KINGSROSE
MINING LIMITED

ASX Announcement
17 September 2015

2015 FINANCIAL YEAR RESULTS

- **Sales revenue of $33.2m up $29.4m (2014: $3.8m)**
- **22,120 ounces of gold sold at average price of A$1,451/oz**
- **Net profit after tax of $10.5m up $34.7m (2014: $24.2m loss)**
- **Net operating cash inflow of $9.8m up $15.7m (2014: $6.0m net outflow)**
- **Cash and cash equivalents of $9.5m up $2.9m (2014: $6.7m)**
- **Net assets of $86.2m up $15.5m (2014: $70.7m)**

Kingsrose Mining Limited (ASX: KRM) ("Kingsrose" or "the Company") is pleased to report a net profit after tax of $10.5m and sales revenue of $33.2m for the year ended 30 June 2015.

Managing Director Mr Scott Huffadine commented "***the FY 2015 financial outcome is a solid result given the challenging physical conditions faced within the Talang Santo Mine. We have continued to implement our clear growth strategy in spite of these operational challenges, which is focussed on building the base for a long life project. This first year of production following permitting approvals in mid July 2014, has seen a strengthening of the balance sheet, while continuing to commit capital to self-fund and deliver early results from our promising exploration program. Most importantly, the 5 Level haulage shaft remains on schedule to access the higher grades at depth and identify new veins at Talang Santo. This is the key driver to opening up the Talang Santo system and will allow the Company to steadily increase its production profile through the next financial year and beyond, underpinning the view that the Way Linggo Project represents a long term cornerstone asset for the Company."***

-ENDS-

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KINGSROSE

MINING LIMITED

ANNUAL FINANCIAL REPORT

30 JUNE 2015

CONTENTS

CORPORATE DIRECTORY

Directors

John Morris	Non-Executive Chairman
Scott Huffadine	Managing Director
J. William Phillips	Non-Executive Director
Andrew Spinks	Non-Executive Director

Company Secretary
Joanna Kiernan

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ASX Code: KRM

Australian Business Number
49 112 389 910

Dear Shareholder

The 2015 financial year has been a productive year for Kingsrose, with a number of important milestones being achieved during the year. While it is important to recognise these achievements, the Company also acknowledges that the year has not been without challenges. I am pleased to report that the dedicated operational and management team have faced all of these challenges head on, and have worked tirelessly throughout the year to lay the foundations for a successful 2016 financial year.

Following receipt of the final forestry permit in July 2014, the Company commenced production from the Talang Santo Mine, making its first gold shipment in August 2014. Despite a number of operational delays and ground conditions remaining challenging at Talang Santo, the Company was able to make excellent progress and complete its first year of production producing 24,227 ounces of gold and 59,949 ounces of silver.

Operationally, it was particularly encouraging to record two consecutive quarters where reconciled mined grade was over 12 g/t Au, a consistent uplift on our stated 2014 Mineral Resource grade. As production moves towards the deeper levels of the mine, it is anticipated that we will continue to see further improvements in production grade.

While the Company has faced many challenges throughout the year, your Board and Management team remain focused on working together to unlock the full potential that the Way Linggo Project holds. The outlook for 2016 is positive and the long term Project fundamentals have not changed. The Way Linggo Project is an exciting opportunity to create long term shareholder value, and remains firmly at the forefront of the Company's growth strategy. There is significant opportunity for organic growth through steady increases in the production profile at the Talang Santo Mine, as the deeper and higher grade areas of the mine are accessed, and through the continued expansion of our exploration footprint. We look forward to reporting on strong progress in both these areas during 2016.

The Company recognises the importance of the communities surrounding the Way Linggo Project and the wider Lampung Province, and acknowledges that their ongoing support is crucial to the successes at the Project. The dedicated PT Natarang Mining Community Development team continues to work alongside the local communities to cultivate a mutually rewarding relationship to ensure that the social and economic initiatives implemented result in the provision of long term sustainable practices that can be enjoyed by the community beyond the life cycle of the Project. An important part of this is the Company's commitment to provide employment opportunities to the local workforce. Members of the local community currently make up 71% of our on-site workforce, and we look forward to continuing to provide new opportunities for training, development and employment as our operations grow.

On behalf of the Board I would like to thank the entire Kingsrose and PT Natarang Mining team, our financiers, our suppliers and our contractors for their ongoing commitment and support. Each and every one of you has an important role to play in the Company's development and your consistent commitment and support is greatly valued.

I would like to sincerely thank Shareholders for their continued support and I look forward to sharing in the next chapter of the Company's growth with you.

Yours Sincerely,

JMorris

John Morris

MANAGING DIRECTOR'S REPORT

REVIEW OF OPERATIONS

Following receipt of the final forestry approval in July 2014, Kingsrose successfully commenced production from Talang Santo, the second mine on the Way Linggo Project. Despite challenging operating conditions during the financial year, the Talang Santo Mine produced 24,227 ounces of gold at 9.8 g/t and 59,949 ounces of silver at 26 g/t for the year. Exploration activities on the wider Project area continued throughout the year with the adoption of a "boots on the ground" approach which yielded early stage success, reinforcing the view that there is real scope for organic growth at the Way Linggo Project.

MINE OPERATIONS REVIEW

	Units	September 2014 Quarter	December 2014 Quarter	March 2015 Quarter	June 2015 Quarter	FY 2015
Mine Production						
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**
Ore Processed						
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	97.0	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**
Cost of Production						
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**

THE TALANG SANTO MINE

Mining

Full mining operations commenced shortly after the receipt of the final forestry permit in mid July 2014 with the primary focus being on the development to facilitate the establishment of production areas.

Development work began with extensive sublevelling completed on the Hanging Wall, Mawi and Splay veins on both the 2 and 3 Levels for the commencement of stoping activities in the main orezones. This included the completion of an internal shaft to the 4 Level.

A total of 4,486m of lateral development was completed with development exposing significant sections of the Mawi and Hanging Wall veins. This development provided a higher level of resolution than previously seen from the resource drilling, and further clarity of the high and lower grade areas within the mine.

With the establishment of stoping activities on the 2 Level it became apparent that additional ground support would be required to safely recover ore from these areas. This resulted in a reduction in the anticipated mining rate from these higher grade areas. The amount of development ore mined increased relative to production ore as a result of the lower mining rates from the scheduled stopes on the 2 Level.

Mining rates and ground conditions continued to present a challenge during the period with performance in the June quarter heavily impacted by the intersection of a high pressure aquifer in the orebody from the lowest level (the 4 Level) of the mine. This resulted in a reduction in development rates required for the setup of the 4 Level stopes related to the inflow of approximately 175 litres per second of water during the month of June. While 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 prior to intersection of the water. Primarily the difficulties were presented by the instantaneous inflow of water directly at the working faces on the 4 Level which slowed advance rates. The water continues to be actively managed and development rates have increased in the central areas as the development on the 4 Level advances laterally.

Despite the prevailing physical conditions, the increase in stoping activities saw consistent improvements in the mined grade, which continued to increase throughout the financial year, with a record reconciled mined grade of 15 g/t Au recorded in the month of March 2015.

Importantly, grades continued to positively exceed expectations based on the forecast from the stated 2014 Mineral Resource model with consistent uplift, which saw the average mined grade continue to exceed 12 g/t, Au for both the March and June quarters.

Capital development commenced on the 5 Level haulage shaft and advanced on schedule during the period. This represents a critical path project which will provide direct access to the high grade areas of the orebody as well as allow for the evaluation of the additional lodes to the west of the current mining area at the Central and North West Mawi vein.

Resource Drilling

A resource drilling program commenced underground at Talang Santo in August 2014 with the main objective being to infill existing drilling completed pre development on the 3 Level, and to test the full extent of the mineralised corridor in the lower levels of the mine. The results from this program contributed to the significant Mineral Resource upgrade announced on 12 August 2015. The identification of near mine resource development opportunities proximal to the existing Talang Santo infrastructure is key to the Company's wider growth strategy.

1,114m of underground diamond drilling was undertaken during the year predominantly aimed at infill of the existing resource in advance of the mine development. A number of the more significant results drilled during the period are shown below:

UDH-043 (Mawi vein) **4.4m @ 28.95 g/t Au and 41 g/t Ag**

UDH-044 (Mawi vein) **2.1m @ 18.54 g/t Au and 29 g/t Ag**

UDH-044 (HW vein) **0.9m @ 12.86 g/t Au and 6 g/t Ag**

High grade results from 4 Level drilling continued to define higher grade areas not previously indicated by wider spaced drilling. Significant intersections included:

UDH-047 (Splay vein) **1.3m @ 44.80 g/t Au and 92 g/t Ag**

UDH-048 (Mawi vein) **3.7m @ 11.97 g/t Au and 43 g/t Ag**

UDH-050 (HW vein) **3.1m @ 21.01 g/t Au and 99 g/t Ag**

UDH-051 (Mawi vein) **3.2m @ 10.78 g/t Au and 43 g/t Ag**

EXPLORATION

The Way Linggo Project encompasses an area of $100km^2$ and is held under a 4^{th} generation Contract of Work (CoW) with the Indonesian Government. It is located on the prolifically mineralised Trans-Sumatra Fault, which is part of the Pacific Rim of Fire. The area is considered highly prospective for low-sulphidation epithermal gold-silver deposits with several multi-million ounce deposits located on it.

Multiple epithermal targets have been identified over the CoW presenting real scope for organic growth at the Project scale. With this in mind, the broader strategy for growth is focused on testing near mine opportunities from underground, along with the evaluation of advanced projects, in particular targets identified at the highly prospective Talang Cluster.

At the wider Project scale, a review and gap analysis of the existing dataset was undertaken throughout the year. This identified areas for increased focus, which included alteration and geological mapping, and in particular a lack of soil geochemistry which has played a part in the discovery of other larger epithermal systems. A “boots on the ground” program was initiated to systematically infill the dataset and utilising historical data, rank existing and newly identified prospects for first pass soil geochemistry.

Significant advances and success was achieved as a result of this review and infill of the exploration dataset with the return of soil geochemistry results for orientation surveys over existing mineralisation at Talang Santo and priority targets Talang Toha and Mitra Jaya.

Talang Santo

The geochemical orientation work completed at Talang Santo provided strong support for the use of soil geochemistry, proving effective in defining the location of the mineralised structures at surface. Multi element data was also able to be used in defining the position within a potential epithermal system which are variably zoned in terms of grade distribution as seen within the Talang Santo orebody from surface to approximately 500m below surface where the system remains open.

Based on these results, drilling was undertaken to define the upper limit of mineralisation given there was little evidence of grade at surface and to put the geochemical signatures in a spatial context. Results returned from this drilling program included:

DDH-404 1.6 m @ 39.60 g/t Au and 82 g/t Ag (including 0.5m @ 109.70 g/t Au and 216 g/t Ag) from 36m

DDH-414 1.1m @ 11.52 g/t Au and 11 g/t Ag from 18m

The results indicate that high grade mineralisation extends towards the surface which cannot be recovered from current underground workings, but warrants further work to evaluate potential for recovery by alternative mining methods.

Talang Samin

Talang Samin is located 800m from Talang Santo and represents one of the most advanced targets in the Talang Cluster area.

Following completion of the planned development on the 1 Level, a review of development from the shaft identified 4 discrete, narrow zones of mineralisation representing an aggregate 85 metres of strike out of the total 171 metres development and is considered that the mineralisation is peripheral to, a potentially larger system. During the period the decision was made to suspend development to maintain the integrity of the shaft and development for future access to ore and conduct further drilling from the surface, subject to the outcomes of geochemical sampling which has been completed over the Talang Toha area immediately to the North of current development.

