details)

**Total: Cash and cash equivalents at end of quarter**  
(item 1.22)

Current quarter \$A'000	Previous quarter \$A'000
9,518	5,306
-	-
-	-
-	-
<b>9,518</b>	<b>5,306</b>

### Changes in interests in mining tenements

6.1 Interests in mining tenements relinquished, reduced or lapsed

6.2 Interests in mining tenements acquired or increased

Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
Nil			
Nil			

### Issued and quoted securities at end of current quarter

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total Number	Number quoted	Issue price per security (\$)	Amount paid up per security (\$)
7.1 <b>+Preference securities</b>	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 <b>+Ordinary securities</b>	<b>358,611,493</b>	<b>358,611,493</b>	-	-
7.4 Changes during quarter				
(a) Increase through exercise of options	-	-	-	-
(b) Increase through issues	-	-	-	-
(c) Release from escrow	-	-	-	-
(d) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 <b>+Convertible debt securities</b>	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through redemption of securities	-	-	-	-
7.7 <b>Options</b>	<b>13,850,000</b>	-	-	-
			<i>Exercise Price (\$)</i>	<i>Expiry Date</i>
	500,000	-	1.53	5 Jul 2015
	500,000	-	0.43	11 Aug 2015
	500,000	-	0.44	11 Aug 2016
	4,000,000	-	0.55	15 Sep 2015
	500,000	-	0.39	30 Jun 2016
	500,000	-	0.41	2 Jan 2017
	1,500,000	-	0.55	28 Jan 2016
	500,000	-	0.47	7 Apr 2016
	2,350,000	-	0.55	7 Apr 2016
	3,000,000	-	0.55	13 Jan 2017
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired/cancelled during the quarter	1,000,000	-	1.54	5 Jun 2015
7.11 <b>Share Performance Rights</b>	<b>714,434</b>	-	-	<b>30 Jun 2017</b>
7.12 Issued during quarter	-	-	-	-
7.13 Exercised during quarter	-	-	-	-
7.14 Expired/cancelled during quarter	-	-	-	-
7.15 <b>Debentures (totals only)</b>	-	-	-	-
7.16 <b>Unsecured notes (totals only)</b>	-	-	-	-

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: .....  
Managing Director

Date: 16 JULY 2015

Print name: SCOTT HUFFADINE

### Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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