Talang Toha

Following receipt of soil geochemistry, follow up surface trenching immediately identified shallow 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. 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 Au and 0.8m @ 3.06 g/t Au, both in quartz vein stockwork. First pass diamond drilling was undertaken with immediate success with an intersection of 1.25m @ 7.23 g/t Au identified in a brecciated clay quartz epithermal vein 45m below surface. Follow up drilling is planned.

Mitra Jaya

The second priority area where work was undertaken during the year was 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 samples over 5 g/t Au with individual samples returning assays as high as 43 g/t Au and 220 g/t Ag, 33 g/t Au and 199 g/t Ag and 16.7 g/t Au and 65.2 g/t Ag.

The soil geochemistry results returned a strong gold in soil anomaly with coincident Arsenic, Molybdenum and Antimony zonation. Test pits, trenching and augur sampling have confirmed a broad 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 with the current interpretation being remobilization from a possible primary source. Drilling will be undertaken to evaluate potential targets and source of the results delivered from this highly prospective prospect.

OCCUPATIONAL HEALTH AND SAFETY

The Group is committed to fostering a culture that prioritises a safe working environment above all else. The dedicated onsite safety team worked diligently throughout the year to implement continued improvements in safety performance and to identify and mitigate any potential health and safety risks as mining activities increased.

The 12 month moving average Lost Time Injury Frequency Rate ("LTIFR") stands at 2.77. The Company remains committed to reducing these rates.

Safety initiatives during the financial year included:

- Review, update and implementation of operating procedures and systems across all business units;
- Increased training programs at both the supervisor and operator level;
- Underground training centre established at Talang Samin;
- Regular task specific safety workshops and seminars held; and
- Conduct of audits against management standards.

ENVIRONMENT

The Company recognises it not only has a legal obligation to protect the environment, but also a duty of care to ensure that its activities are conducted in an environmentally responsible and minimally invasive manner. To date, there has been very little environmental impact on the Project area, largely due to the non-mechanised mining methods adopted by the Company.

The Group conducts its activities in accordance with its obligations under the CoW Environmental license (AMDAL), prevailing local laws and environmental regulations. In compliance with this, regular and comprehensive environmental impact assessments are conducted which are a key part of the Company's Environmental Management and Monitoring Plan. This Plan aims to identify, assess and minimise environmental risk at all stages of its operations as a fundamental part of its long-term environmental strategy.

Ongoing monitoring activities include:

- Strict monitoring and control of Project waste disposal, including hydrocarbon and hazardous waste disposal procedures and mitigating any adverse environmental consequences this may have;
- Close observation and monitoring of the Tailings Storage Facility in accordance with required environmental parameters;
- Biodiversity assessments and monitoring to enhance the ability for biodiversity protection and conservation;
- Working with the Lampung Province to assist with the elimination of dust pollution; and
- Continual revegetation of areas affecting by mining activities.

The creation and cultivation of the Way Linggo Nursery has also assisted with the rehabilitation and re-vegetation in the areas of mining and exploration activities on the wider Project area. In addition, comprehensive rehabilitation and reforestation takes place on compensation land purchased by PTNM and donated to the Ministry of Forestry.

COMMUNITY ENGAGEMENT

Building a long term, genuinely collaborative relationship based on mutual trust and respect with the local communities surrounding the Way Linggo Project not only underpins the Company's Social Responsibility Program but is crucial to the ongoing success of the Company's activities.

PTNM is an active participant in community development programs, working with key stakeholders to identify and assist with the development of sustainable social and economic initiatives that will allow the local community to grow and prosper beyond the Project's lifetime.

PTNM recognises the diverse nature of the community in which we co-exist and as such directs its efforts and assistance across a broad range of social, cultural, economic and educational events and programs. During the year resources were directed towards numerous cultural and sporting events, as well as the provision of significant support to local kindergartens and schools with the donation of educational supplies and equipment. Medical assistance continues to be provided by the PT Natarang Health Clinic, and donations of equipment and supplies were made to mothers groups and child care centers across the wider Lampung Province.

Local businesses continued to be supported through the Company's long standing micro-loan program aimed at supporting local community members who have started their own business. The purchase of fruit, vegetables and other basic groceries for use at the Way Linggo site canteen from local businesses is another way PTNM positively stimulates the local economy whilst at the same time supporting sustainable agricultural practices. Local infrastructure projects were also a priority with maintenance and extension of local roads and bridges ongoing throughout the year.

One of the biggest benefits provided to the community are the many employment opportunities available at the Way Linggo Project and providing employees with strong and sustainable skills sets. Throughout the year, approximately 71% of the on-site workforce was from the Lampung Province. The Company remains committed to employing the majority of its on-site workforce from the local community.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Operations

The Company continues to operate from a single asset base and the strategy for the business remains simple and focussed. Following a challenging 12 months finalising permitting at Talang Santo and commencing production, the primary objective for the 2016 financial year is on establishing the production base at the Talang Santo Mine for the coming years. Completion of the shaft to the 5 Level will enable development to access the upper portions of the high grade core of the Talang Santo system as defined by drilling and presents an opportunity for increased mining flexibility with access to the Central Mawi and North West Mawi orebodies providing additional work areas. Resource definition drilling will be scheduled with a drill platform to be established on the 5 Level to infill the current inferred resource below the base of the current mine plan at the 6 Level, and to increase confidence in the along strike mineralised occurrences.

Production and Cost 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 - $US900.

Capital Mine Development Costs

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 costs 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.

Exploration

The exploration program for the 2016 financial year includes drill testing of the recently identified Mitra Jaya and Talang Toha targets with first pass reconnaissance drilling programs. A key aspect is the acceleration of the acquisition of additional soil geochemistry data over a further seven 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 further expenditure will be discretionary and outcome driven.

FINANCIAL REVIEW

	2015	2014		Change
	$	$		$
Sales Revenue	33,198,589	3,815,074	↑	29,383,515
Earnings/(Loss) Before Interest, Tax, Depreciation & Amortisation – EBITDA[1]	22,245,302	(31,709,945)	↑	53,955,247
Earnings/(Loss) Before Interest & Tax – EBIT[2]	17,209,185	(33,748,691)	↑	50,957,876
Net Profit/(Loss) After Tax	10,485,507	(24,179,777)	↑	34,665,284
Earnings/(Loss) Per Share	2.48	(6.21)	↑	8.69
Net Operating Cash Flows	9,750,099	(5,992,194)	↑	15,742,293
Total Assets	105,601,669	86,457,769	↑	19,143,900
Net Assets	86,199,737	70,706,124	↑	15,493,613

[1]EBITDA has been calculated by adding back interest ($1,079,263), tax ($5,644,415), depreciation and amortisation ($5,036,117).

[2]EBIT has been calculated by adding back interest ($1,079,263) and tax ($5,644,415).

Note: EBITDA and EBIT are non-IFRS measures and are unaudited. These measures are used in order to provide more meaningful information for the users of the Group's financial information and to allow users to assess the Group's performance relative to other companies in the industry.

Income Statement

The Way Linggo Project returned to full production activities during the year and the Group recorded a significant increase in sales revenue of $29,383,515. Sales revenue for the year ended 30 June 2015 was $33,198,589, up from $3,815,074 in the 2014 financial year relating to the sale of 22,120 ounces of gold and 54,661 ounces of silver at an average price of A$1,451/oz and A$20/oz respectively.

The Group's net profit after tax for the year ended 30 June 2015 was $10,485,507 (30 June 2014: net loss after tax of $24,179,777). The Group was aided by the strengthening of the US dollar against both the Australian dollar and the Indonesian rupiah during the period, resulting in reduced operating costs and a net foreign exchange gain of $13,671,983. In addition, the reduction in global oil prices during the 2015 financial year resulted in significant cost savings at the operation. The savings were offset by operating costs relating to requirements for additional ground support in the upper levels and pumping of water from the Talang Santo Mine.

Financial Position

During the period the Group's total current assets increased by $3,964,274, primarily driven by an increase in cash and cash equivalents, receivables and inventories. This was partially offset by a reduction in income tax receivables after the Group successfully obtained a tax refund of $3,601,761 during the year.

Total current liabilities decreased by $1,317,906 during the 2015 financial year, primarily driven by the restructure of the Group's loan facilities. The repayment profile of the loan facilities was extended, with the debt to be repaid over twenty instalments commencing in July 2015 with final repayment due in February 2017. The previous repayment schedule required payment over ten instalments commencing in January 2015 with final repayment due in October 2015.

These factors resulted in a strengthening of the Group's balance sheet across the reporting period with an increase in total Group assets of $19,143,900 to a total of $105,601,669 and net assets of $15,493,613 to a total of $86,199,737.

Group Cash Flows and Liquidity

The Group generated net operating cash flows of $9,750,099 during the year, a significant portion of which was invested into capital mine development at the Talang Santo Mine. This development included the extension of the internal shaft to the 4 Level, level development on the 2, 3 and 4 Levels and the commencement of the external shaft to the 5 Level.

At balance date, the Group held cash and cash equivalents of $9,517,239 which represents an increase of $2,856,183 for the 2015 financial year.

Forward Looking Statements

Kingsrose Mining Limited has prepared this report based on information available to it. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this report. To the maximum extent permitted by law, none of Kingsrose Mining Limited, its Directors, employees or agents, advisers, nor any other person accepts any liability, including without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this report or its contents or otherwise arising in connect with it.

The information contained in this 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.

Competent Persons Statement

The information in this report that relates to exploration and resource drilling and exploration results was first reported by the Company in compliance with the 2012 edition of the JORC Code in ASX releases dated as follows: UDH-043 and UDH-040 – 20 October 2014; UDH-047, UDH-048, UDH-050, UDH-051, DDH-404, DDH-414 and exploration results at Talang Toha and Mitra Jaya – 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 announcements referred to above and further confirms that all material assumptions and technical parameters underpinning the exploration results contained in those ASX releases continue to apply and have not materially changed.

The Directors submit their report of the "Consolidated Entity" or "Group", being Kingsrose Mining Limited ("Kingsrose" or "the Company") and its Controlled Entities for the year ended 30 June 2015.

DIRECTORS

The names of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Name and Qualifications	Experience, Special Responsibilities and Other Directorships
John Morris	
Independent Non-Executive Chairman Appointed: 17 August 2007	Mr Morris has over 42 years' experience in exploration, project development and management of publicly listed resource companies. He has held prior Directorships in a number of gold and base metals public companies in Australia and overseas including Forsyth NL and Amerisur Resources Plc (formerly Chaco Resources Plc/Gold Mines of Sardinia Plc). Mr Morris has held no other Directorships in public listed companies in the last three years. Mr Morris is the Chair of the Remuneration Committee and a member of the Audit Committee.
Scott Huffadine	
Bsc.Hons, MAusIMM Managing Director Appointed: 13 January 2014	Mr Huffadine, is a geologist with more than 20 years' experience in the resources industry, specifically in project management, geology and executive management. Mr Huffadine has held several key management positions ranging from operational start-ups involving open pit and underground mining projects, through to large integrated operations in gold and base metals, most recently as Executive Director of Metals X Limited (resigned 1 May 2013). Mr Huffadine has held no other Directorships in public listed companies in the last three years.
J. William (Bill) Phillips	
Non-Executive Director Appointed: 12 January 2005	Mr Phillips has over 34 years' experience in mining contracting and mine management and is highly regarded as a leading specialist in underground narrow vein mining. Mr Phillips has managed or been instrumental in the successful development of 16 mines, either in the role of contractor or as owner/shareholder. Until May 2010, Mr Phillips oversaw mining and production at Medusa Mining Limited's Co-O gold mine in the southern Philippines. Mr Phillips has held no other Directorships in public listed companies in the last three years. Mr Phillips is a member of the Audit and Remuneration Committees.

Andrew Spinks	
B.App.Sc (Geol), Grad.Dip (Mining) MAusIMM Independent Non-Executive Director Appointed: 21 August 2012	Mr Spinks is a geologist with over 25 years' experience in nickel, gold, coal, iron ore and diamonds in Australia and Africa. He has undertaken diverse roles from grass roots exploration through to senior management and consulting roles in exploration, project development and mining. He is a co-founder of Strategic Resource Management Pty Ltd and is responsible for the strategy, target generation and acquisitions of that company. Mr Spinks is currently an executive director of Kibaran Resources Limited. Mr Spinks has held no other Directorships in public listed companies in the last three years. Mr Spinks is the Chair of the Audit Committee and a member of the Remuneration Committee.

COMPANY SECRETARY

Joanna Kiernan	
BA Company Secretary Appointed: 16 April 2014	Ms Kiernan holds a Bachelor of Arts and has over 11 years' experience in the administration and operation of listed public companies within the resources industry, having previously held the position of Company Secretary for numerous ASX and AIM listed companies.

PRINCIPLE ACTIVITIES

The principal activity of the Company for the year ended 30 June 2015 was the production, exploration and development of its gold and silver deposit at the Way Linggo Project in South Sumatra, Indonesia.

OPERATING AND FINANCIAL REVIEW

A review of the operations and financial position of the Company during the year ended 30 June 2015, including details of the results of operations, changes in the state of affairs, and likely developments in the operation of the Company in subsequent financial years are set out on pages 4 to 11.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have not been any significant changes in the state of affairs of the Company during the financial year, other than those noted in this financial report.

DIVIDENDS

No dividends were declared or paid during the financial year.

SUBSEQUENT EVENTS

There are no material subsequent events after the balance date.

COMMITTEE MEMBERSHIP

As at the date of this report, the Company has an Audit Committee and a Remuneration Committee.

Those members acting on the committees of the Board during the year were:

Audit	Remuneration
Andrew Spinks (C)	John Morris (C)
J. William Phillips	J. William Phillips
John Morris	Andrew Spinks

(C) Designates the Chairman of the Committee

DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of committees or Directors) and number of meetings attended by each of the Directors of the Company during the financial year are set out below:

			Meetings of Committees			
	Directors' Meetings		Remuneration		Audit	
Director	Eligible	Attended	Eligible	Attended	Eligible	Attended
John Morris	4	4	1	1	3	3
Scott Huffadine	4	4	*	*	*	*
J.William Phillips	4	4	1	1	3	3
Andrew Spinks	4	4	1	1	3	2

** not a member of the relevant committee*

DIRECTORS' INTERESTS

The relevant interest of each Director in the share capital as notified by the Directors to the Australian Securities Exchange in accordance with section 205G(1) of the *Corporations Act 2001,* at the date of this report is as follows:

Director	Fully Paid Ordinary Shares	Options Over Ordinary Shares	Share Performance Rights
John Morris	7,600,000	-	-
Scott Huffadine	58,880	3,000,000	417,914
J.William Phillips	22,168,508	-	-
Andrew Spinks	-	500,000	-

SHARES UNDER OPTION

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Instrument	Number Under Option	Exercise Price	Expiry Date
Employee Options	1,500,000	$0.55	28 January 2016
Employee Options	500,000	$0.47	7 April 2016
Unlisted Options	500,000	$0.55	7 April 2016
Employee Options	1,850,000	$0.55	7 April 2016
Employee Options	500,000	$0.39	30 June 2016
Employee Options	500,000	$0.44	11 August 2016
Employee Options	500,000	$0.41	2 January 2017
Employee Options	3,000,000	$0.55	13 January 2017

Option holders do not have any right, by virtue of the options, to participate in any share issue of the Company or any related body corporate.

OPTIONS ISSUED

The following options were issued during the financial year ended 30 June 2015:

Instrument	Number Under Option	Exercise Price	Expiry Date
Employee Options	3,000,000	$0.55	13 January 2017

SHARE PERFORMANCE RIGHTS ISSUED

The following share performance rights were issued during the financial year ended 30 June 2015:

Instrument	Number	Exercise Price	Expiry Date
Share Performance Rights	714,434	-	30 June 2017

SECURITIES LAPSED OR CANCELLED

The following securities lapsed during the financial year ended 30 June 2015:

Instrument	Number Under Option	Exercise Price	Expiry Date
Employee Options	1,000,000	$1.54	1 October 2014
Employee Options	1,000,000	$1.59	2 December 2014
Employee Options	500,000	$1.53	17 December 2014
Employee Options	100,000	$1.27	14 February 2015
Employee Options	150,000	$0.73	8 March 2015
Employee Options	1,000,000	$1.54	5 June 2015

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's operations in Indonesia are subject to local environmental laws, regulations and permit conditions.

The Directors of the Company are not aware of any material breach of environmental legislation while conducting their operations in Indonesia during the 2015 reporting period.

EMPLOYEES

The Group had 730 full-time employees as at 30 June 2015 (2014: 524).

INSURANCE OF OFFICERS

During the financial year, the Company paid a premium of $18,000 (2014: $18,996) to insure the Directors and Officers of the Company and its controlled entities. The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity as officers of entities in the Group except where the liability arises out of conduct involving a lack of good faith.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

REMUNERATION REPORT (AUDITED)

INTRODUCTION

This report for the year ended 30 June 2015 outlines the remuneration arrangements of the Group in accordance with the requirements of the *Corporation Act 2001* and its regulations. This information has been audited as required by section 308(3C) of the *Corporations Act 2001*.

This report details the remuneration arrangements for key management personnel (KMP) of the Group who are defined as those persons who have the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the parent company. Kingsrose Mining Limited's KMP are defined as Directors (whether Executive or otherwise), the Chief Financial Officer, Operations Manager and the President Director of PT Natarang Mining (PTNM).

For the purposes of this report the term "Executive" includes the Managing Director, Chief Financial Officer, Operations Manager and the President Director of PTNM.

Details of Key Management Personnel of the Group during the reporting period are set out below:

Name	Position
Non-Executive Directors	
John Morris	Non-Executive Chairman
J. William Phillips	Non-Executive Director
Andrew Spinks	Non-Executive Director
Executives	
Scott Huffadine	Managing Director
Matthew Smith	Chief Financial Officer
Herryansjah (ceased 1 January 2015)[1]	PTNM President Director
Yohanes Parapat (commenced 1 January 2015)	PTNM President Director
Ashley McAleese	PTNM Operations Manager

[1] Mr Herryansjah ceased being a KMP on 1 January 2015 after being appointed to the role of PTNM President Commissioner on that date.

There were no changes to KMP after the reporting date and before the date the financial report was authorised for issue.

REMUNERATION GOVERNANCE

Board Oversight

The Board is responsible for ensuring that the Group's remuneration structures are aligned with the long term interests of the Company and its shareholders. Accordingly, the Board has established a Remuneration Committee to assist in making decisions in relation to KMP remuneration.

Remuneration Committee

The Remuneration Committee currently comprises all Non-Executive Directors, a majority of which are independent Directors. The Remuneration Committee is responsible for reviewing and recommending to the Board:

- The Company's remuneration policy and framework (including any short term incentives (STIs) and any long term incentive (LTI) equity based plans, including the appropriateness of performance hurdles and total payments proposed;
- Senior executives' remuneration and incentives (including KMP and other senior executives);
- Non-Executive Director remuneration packages and the aggregate pool for approval by Shareholders (as required); and
- Superannuation arrangements.

REMUNERATION REPORT (AUDITED) (continued)

Executive remuneration is reviewed periodically having regard to individual and business performance and broader market conditions to ensure that remuneration policies and structures are fair and competitive, and aligned with the long term interests of the Company. In order to ensure that the Committee is fully informed when making remuneration recommendations, the Committee receives reports from Management, independent sources and may engage the use of external consultants if required.

Additional information regarding the role and function of the Remuneration Committee can be found in the Company's Corporate Governance statement.

REMUNERATION CONSULTANTS

During the reporting period, the Remuneration Committee did not employ the services of a remuneration consultant to provide recommendations as defined in section 9B of the *Corporations Act 2001.*

REMUNERATION OVERVIEW & STRATEGY

The Company has adopted a remuneration strategy intended to support the delivery of long-term shareholder value and to ensure remuneration accurately reflects achievement in line with general market conditions. The strategy is designed to attract, motivate and retain high calibre individuals through the provision of remuneration packages which contain the appropriate balance of fixed remuneration, short term incentives and long term incentives measured against clearly defined performance hurdles aligned with the strategic and operational objectives of the Company and the creation of value for shareholders.

In accordance with good corporate governance practices, the structure of Non-Executive Director and Executive remuneration is separate and distinct.

The commencement of production from the Company's second mine, Talang Santo, at the Way Linggo Project during FY 2015 marked a new phase of growth. As such, the Board recognised the need to implement a clear and transparent remuneration framework that is not only aligned to best practice and competitive within the market, but more importantly that adequately incentivises its Executives to pursue the Company's long term growth strategy and provides the appropriate reward upon the attainment of meaningful performance hurdles.

During the period, the Remuneration Committee commenced its review of the Company's remuneration framework, and it is anticipated that this review will be completed during the 2016 financial year.

In line with this, and also in an effort to manage operational costs, no KMP received an increase in their total fixed remuneration throughout the financial year.

EXECUTIVE REMUNERATION FRAMEWORK

The Board's objective is to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities and that is competitive within the market. With this in mind, the remuneration of Executives comprises both fixed and variable remuneration, with variable remuneration incorporating a balance of short term and long term incentives.

Fixed Remuneration

Fixed remuneration consists of base remuneration, superannuation and other non-cash benefits. It is designed to provide a base level of remuneration which is appropriate for the position, reflecting the Executive's skills, experience, responsibilities and performance.

REMUNERATION REPORT (AUDITED) (continued)

Performance Linked Remuneration

Performance linked remuneration includes both short and long term incentives and is designed to provide an at risk reward in a manner which aligns this element of remuneration with the creation of shareholder value.

All Executives are eligible to receive both short and long term incentives.

Short Term Incentives

The Company has established a short term incentive (STI) plan to link executive remuneration to performance and the creation of shareholder value. Short term incentive payments are determined by the Remuneration Committee for submission to the Board of Directors for review and ultimate approval. The Remuneration Committee takes into account the performance of each executive along with overall Group performance, but does not apply a specific set of service and performance conditions. This approach is taken due to the inherent variability in the Group's operations and a pre-determined, prescriptive list of service and performance conditions would not appropriately fit the dynamic nature of the business.

As outlined below, the Company's short term incentive program is made up of two at risk components, a short term incentive bonus and employee options.

Short Term Incentive Bonus

Offers Executives with the opportunity to earn a cash payment generally not exceeding 10% of the individual's total fixed remuneration.

Employee Options

Options are issued pursuant to the Company's Employee Options and Share Rights Plan 2012 (EOSRP) and are generally issued with vesting periods requiring the recipient to complete a minimum period of employment with satisfactory performance before the options vest. Satisfactory performance is determined by the Board of Directors and is not based on a pre-agreed set of performance conditions. The Board will take into account the individual's performance with a focus on delivery against the key responsibilities outlined in that person's employment agreement and/or job description.

Long Term Incentives

Long term incentives (LTIs) are provided to Executives in the form of share performance rights issued pursuant to the Company's EOSRP. The Company's LTI plan is designed to provide its Executives with long term incentives which create a link between the delivery of value to shareholders, financial performance, and rewarding and retaining executives. Share performance rights are awarded annually and are designed to reward long term sustainable business performance measured by total shareholder return (TSR) over a three year period.

No amount is payable by the recipient on the grant or vesting of share performance rights. Share performance rights that do not vest will automatically lapse.

The quantum of share performance rights to be awarded to Executives is determined by the Remuneration Committee and generally does not exceed 60% of the total fixed remuneration for the Managing Director, 40% of total fixed remuneration for the Chief Financial Officer and 25% of total fixed remuneration of other Executives or any other employee deemed eligible by the Board.

REMUNERATION REPORT (AUDITED) (continued)

EXECUTIVE REMUNERATION FY 2015

The table below represents the total remuneration (both fixed and variable) paid to Executives of the Group during the 2015 financial year:

		Short-Term		Post Employment	Termination Payments	Shared-Based Payments	Total	Proportion of Remuneration Performance Related
		Salary & Fees $	Non-Monetary Benefits $	Superannuation $	$	Options & Rights[8] $	$	%
Executive Directors								
Scott Huffadine[1]	2015	350,000	4,287	18,783	-	(15,423)	357,647	11%
	2014	163,710	2,000	8,887	-	241,476	416,073	58%
Timothy Spencer[2]	2015	-	-	-	-	-	-	-
	2014	234,201	7,683	12,878	125,000	(14,244)	365,518	-
Other Executives								
Matthew Smith[3]	2015	260,000	719	18,783	-	19,264	298,766	6%
	2014	111,129	672	7,665	-	82,426	201,892	41%
Herryansjah[4]	2015	149,361	8,575	-	-	-	157,936	-
	2014	272,183	15,625	-	-	-	287,808	-
Yohanes Parapat[5]	2015	132,357	7,599	-	-	-	139,956	-
	2014	-	-	-	-	-	-	-
Ashley McAleese[6]	2015	286,773	111,892	-	-	28,109	426,774	7%
	2014	204,297	82,826	-	-	74,752	361,875	21%
Ron Clarke[7]	2015	-	-	-	-	-	-	-
	2014	35,761	(3,243)	1,034	66,812	78,336	178,700	44%
Total	**2015**	**1,178,491**	**133,072**	**37,566**	**-**	**31,950**	**1,381,079**	
Total	**2014**	**1,021,281**	**105,563**	**30,464**	**191,812**	**462,746**	**1,811,866**	

[1] Mr Huffadine was appointed on 13 January 2014 and was entitled to receive 3,000,000 options pursuant to his employment agreement. The options were not granted until shareholder approval was obtained at the Company's annual general meeting on 13 November 2014. As required by AASB 2 *Share-Based Payment*, the fair value of the options was revised at grant date (13 November 2014) and the difference between the share-based payments value at grant date and 30 June 2014 (estimate) was recognised during the year ended 30 June 2015.

[2] Mr Spencer resigned on 17 February 2014.

[3] Mr Smith was appointed on 28 January 2014.

[4] Mr Herryansjah ceased being a KMP on 1 January 2015 after being appointed to the role of PTNM President Commissioner on that date.

[5] Mr Parapat was appointed to the role of PTNM President Director on 1 January 2015.

[6] Mr McAleese was appointed on 16 September 2013.

[7] Mr Clarke resigned on 5 July 2013.

[8] Details of performance conditions for the options and share performance rights are outlined in the Executive Remuneration Framework section of the Remuneration Report. The amount included as remuneration relating to options and share performance rights is not related to or indicative of the benefit (if any) that the individual may ultimately realise. The fair value of these options and share performance rights as at their date of grant was determined in accordance with AASB 2 *Share-Based Payment* applying valuation models. Details of the assumptions underlying the valuations are set out in Note 23 to the Financial Statements.

REMUNERATION REPORT (AUDITED) (continued)

EXECUTIVE CONTRACTS

A summary of the key terms of each Executive contract in FY 2015 is set out below.

Scott Huffadine – Managing Director

- Three year term commencing 13 January 2014;
- Total fixed remuneration of $350,000 per annum plus statutory superannuation capped at the maximum contribution base;
- Income protection insurance policy;
- Life insurance policy; and
- Three months' notice of termination required by either party except in the event of summary dismissal.

Matthew Smith – Chief Financial Officer

- Three year term commencing 28 January 2014;
- Total fixed remuneration of $260,000 per annum plus statutory superannuation capped at the maximum contribution base;
- Life insurance policy; and
- Three months' notice of termination required by either party except in the event of summary dismissal.

Yohanes Parapat – President Director PTNM (commenced 1 January 2015)

- Appointed acting PTNM President Director from 1 January 2015 pending Indonesian Mines Department approval (obtained 28 May 2015);
- Two year term commencing 28 May 2015; and
- Total fixed remuneration of US$240,000 per annum plus Indonesian statutory entitlements.

Ashley McAleese – Operations Manager PTNM

- Two year term commencing 15 September 2013;
- Total fixed remuneration of US$240,000 per annum, housing allowance of US$48,000 per annum, education allowance of US$15,000 per child per annum;
- Life insurance policy and travel and medical insurance covering his family;
- Two months' notice of termination required by either party except in the event of summary dismissal; and
- On 30 June 2015 Mr McAleese's contract was extended for an additional 15 month period until 15 September 2016.

Herryansjah – President Director PTNM (ceased 1 January 2015)

- Employed as PTNM President Director up to 1 January 2015 under an Indonesian employment contract with no fixed term;
- Total fixed salary of US$250,000 per annum plus Indonesian statutory entitlements; and
- One month's notice of termination required by either party.

REMUNERATION REPORT (AUDITED) (continued)

Short Term Incentives

No bonus payments were made during the period.

No options were granted to any KMP during the year that related to the FY 2015 period.

Long Term Incentives

During the period, a total of 624,881 share performance rights (SPR) were issued to Executives.

The share performance rights issued during the period will not vest (and the underlying shares will not be issued) unless performance conditions have been satisfied. The performance condition attached to these rights will be measured by comparing the Company's TSR with that of a comparator group of companies from 1 July 2014 to 30 June 2017.

The comparator group of companies consists of a selected group of ASX listed companies focussed on gold exploration and/or production that have a market capitalisation of one third, to three times that of Kingsrose's market capitalisation.

In addition, the share performance rights will not vest if the Executive ceases to be an employee prior to vesting date.

The number of share performance rights that will vest is dependent upon the Company's percentile ranking within the comparator group on the relevant vesting date as follows:

Kingsrose TSR Rank	Percentage of Share Performance Rights that Vest
Below 50th percentile	Nil
At 50th percentile	50%
From 51st to 74th percentile	50% (plus an additional 2% for each percentile ranking above the 50th percentile)
75th percentile or higher	100%

Share Performance Rights Granted, Vested & Lapsed – Year ended 30 June 2015 (Consolidated)

			Terms and Conditions for each Grant						
	Type of Equity Instrument	Number Granted	Grant Date	Value at Grant Date	Exercise Price	Vesting Date	Expiry Date	No. Vested During the Year	No. Lapsed During the Year
Executives									
Scott Huffadine	SPR	417,914	13-Nov-14	$0.28	-	30-Jun-17	30-Jun-17	-	-
Matthew Smith	SPR	206,967	20-Nov-14	$0.28	-	30-Jun-17	30-Jun-17	-	-

Value of Share Performance Rights Granted, Exercised and Lapsed – Year ended 30 June 2015 (Consolidated)

	Type of Equity Instrument	Value of Equity Instruments Granted During the Year[1] $	Value of Equity Instruments Exercised During the Year $	Value of Equity Instruments Lapsed / Forfeited During the Year $	Remuneration Consisting of Equity Instruments During the Year %
Executives					
Scott Huffadine	SPR	38,898	-	-	11%
Matthew Smith	SPR	19,264	-	-	6%

[1] For details on the valuation of the option and share performance rights, including models and assumptions used, please refer to Note 23 to the Financial Statements.

REMUNERATION REPORT (AUDITED) (continued)

NON-EXECUTIVE DIRECTOR REMUNERATION

The Company's policy is to remunerate Non-Executive Directors at market rates (for comparable ASX listed companies) for their time, commitment and responsibilities. Fees paid to Non-Executive Directors are not linked to the performance of the Company, however, to align Directors' interests with shareholders' interest, Directors are encouraged to hold shares in the Company.

Fees paid to Non-Executive Directors cover all activities associated with their role on the Board and any sub-committees. The Company does not pay additional fees to Directors who are appointed to Board Committees or to the Boards of subsidiary or associated companies. However, Non-Executive Directors may be remunerated at market rates for additional work undertaken as required on behalf of the Group. They may also be reimbursed for reasonable out of pocket expenses incurred as a result of their Directorships.

Non-Executive Director's fees are determined within an aggregate limit, which currently sits at $300,000 per annum and was approved by shareholders at the annual general meeting of 1 November 2012. Fees paid to Non-Executive Directors are reviewed annually by the Remuneration Committee against fees paid by comparable peer companies and general market conditions.

		Short-Term			Post Employment	Share-Based Payments	Total	Proportion of Remuneration Performance Related
		Salary & Fees $	Non-Monetary Benefits $	Consulting Fees $	Superannuation $	Options & Rights[1] $	$	%
Non-Executive Directors								
John Morris	2015	150,000	-	-	14,250	-	164,250	-
	2014	150,000	-	-	13,875	-	163,875	-
J.William Phillips	2015	-	-	246,000	-	-	246,000	-
	2014	10,000	-	112,248	-	-	122,248	-
Andrew Spinks	2015	30,000	-	-	2,850	-	32,850	-
	2014	30,000	-	8,840	2,775	71,389	113,004	63%
Total	**2015**	**180,000**	**-**	**246,000**	**17,100**	**-**	**443,100**	
Total	**2014**	**190,000**	**-**	**121,088**	**16,650**	**71,389**	**399,127**	

[1] Details of performance conditions for the options and share performance rights are outlined in the Executive Remuneration Framework section of the Remuneration Report. The amount included as remuneration relating to options and share performance rights is not related to or indicative of the benefit (if any) that the individual may ultimately realise. The fair value of these options and share performance rights as at their date of grant was determined in accordance with AASB 2 *Share-Based Payment* applying valuation models. Details of the assumptions underlying the valuations are set out in Note 23 to the Financial Statements.

REMUNERATION REPORT (AUDITED) (continued)

EQUITY INSTRUMENTS HELD BY KMP

Ordinary Shares

The number of ordinary shares in the Company held during the year by each Director of the Company and any other KMP of the Group, including their personally related entities, are as follows:

	Balance at 1 July 2014	Granted as Remuneration	On Exercise of Options /Share Performance Rights	Net Change Other[1]	Balance at 30 June 2015
Executive Director					
Scott Huffadine	58,880	-	-	-	58,880
Non-Executive Directors					
John Morris	7,600,000	-	-	-	7,600,000
J.William Phillips	16,150,000	-	-	6,018,508	22,168,508
Andrew Spinks	-	-	-	-	-
Other KMP					
Matthew Smith	-	-	-	25,000	25,000
Herryansjah	-	-	-	-	-
Yohanes Parapat	-	-	-	-	-
Ashley McAleese	-	-	-	-	-
Total	**23,808,880**	**-**	**-**	**6,043,508**	**29,852,388**

[1] Represents change by virtue of shares acquired via an on-market or off-market transactions.

Options

The number of options over ordinary shares in the Company held during the year by each Director of the Company and any other KMP of the Group, including their personally related entities, are as follows:

	Balance at 1 July 2014	Granted as Remuneration	Options Exercised	Net Change Other	Balance at 30 June 2015	Not Vested and Not Exercisable	Vested and Exercisable
Executive Director							
Scott Huffadine	3,000,000	-	-	-	3,000,000	-	3,000,000
Non-Executive Directors							
John Morris	-	-	-	-	-	-	-
J. William Philips	-	-	-	-	-	-	-
Andrew Spinks	1,000,000	-	-	-	1,000,000	-	1,000,000
Other KMP							
Matthew Smith	1,500,000	-	-	-	1,500,000	-	1,500,000
Herryansjah	-	-	-	-	-	-	-
Yohanes Parapat	-	-	-	500,000[1]	500,000	-	500,000
Ashley McAleese	1,000,000	-	-	-	1,000,000	-	1,000,000
Total	**6,500,000**	**-**	**-**	**500,000**	**7,000,000**	**-**	**7,000,000**

[1] Represents amount held at date of appointment as PTNM President Director.

REMUNERATION REPORT (AUDITED) (continued)

Share Performance Rights

The number of share performance rights in the Company held during the year by each Director of the Company and any other KMP of the Group, including their personally related entities, are as follows:

	Balance at 1 July 2014	Granted as Remuneration	Rights Exercised	Rights Cancelled	Balance at 30 June 2015	Not Vested	Vested
Executive Director							
Scott Huffadine	-	417,914	-	-	417,914	417,914	-
Non-Executive Directors							
John Morris	-	-	-	-	-	-	-
J. William Phillips	-	-	-	-	-	-	-
Andrew Spinks	-	-	-	-	-	-	-
Other KMP							
Matthew Smith	-	206,967	-	-	206,967	206,967	-
Herryansjah	-	-	-	-	-	-	-
Yohanes Parapat	-	-	-	-	-	-	-
Ashley McAleese	-	-	-	-	-	-	-
Total	**-**	**624,881**	**-**	**-**	**624,881**	**624,881**	**-**

Shares Issued on Exercise of Options and Share Performance Rights – Year ended 30 June 2015

There were no shares issued to any KMP upon exercise of options and share performance rights during the year.

LOANS TO KEY MANAGEMENT PERSONNEL

	Balance at 1 July 2014 $	Addition $	Net Change Other $	Balance at 30 June 2015 $	Number of KMP in Group	Interest Received & Receivable for the Year $	Interest Not Charged $	Highest Indebtedness during the Year $
Total	**1,592,357**	**2,403,846**	**(3,996,203)**	**-**	**1**	**61,987**	**-**	**3,996,203**

On 30 December 2013 and 24 December 2014, loans of US$1,500,000 and US$1,950,000 were extended to Mr Herryansjah. The funds were used to subscribe for new shares in PTNM in order for Mr Herryansjah to retain his 15% interest pursuant to the governing Shareholder Agreement.

The loans are unsecured and have no fixed repayment schedule. The loans are to be repaid by Mr Herryansjah via the Company's retention of 80% of his entitlement to PTNM dividends until the loans are repaid in full. Interest on the loan is charged at LIBOR plus 5% per annum. Interest not paid on due date is capitalised and bears interest at the same rate as the loans.

Mr Herryansjah ceased being a KMP on 1 January 2015 and the loans outstanding were no longer classified as loans to KMP from that date.

REMUNERATION REPORT (AUDITED) (continued)

OTHER TRANSACTIONS AND BALANCES WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

Loans from Key Management Personnel including their Personally Related Entities

All loans from key management personnel, including their personally related entities, are secured and interest-bearing.

Beaurama Pty Ltd

On 30 April 2013, a $5,000,000 financing facility with Beaurama Pty Ltd, an entity controlled by non-executive Director Mr Phillips, was fully drawn down. During the year, the repayment profile of the loan was extended and the key terms at balance date are as follows:

	2015	2014
Interest rate	10.5% per annum, payable monthly in arrears	10.5% per annum, payable quarterly in arrears
Repayment	From July 2015 to February 2017 in twenty instalments of $250,000 each. The Company can elect to repay any outstanding funds early.	From July 2014 to October 2014 in three instalments of $1,000,000 each and final instalment of $2,000,000. The Company can elect to repay any outstanding funds early.
Security	First ranking security with Great Golden Investment Limited and Michael John Andrews over all the issued shares in the Company's Australian subsidiaries that hold the (85%) ownership of the Way Linggo Project.	Equal first ranking security with Advance Concept Holdings Limited over all the issued shares in the Company's Australian subsidiaries that hold the (85%) ownership of the Way Linggo Project.

Advance Concept Holdings Limited

On 29 October 2012, a loan of US$5,000,000 was made to the Company through Advance Concept Holdings Limited ("ACH"), an entity of which non-executive Director Mr Phillips is a director and in which he has a beneficial interest. During the year, the repayment profile of the loan was extended prior to the facility being assigned equally to Great Golden Investment Limited (an entity controlled by Mr Phillips) and Michael John Andrews (a third party).

The key terms at balance date are as follows:

	2015	2014
Interest rate		10% plus 1-month LIBOR plus withholding tax per annum, payable quarterly in arrears
Repayment	Loan assigned equally to Great Golden Investment Limited and Michael John Andrews.	From end-July 2014 to end-October 2014 in three instalments of US$1,000,000 each and final instalment of US$2,000,000. The Company can elect to repay any outstanding funds early.
Security		Equal first ranking security with Beaurama Pty Ltd over all the issued shares in the Company's Australian subsidiaries that hold the (85%) ownership of the Way Linggo Project.

REMUNERATION REPORT (AUDITED) (continued)

Loans from Key Management Personnel including their Personally Related Entities (continued)

Great Golden Investment Limited

On 30 January 2015, ACH assigned US$2,500,000 to Great Golden Investment Limited, an entity controlled by non-executive Director Mr Phillips. The key terms at balance date are as follows:

	2015	2014
Interest rate	10% plus 1-month LIBOR plus withholding tax per annum, payable monthly in arrears	Not applicable
Repayment	From July 2015 to February 2017 in twenty instalments of US$125,000 each. The Company can elect to repay any outstanding funds early.	
Security	First ranking security with Beaurama Pty Ltd and Michael John Andrews over all the issued shares in the Company's Australian subsidiaries that hold the (85%) ownership of the Way Linggo Project.	

Consulting Services

The Company paid $246,000 during the year for consulting fees to Philquest Holding Corporation (an entity associated with Mr Phillips) for professional services provided to the Group outside his normal Board duties.

The fees were paid at a fixed rate of $20,500 per month in accordance with the Consultancy Agreement entered into on 29 October 2013. At 30 June 2015, $20,500 was owing to Philquest Holding Corporation.

Amounts Recognised at Reporting Date

The amounts recognised at the reporting date in relation to other transactions with key management personnel and their personally related parties are:

	2015 $
Liabilities	
Current Liabilities	5,047,058
Non-Current Liabilities	3,302,083
Total Liabilities	**8,349,141**
Expenses	
Administrative Expenses	246,000
Finance Costs	1,062,542
Total Expenses	**1,308,542**

End of Remuneration Report.

AUDITOR'S INDEPENDENT DECLARATION AND NON-AUDIT SERVICES

The auditor's independent declaration for the year ended 30 June 2015 is on page 28. This declaration forms part of the Directors' Report.

NON-AUDIT SERVICES

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Details of amounts paid or payable to the auditor for non-audit services provided during the year are detailed in Note 27 of the financial statements.

The report is signed for and on behalf of the Directors in accordance with a resolution of the Directors.

Scott Huffadine
Managing Director
17 September 2015

Ernst & Young
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Perth WA 6000 Australia
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Auditor's independence declaration to the Directors of Kingsrose Mining Limited

In relation to our audit of the financial report of Kingsrose Mining Limited for the year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

D S Lewsen
Partner
17 September 2015

	Note	2015 $	2014 $
Continuing operations			
Sale of goods	4(a)	**33,198,589**	3,815,074
Other revenue	4(a)	**259,217**	160,483
Total revenue		**33,457,806**	3,975,557
Cost of sales	4(b)	**(24,864,348)**	(7,833,292)
Gross profit/(loss)		**8,593,458**	(3,857,735)
Other income	4(c)	**13,675,042**	29,836
Administration expenses	4(d)	**(4,318,224)**	(5,065,517)
Other expenses	4(e)	**(481,874)**	(24,694,792)
Finance costs	4(f)	**(1,338,480)**	(1,122,890)
Profit/(Loss) from continuing operations before income tax		**16,129,922**	(34,711,098)
Income tax (expense)/benefit	5(a)	**(5,644,415)**	10,531,321
Net profit/(loss) for the year		**10,485,507**	(24,179,777)
Profit/(Loss) for the year is attributable to:			
Owners of the parent		**8,910,906**	(20,591,955)
Non-controlling interest		**1,574,601**	(3,587,822)
		10,485,507	(24,179,777)
Earnings/(Loss) per share attributable to the ordinary equity holders of the parent:		**Cents**	Cents
Basic earnings/(loss) per share – cents per share	6	**2.48**	(6.21)
Diluted earnings/(loss) per share – cents per share	6	**2.48**	(6.21)

The above income statement should be read in conjunction with the accompanying notes.

	2015	2014
	$	$
Net profit/(loss) for the year	**10,485,507**	(24,179,777)
Other comprehensive income/(loss)		
Items that may be reclassified to profit and loss in subsequent periods		
Foreign currency translations	**1,980,446**	319,623
Income tax effect	**-**	-
	1,980,446	319,623
Items that may not be reclassified to profit and loss in subsequent periods		
Foreign currency translations	**511,660**	44,461
Actuarial gains on defined benefits obligation	**110,568**	98,143
Income tax effect	**(38,699)**	(34,350)
	583,529	108,254
Other comprehensive income/(loss) for the year, net of tax	**2,563,975**	427,877
Total comprehensive income/(loss) for the year	**13,049,482**	(23,751,900)
Total comprehensive income/(loss) for the year is attributable to :		
Owners of the parent	**10,952,441**	(20,218,108)
Non-controlling interest	**2,097,041**	(3,533,792)
	13,049,482	(23,751,900)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

	Note	2015 $	2014 $
Current Assets			
Cash and cash equivalents	8	**9,517,239**	6,661,056
Trade and other receivables	9	**1,554,570**	473,012
Inventories	10	**5,756,434**	3,109,497
Income tax receivable	5(d)	**206,815**	2,884,095
Other		**217,670**	160,794
Total Current Assets		**17,252,728**	13,288,454
Non-Current Assets			
Trade and other receivables	9	**8,821,445**	4,910,818
Plant and equipment	11	**8,977,426**	8,129,196
Mine properties and development	12	**33,253,142**	26,247,795
Exploration and evaluation assets	13	**27,873,561**	21,635,399
Deferred tax assets	5(e)	**9,423,367**	12,246,107
Total Non-Current Assets		**88,348,941**	73,169,315
TOTAL ASSETS		**105,601,669**	86,457,769
Current Liabilities			
Trade and other payables	14	**5,145,476**	2,788,131
Interest-bearing liabilities	15	**7,427,242**	10,885,179
Income tax payable	5(d)	**-**	177,068
Provisions	16	**309,796**	350,042
Total Current Liabilities		**12,882,514**	14,200,420
Non-Current Liabilities			
Interest-bearing liabilities	15	**4,821,465**	259,665
Provisions	16	**1,670,038**	1,291,560
Deferred tax liabilities	5(e)	**27,915**	-
Total Non-Current Liabilities		**6,519,418**	1,551,225
TOTAL LIABILITIES		**19,401,932**	15,751,645
NET ASSETS		**86,199,737**	70,706,124
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	17	**84,867,375**	84,867,375
Reserves	18	**5,411,732**	3,391,001
Accumulated losses		**(9,615,124)**	(18,587,119)
		80,663,983	69,671,257
Non-controlling interest	19(b)	**5,535,754**	1,034,867
TOTAL EQUITY		**86,199,737**	70,706,124

The above statement of financial position should be read in conjunction with the accompanying notes.

	Note	2015 $	2014 $
Cash flows from operating activities			
Receipts from customers		**33,198,589**	3,757,913
Payment to suppliers and employees		**(24,787,240)**	(13,467,123)
VAT refund received		**327,583**	1,656,338
Interest received		**68,742**	109,741
Interest and other finance costs paid		**(1,436,927)**	(1,008,489)
Income tax refund received		**2,379,352**	2,959,426
Net cash flows from/(used in) operating activities	21(a)	**9,750,099**	(5,992,194)
Cash flows from investing activities			
Payments for plant and equipment		**(874,277)**	(377,213)
Proceeds from sale of plant and equipment		**3,630**	17,673
Payment for mine properties and development		**(4,423,572)**	(7,429,660)
Payment for exploration and evaluation expenditure		**(1,226,371)**	(1,788,114)
Buyback of third party's royalty entitlement		**-**	(134,466)
Net cash flows used in investing activities		**(6,520,590)**	(9,711,780)
Cash flows from financing activities			
Proceeds from issue of shares		**-**	23,328,068
Share issue costs		**-**	(1,230,225)
Repayment of hire purchase		**(808,751)**	(716,683)
Loan to KMP/non-controlling interest		**(2,403,846)**	(1,676,352)
Equity contribution from KMP/non-controlling interest to the share capital of subsidiary		**2,403,846**	1,679,543
Net cash flows (used in)/from financing activities		**(808,751)**	21,384,351
Net increase in cash and cash equivalents		**2,420,758**	5,680,377
Cash and cash equivalents at beginning of the year		**6,661,056**	1,307,739
Effects of exchange rate changes on cash and cash equivalents held		**435,425**	(327,060)
Cash and cash equivalents at end of the year	8	**9,517,239**	6,661,056

The above statement of cash flows should be read in conjunction with the accompanying notes.

	Note	Issued Capital	Share-Based Payments Reserve	General Reserve	Foreign Currency Translation Reserve	Retained Earnings / (Accumulated Losses)	Subtotal	Non-Controlling Interest	Total
	Equity attributable to Equity Holders of the Parent								
At 1 July 2013		**62,769,532**	**6,691,155**	**83,407**	**(4,628,052)**	**1,950,612**	**66,866,654**	**2,986,547**	**69,853,201**
Net loss for the year		-	-	-	-	(20,591,955)	(20,591,955)	(3,587,822)	(24,179,777)
Other comprehensive income for the year		-	-	-	319,623	54,224	373,847	54,030	427,877
Total comprehensive income/(loss) for the year		-	-	-	319,623	(20,537,731)	(20,218,108)	(3,533,792)	(23,751,900)
Transactions with owners in their capacity as owners:									
Proceeds issue of shares		23,328,068	-	-	-	-	23,328,068	-	23,328,068
Share issue costs		(1,230,225)	-	-	-	-	(1,230,225)	-	(1,230,225)
Share-based payments		-	924,868	-	-	-	924,868	-	924,868
Contribution from non-controlling interest to the increase in share capital of subsidiary		-	-	-	-	-	-	1,582,112	1,582,112
At 30 June 2014		**84,867,375**	**7,616,023**	**83,407**	**(4,308,429)**	**(18,587,119)**	**69,671,257**	**1,034,867**	**70,706,124**
Net profit for the year		-	-	-	-	8,910,906	8,910,906	1,574,601	10,485,507
Other comprehensive income for the year		-	-	-	1,980,446	61,089	2,041,535	522,440	2,563,975
Total comprehensive income/(loss) for the year		-	-	-	1,980,446	8,971,995	10,952,441	2,097,041	13,049,482
Transactions with owners in their capacity as owners:									
Share-based payments		-	40,285	-	-	-	40,285	-	40,285
Contribution from non-controlling interest to the increase in share capital of subsidiary		-	-	-	-	-	-	2,403,846	2,403,846
At 30 June 2015		**84,867,375**	**7,656,308**	**83,407**	**(2,327,983)**	**(9,615,124)**	**80,663,983**	**5,535,754**	**86,199,737**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

The financial report of Kingsrose Mining Limited ("Kingsrose" or the "Company") and its controlled entities (the "Group") for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the Directors on 17 September 2015.

Kingsrose (the "Parent") is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. Kingsrose is the ultimate holding company.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

The address of the registered office of the Company is Suite 9, Level 2, 12-14 Thelma Street, West Perth, WA 6005.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on a historical cost basis and is presented in Australian dollars.

For the purpose of preparing the financial report, the Company is a for-profit entity.

(a) Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(b) New accounting standards and interpretations

(i) Changes in accounting policies and disclosures

Since 1 July 2014, the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2014. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group.

- AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities*
- AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*
- AASB 1031 *Materiality*
- AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*
- AASB 2014-1 *Amendments to Australian Accounting Standards – Part A Annual Improvements 2010-2012 Cycle*
- AASB 2014-1 *Amendments to Australian Accounting Standards – Part A Annual Improvements 2011-2013 Cycle*
- AASB 2014-1 *Amendments to Australian Accounting Standards – Part B Defined Benefit Plans: Employee Contributions*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) New accounting standards and interpretations (continued)

(ii) Accounting standards and interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued and amended but are not yet effective have not been adopted for the annual reporting period ended 30 June 2015. These are outlined in the following table.

Reference	Title	Summary	Application date of standard	Application date for Group	Impact on Group financial report
AASB 9	Financial Instruments	A finalised version of AASB 9 which contains accounting requirements for financial instruments, replacing AASB 139 *Financial Instruments: Recognition and Measurement*. The Standard contains requirements in the areas of classification and measurement, impairment, hedge accounting and derecognition.	1 January 2018	1 July 2018	The impact on adoption of this Standard has not been fully assessed by the Group.
AASB 15	Revenue from Contracts with Customers	AASB 15 provides a single, principles based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The International Accounting Standards Board (IASB) in its July 2015 meeting confirmed its proposal to defer the effective date of IFRS 15 (the international equivalent of AASB 15) from 1 January 2017 to 1 January 2018. The amendment to give effect to the new effective date for IFRS 15 is expected to be issued in September 2015. At this time, it is expected that the AASB will make a corresponding amendment to AASB 15, which will mean that the application date of this standard for the Group will move from 1 July 2017 to 1 July 2018.	1 January 2017	1 July 2017	The impact on adoption of this Standard has not been fully assessed by the Group.
AASB 2014-4	Amendments to AASB 116 and AASB 138 - Clarification of Acceptable Methods of Depreciation and Amortisation	This Standard clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.	1 January 2016	1 July 2016	The impact on adoption of this Standard has not been fully assessed by the Group.
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	This Standard provides clarification amendments to AASB 5, AASB 7, AASB 119 and AASB 134.	1 January 2016	1 July 2016	The impact on adoption of this Standard has not been fully assessed by the Group.
AASB 2015-2	Amendments to Australian Accounting Standards –	This Standard makes amendments to AASB 101 *Presentation of Financial Statements* to further encourage companies to apply professional judgement in determining what information to	1 January 2016	1 July 2016	The impact on adoption of this Standard has not been fully

Reference	Title	Summary	Application date of standard	Application date for Group	Impact on Group financial report
	Disclosure Initiative: Amendments to AASB 101	disclose in the financial statements. The amendments also clarify that companies should use professional judgement in determining where and in what order information is presented in the financial statement.			assessed by the Group.

Apart from the above, other accounting standards, amendments and interpretations that will be applicable in future periods have been considered; however their impact is considered insignificant to the Group.

(c) Principles of consolidation

The consolidated financial statements comprise the financial statements of Kingsrose and its controlled entities, referred to collectively throughout these financial statements as the "Group".

Controlled entities are consolidated from the date on which control commences until the date that control ceases.

The financial statements of the controlled entities are prepared for the same reporting period as the parent company using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The balances and effects of transactions between controlled entities included in the consolidated financial statements have been fully eliminated.

Non-controlling interests are allocated their share of net profit or loss after tax in the income statement and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

Losses are attributed to the non-controlling interests even if that results in a deficit balance.

(d) Foreign currency translation

(i) Functional and presentation currency

Both the functional and presentation currency of Kingsrose and its controlled entities are Australian dollars ($) other than its Indonesian subsidiary. The Indonesian subsidiary's functional currency is United States dollars which is translated to the presentation currency (see (iii) below).

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the prevailing exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the prevailing exchange rate at the reporting date. All exchange differences in the consolidated financial statements are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(iii) Translation of Group Companies' functional currency to presentation currency

The results of the Indonesian subsidiary are translated into Australian dollars (presentation currency) as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at reporting date.

Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Foreign currency translation (continued)

On consolidation, exchange differences arising from the translation of the net investment in the Indonesian subsidiary and of the borrowings that form part of the net investment in the Indonesian subsidiary are taken to the foreign currency translation reserve. If the Indonesian subsidiary was sold, the exchange differences would be transferred out of equity and recognised in the income statement.

(e) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership in the product have passed to the buyer and can be reliably measured.

Interest revenue
Revenue is recognised as interest accrues using the effective interest method.

(f) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(g) Trade and other receivables

Trade receivables from gold and silver sales are recorded at fair value of the sales proceeds and are to be settled within four trading days from date of invoice.

Other receivables are recorded at original invoiced amount less an allowance for impairment.

An impairment provision is recognised when there is evidence that the Group will not be able to collect all amounts due according to the original term of receivables. Financial difficulties of the debtor or default payments are considered objective evidence of impairment. Bad debts are written off when identified.

(h) Inventories

Inventories comprising gold dore, bullion, gold in circuit and stockpiles of unprocessed ore, are valued at the lower of weighted average cost and net realisable value. Silver obtained as a result of the production process to extract gold is not carried as inventory as it is treated as a by-product.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to gold bullion, gold in circuit and items of inventory on the basis of weighted average costs.

Inventories of consumable supplies and spare parts expected to be used in production are valued at the lower of weighted average cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Derivative financial instruments

Derivative financial instruments may be used by the Group to manage exposures to exchange rates and the Group does not apply hedge accounting. Derivatives are stated at fair value on the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting date. Changes in fair value are recognised immediately as income or expense in the income statement.

Classification

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, and financial assets held for trading.

(j) Investments and other financial assets

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Subsequent measurement

(i) Financial assets classified as held for trading

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired or originated. Designation is re-evaluated at each reporting date, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on financial assets held for trading are recognised in profit or loss and the related assets are classified as current assets in the statement of financial position.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

(iii) Fair value

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active or there are no quoted prices for the instrument, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

(iv) Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in the income statement as incurred.

The cost of property, plant and equipment constructed by the Group includes the costs of all materials used in construction, direct labour and an allocation of overheads.

Items of property, plant and equipment are depreciated as outlined below:

- Processing plant: unit of production based on economically recoverable Mineral Resource.
- Other plant and equipment: straight line or diminishing value method at a rate of 20% to 33% per annum, depending on the item of property, plant and equipment.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and available for use.

The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

Impairment

Property, plant and equipment are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Where a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of 'value-in-use' (being the net present value of expected cash flows of the relevant cash generating unit) and 'fair value less costs to sell'.

In determining value-in-use, future cash flows are based on:

- A mine plan based on estimates of the quantities of Ore Reserves and/or Mineral Resources for which there is a high degree of confidence of economic extraction;
- Future production levels;
- Future commodity prices; and
- Future cash costs of production.

(l) Mine properties and development

Mine properties and development represent the acquisition costs and/or accumulation of exploration, evaluation and development expenditure in respect of areas of interest in which mining has commenced. When further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of mine properties and development only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Mine properties and development (continued)

Amortisation is provided on a production output basis, proportional to the depletion of the Mineral Resource expected to be ultimately economically recoverable.

Impairment

The carrying value of capitalised mine development expenditure is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

The recoverable amount of capitalised mine development expenditure is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

(m) Exploration and evaluation assets

Exploration and evaluation expenditure is carried forward as an asset where:

(i) such costs are expected to be recouped through successful development and exploration of the area of interest or, by its sale; or
(ii) exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable Ore Reserves, Mineral Resources and active operations in relation to the area are continued.

Accumulated costs in relation to an abandoned area are written off in full in the year in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then exploration and evaluation expenditure and any subsequent expenditure within the area of interest are capitalised as mine properties and development.

(n) Impairment of assets

The Group reviews the carrying value of its assets for impairment where indicators of impairment exist. An impairment loss is recognised of the amount in which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash flows from other assets or groups of assets (cash-generating units).

(o) Trade and other payables

Trade and other payables are carried at amortised cost. Due to their short term nature, they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 14-30 days of recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Interest-bearing liabilities

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

Borrowing costs

Borrowing costs are recognised as an expense when incurred, except where the borrowing costs incurred are directly associated with the construction, purchase or acquisition of a qualifying asset, in which case the borrowing costs are capitalised as part of the cost of the asset.

(q) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, long service leave and other long-term service benefits.

Short-term benefits

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

Long-term benefits

The long-term employee benefits within the Group relate to liabilities for long service leave of Kingsrose employees and termination benefits for PTNM employees.

The liability for long service leave is recognised and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. The obligation is calculated using expected future increases in wage and salary rates, experience of employee departures and period of service. Expected future payments are discounted using the market yields at the reporting date on national corporate bonds which have maturity dates approximating the terms of the Company's obligations.

The termination benefits are unfunded. The liability for termination benefits recognised is the present value of the defined benefit obligation at the reporting date. The obligation is calculated by independent actuaries using the projected unit credit method and independent assumptions. The present value of the obligations is determined by discounting the estimated future obligation. Actuarial gains and losses arising from the changes in actuarial estimates are recognised immediately in other comprehensive income. Past service costs arising from the introduction of the defined benefit plan or changes in the benefits payable of an existing plan are recognised immediately in the income statement if the benefits have vested immediately following the introduction of, or changes to, the defined benefit plan.

Defined contribution superannuation plan

Contributions to defined contribution superannuation plans are expensed when incurred.

Share-based payments

The Company provides benefits to its employees (including KMP and eligible employees of the Group) in the form of share-based payments via the Kingsrose Mining Limited Employee Options and Share Rights Plan 2012 ("EOSRP"), whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Employee benefits (continued)

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined using a Binomial based model and the fair value of share performance rights is determined using a Monte Carlo simulation model, further details of which are provided in Note 23. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions) if applicable.

The cost of equity-settled transactions with non-employees is measured by reference to the fair value of the goods and services received unless this cannot be reliably measured, in which case these are measured at the fair value of the equity instruments granted.

At each reporting date, the Group revises its estimate of the number of equity-settled transactions that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

(r) Leases

Finance leases, which transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the facility.

(s) Income tax and other taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Income tax and other taxes (continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST/VAT except when the GST/VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST/VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST/VAT recoverable from, or payable to, the taxation authority.

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Provisions (continued)

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(u) Provisions for decommissioning and restoration costs

The Group is required to decommission and rehabilitate mines at the end of their producing lives to a condition acceptable to the relevant authorities.

The expected cost of any approved decommissioning and rehabilitation program, discounted to its present value, is provided when the related environmental disturbance occurs. The cost is capitalised when it gives rise to future benefits, whether the rehabilitation activity is expected to occur over the life the operation or at the time of closure. The capitalised cost is amortised over the life of the operation and the increase in the net present value of the provision for the expected cost is included in financing expenses over the life of the mine. Expected decommissioning and rehabilitation costs are based on the discounted value of the estimated future cost of detailed plans prepared for each site. Where there is a change in the expected decommissioning and restoration costs, the value of the provision and any related assets are adjusted and the effect is recognised in the income statement on a prospective basis over the remaining life of the operation.

(v) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares, options or share performance rights are shown in equity as a deduction, net of tax, from the proceeds.

(w) Earnings/(loss) per share

Basic earnings/(loss) per share is calculated as net profit/(loss) attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings/(loss) per share is calculated as net profit/(loss) attributable to members of the parent, adjusted for:

- Costs of servicing equity (other than dividends);
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and

Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(x) Operating segments

The Group identifies its operating segments based on the internal reports that are reviewed and used by the Board of Directors and executive management team (chief operating decision makers) in assessing performance and determining the allocation of resources.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Impairment of assets

The recoverable amount of a Cash Generating Unit ("CGU") is determined as the higher of value in use and fair value less costs of disposal.

The future recoverability of the CGU is dependent on a number of factors, including the level of measured, indicated and inferred Mineral Resources, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

Given the nature of the Group mining activities, future changes in long term assumptions upon which these estimates are based, may give rise to material adjustments to the carrying value of the CGU.

To the extent that the carrying value of the CGU is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

(ii) Provisions for decommissioning and restoration costs

Decommissioning and restoration costs are a normal consequence of mining and the majority of this expenditure is incurred at the end of a mine's life. In determining an appropriate level of provision, consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the mine), and the estimated future level of inflation.

The ultimate cost of decommissioning and restoration is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in reserves or to production rates.

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

(iii) Share-based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options and share performance rights is determined by using a Binomial and Monte Carlo simulation models respectively, with the assumptions detailed in Note 23. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

(z) Discontinued operations

A discontinued operation is a component of the entity that has been disposed of or classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement and the assets and liabilities are presented separately on the face of the statement of financial position.

(aa) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year's disclosures.

3. OPERATING SEGMENTS

Identification of reportable segments

- The Group has identified its operating segments based on internal reports that are reviewed and used by the Board and executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.
- The Group has identified that its operating segments are best presented by commodity as the Group's risk and rate of return are affected predominantly by the end product, namely gold and silver. PT Natarang Mining (PTNM), operator of the Way Linggo Project, is the primary entity that produces gold and silver.
- Discrete financial information about each of these operating segments is reported to the Board and executive management team on a monthly basis.

Types of products

- The Group produces gold and silver dore at its Way Linggo Project in Indonesia, which is refined locally in Indonesia to produce gold and silver granules.

Accounting policies

- The accounting policies used by the Group in reporting segments internally are the same as those contained in Note 2 to the financial statements.
- Segment profit/(loss) include foreign exchange movements on intercompany loans and external finance costs that relate directly to segment operations.
- Unallocated corporate costs are non-segmented expenses such as head office expenses and finance costs that do not relate directly to segment operations.
- Income tax expense is calculated based on the segment operating net profit/(loss).

Major customers

- Major customers to which the Group provides goods that are more than 10% of external revenue are as follows:

	2015		**2014**	
	Revenue	**% of External Revenue**	Revenue	% of External Revenue
	$	**%**	$	%
Customer A	**33,198,589**	**100**	3,815,074	100

3. OPERATING SEGMENTS (continued)

	Year ended 30 June 2015				Year ended 30 June 2014			
	Gold & Silver	**Total Segment**	**Unallocated Items**	**Total**	Gold & Silver	Total Segment	Unallocated Items	Total
	$	**$**	**$**	**$**	$	$	$	$
Revenue								
External sales – gold (a)	**32,096,040**	**32,096,040**	**-**	**32,096,040**	3,418,968	3,418,968	-	3,418,968
External sales – silver (a)	**1,102,549**	**1,102,549**	**-**	**1,102,549**	396,106	396,106	-	396,106
Total segment revenue	**33,198,589**	**33,198,589**	**-**	**33,198,589**	3,815,074	3,815,074	-	3,815,074
Interest revenue	**-**	**-**	**259,217**	**259,217**	-	-	160,483	160,483
Total revenue	**33,198,589**	**33,198,589**	**259,217**	**33,457,806**	3,818,074	3,815,074	160,483	3,975,557
Segment profit/(loss) before income tax	**20,349,324**	**20,349,324**	**-**	**20,349,324**	(29,534,921)	(29,534,921)	-	(29,534,921)
Interest revenue	**-**	**-**	**259,217**	**259,217**	-	-	160,483	160,483
Corporate costs	**-**	**-**	**(3,243,343)**	**(3,243,343)**	-	-	(4,298,806)	(4,298,806)
Finance costs	**-**	**-**	**(1,235,276)**	**(1,235,276)**	-	-	(1,037,854)	(1,037,854)
Profit/(loss) before income tax	**20,349,324**	**20,349,324**	**(4,219,402)**	**16,129,922**	(29,534,921)	(29,534,921)	(5,176,177)	(34,711,098)
Income tax (expense)/benefit	**(4,820,936)**	**(4,820,936)**	**(823,479)**	**(5,644,415)**	11,102,860	11,102,860	(571,539)	10,531,321
Net profit/(loss) for the year	**15,528,388**	**15,528,388**	**(5,042,881)**	**10,485,507**	(18,432,061)	(18,432,061)	(5,747,716)	(24,179,777)
Depreciation and amortisation	**5,006,208**	**5,006,208**	**29,909**	**5,036,117**	2,016,235	2,016,235	22,511	2,038,746
Write-down of plant and equipment	**-**	**-**	**-**	**-**	119,671	119,671	-	119,671
Write-down of mine properties and development	**-**	**-**	**-**	**-**	19,840,862	19,840,862	-	19,840,862

(a) Revenue from external customers by geographical locations is detailed below. Revenue is attributed to geographic location based on the location of customers.

	2015	2014
	$	$
Australia	**33,198,589**	3,815,074
Total external sales revenue	**33,198,589**	3,815,074

3. OPERATING SEGMENTS (continued)

	As at 30 June 2015			As at 30 June 2014		
	Gold & Silver	Unallocated Items	Total	Gold & Silver	Unallocated Items	Total
	$	$	$	$	$	
Segment operating assets	**91,207,552**	**-**	**91,207,552**	68,285,962	-	68,285,962
Unallocated assets	**-**	**4,970,750**	**4,970,750**	-	5,925,700	5,925,700
Deferred tax assets	**9,423,367**	**-**	**9,423,367**	11,985,823	260,284	12,246,107
Total assets	**100,630,919**	**4,970,750**	**105,601,669**	80,271,785	6,185,984	86,457,769
Mine development, exploration and capital expenditure	**6,977,934**	**65,137**	**7,043,071**	9,306,167	10,394	9,316,561
Segment operating liabilities	**(7,356,951)**	**-**	**(7,356,951)**	(4,663,897)	-	(4,663,897)
Unallocated liabilities	**-**	**(12,017,066)**	**(12,017,066)**	-	(11,087,748)	(11,087,748)
Deferred tax liabilities	**-**	**(27,915)**	**(27,915)**	-	-	-
Total liabilities	**(7,356,951)**	**(12,044,981)**	**(19,401,932)**	(4,663,897)	(11,087,748)	(15,751,645)

The analysis of location of non-current assets is as follows:

	2015	2014
	$	$
Australia	**63,034**	288,662
Indonesia	**88,285,907**	72,880,653
Total non-current assets	**88,348,941**	73,169,315

4. REVENUE AND EXPENSES

		2015	2014
		$	$
(a)	**Revenue**		
	Sale of goods		
	Gold	**32,096,040**	3,418,968
	Silver	**1,102,549**	396,106
		33,198,589	3,815,074
	Other revenue		
	Interest	**259,217**	160,483
	Total revenue	**33,457,806**	3,975,557
(b)	**Cost of sales**		
	Mine production costs	**20,620,457**	5,702,391
	Royalties	**663,974**	75,997
	Depreciation	**1,892,802**	1,685,175
	Amortisation	**3,105,341**	161,426
	Inventory movements	**(1,418,226)**	208,303
	Total cost of sales	**24,864,348**	7,833,292
(c)	**Other income**		
	Gain on disposal of plant and equipment	**3,059**	16,221
	Net gain on foreign exchange	**13,671,983**	-
	Sundry income	**-**	13,615
	Total other income	**13,675,042**	29,836
(d)	**Administration expenses**		
	Corporate costs	**4,239,965**	4,102,153
	Depreciation	**37,974**	38,496
	Share-based payments	**40,285**	924,868
	Total administration expenses	**4,318,224**	5,065,517
(e)	**Other expenses**		
	Net loss on foreign exchange	**-**	1,837,349
	Write-down of plant and equipment	**-**	119,671
	Write-down of mine properties and development	**-**	19,840,862
	Mine development expenditure written off	**451,546**	-
	Non-production mine site costs	**-**	2,773,664
	Consumable inventories written off	**-**	123,246
	Sundry expenses	**30,328**	-
	Total other expenses	**481,874**	24,694,792

4. REVENUE AND EXPENSES (continued)

		2015	2014
		$	$
(f)	**Finance costs**		
	Borrowing costs	**38,118**	54,234
	Interest on loans - related parties	**1,062,542**	983,620
	- other	**150,540**	-
	Finance charges payable under finance leases	**59,970**	70,975
		1,311,170	1,108,829
	Unwinding of discount on rehabilitation provision	**27,310**	14,061
	Total finance costs	**1,338,480**	1,122,890
(g)	**Depreciation and amortisation**		
	Plant and equipment	**1,930,776**	1,877,320
	Mine properties	**3,105,341**	161,426
	Total depreciation and amortisation	**5,036,117**	2,038,746
	Included in:		
	Cost of sales	**4,998,143**	1,846,601
	Administration expenses	**37,974**	38,496
	Other expenses	**-**	153,649
		5,036,117	2,038,746
(h)	**Employee benefits expense**		
	Wages and salaries	**8,991,651**	7,353,690
	Defined contribution superannuation expense	**121,623**	91,927
	Defined benefit expense	**343,603**	257,532
	Share-based payments	**40,285**	924,868
	Other employee benefits	**709,460**	601,267
	Total employee benefits expense	**10,206,622**	9,229,284
	Included in:		
	Cost of sales	**7,524,229**	5,933,029
	Administration expenses	**2,682,393**	3,296,255
		10,206,622	9,229,284

5. INCOME TAX

		2015	2014
		$	$
(a)	**Income tax expense/(benefit)**		
	Income Statement		
	Current income tax		
	Current income tax charge	**535,280**	567,441
	Deferred income tax		
	Relating to origination and reversal of temporary differences	**5,109,135**	(11,098,762)
	Income tax expense/(benefit) reported in the Income Statement	**5,644,415**	(10,531,321)
(b)	**Amounts charged directly to other comprehensive income**		
	Statement of Other Comprehensive Income		
	Deferred tax related to items recognised in other comprehensive income:		
	Actuarial gains on defined benefits obligation	**38,699**	34,350
	Income tax expense reported in other comprehensive income	**38,699**	34,350

(c) Numerical reconciliation of accounting loss to tax benefit

A reconciliation between tax benefit and the accounting loss before income tax multiplied by the Company's applicable income tax rate is as follows:

		2015	2014
		$	$
	Accounting profit/(loss) before income tax	**16,129,922**	(34,711,098)
	At Australian statutory income tax rate of 30% (2014: 30%)	**4,838,977**	(10,413,329)
	Effect of higher tax rate in accordance with Contract of Work Agreement in Indonesia	**618,804**	(1,744,671)
	(Over)/Under provision in prior year	**(496,535)**	1,461
	Non-deductible expenses	**204,587**	1,583,010
	Foreign tax credit not utilised	**478,582**	42,208
	Aggregate income tax expense/(benefit)	**5,644,415**	(10,531,321)
(d)	**Current income tax assets and liabilities**		
	At 1 July	**2,707,027**	5,786,807
	Charged to income	**(535,280)**	(567,441)
	Refunds - net	**(2,379,352)**	(2,959,426)
	Foreign exchange translation gain	**414,420**	447,087
	At 30 June	**206,815**	2,707,027
	Included in:		
	Current Assets	**206,815**	2,884,095
	Current Liabilities	**-**	(177,068)
		206,815	2,707,027

5. INCOME TAX (continued)

(e) Recognised deferred tax assets and liabilities

	BALANCE SHEET	
	2015	2014
	$	$
Deferred tax at 30 June relates to the following:		
Deferred tax assets		
Provisions	**711,673**	596,654
Plant and equipment	**756,069**	840,008
Mine properties and development	**-**	3,109,017
Borrowing costs	**12,509**	21,157
Unrealised foreign exchange movements	**-**	179,405
Losses available for offset against future taxable income	**14,331,491**	8,938,583
Gross deferred tax assets	**15,811,742**	13,684,824
Deferred tax liabilities		
Accrued income	**(272)**	(2,127)
Mine properties and development	**(4,479,908)**	-
Finance leases	**(800,480)**	(426,817)
Unrealised foreign exchange movements	**(125,857)**	-
Gross deferred tax liabilities	**(5,406,517)**	(428,944)
Net deferred tax assets	**10,405,225**	13,255,880
Unrecognised deferred tax assets	**(1,009,773)**	(1,009,773)
Net deferred tax assets	**9,395,452**	12,246,107
Reconciliation of net deferred tax assets movement:		
At 1 July	**12,246,107**	1,478,688
(Charged)/Credited to income	**(5,109,135)**	11,098,762
Charged to other comprehensive income	**(38,699)**	(34,350)
Foreign exchange translation gain/(loss)	**2,297,179**	(296,993)
At 30 June	**9,395,452**	12,246,107

Tax losses

The Group has unrecognised Australian carried forward tax losses of $3,365,910 (tax effected at 30%, $1,009,773) at 30 June 2015 and 30 June 2014. In view of the Group's Australian trading position, the Directors have not included the tax benefit in the Group's statement of financial position. A tax benefit will only be recognised to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered.

Unrecognised temporary differences

At 30 June 2015, there are no unrecognised temporary differences associated with the Group's investments in subsidiaries as the Group has no liability for additional taxation should unremitted earnings be remitted (2014: $Nil).

5. INCOME TAX (continued)

Tax consolidation

The Company and its wholly owned Australian controlled entities formed a tax consolidated group on 27 February 2009. The head entity, Kingsrose, and its wholly owned Australian entities in the tax consolidated group continue to account for their own current and deferred tax balances. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

The Company and its wholly owned Australian entities in the tax consolidated group have not entered into a tax funding arrangement or a tax sharing agreement.

6. EARNINGS/(LOSS) PER SHARE

The following reflects the income and share data used in the basic and dilutive earnings/(loss) per share computations:

		2015	2014
		$	$
(a)	**Earnings/(Loss) per share**		
	The following reflects the income used in the calculation of basic and diluted earnings/(loss) per share computations:		
	Net profit/(loss) attributable to ordinary equity holders of the parent	**8,910,906**	(20,591,955)
		Shares	Shares
(b)	**Weighted average number of shares**		
	Weighted average number of ordinary shares for basic earnings/(loss) per share	**358,611,493**	331,739,403
	Effect of dilution:		
	Options and share performance rights	**-**	-
	Weighted average number of ordinary shares adjusted for the effect of dilution	**358,611,493**	331,739,403

(c) Information on the classification of securities

Options and share performance rights

Options and share performance rights granted to employees (including KMP) as described in Note 23 are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent they are dilutive.

No shares, options or share performance rights were issued between the reporting date and the date of completion of these financial statements.

7. DIVIDENDS PAID AND PROPOSED

No dividends have been paid, declared or recommended by the Company for the years ended 30 June 2015 and 30 June 2014.

8. CASH AND CASH EQUIVALENTS

	2015	2014
	$	$
Current		
Cash at bank and in hand	**9,517,239**	3,661,056
Short term deposits	**-**	3,000,000
	9,517,239	6,661,056

Terms and conditions

Cash at bank and short-term deposits earn interest at floating rates based on bank deposit rates.

9. TRADE AND OTHER RECEIVABLES

	2015	2014
	$	$
Current		
Other receivables (i)	**1,554,570**	473,012
Non-Current		
Other receivables (i)	**4,217,793**	3,318,461
Loans to a related party (ii)	**4,603,652**	1,592,357
	8,821,445	4,910,818

Terms and conditions

(i) Other receivables consist primarily of VAT refunds that are expected to be recovered within 9 to 36 months.

(ii) Loans to a related party are unsecured and interest-bearing. Further details are set out in Note 24(b)(ii).

10. INVENTORIES

	2015	2014
	$	$
Current		
Ore stockpiles at cost	**58,070**	659,216
Gold in circuit at cost	**7,551**	-
Gold dore and bullion at cost	**2,362,700**	60,306
Consumables and spares at cost (i)	**3,328,113**	2,389,975
	5,756,434	3,109,497

(i) During 2014, $123,246 was recognised as an expense for inventories written off. This is recognised in other expenses.

11. PLANT AND EQUIPMENT

	2015	2014
	$	$
Non-Current		
Plant and Equipment		
Cost	**27,068,259**	20,845,535
Accumulated depreciation and impairment	**(18,786,329)**	(13,382,930)
Net carrying amount	**8,281,930**	7,462,605
Leased Equipment		
Cost	**2,313,034**	2,083,317
Accumulated depreciation	**(1,753,069)**	(1,729,908)
Net carrying amount	**559,965**	353,409
Capital Work in Progress		
Cost	**135,531**	313,182
Total Plant and Equipment	**8,977,426**	8,129,196
Movements in Plant and Equipment		
Plant and Equipment		
Carrying amount at 1 July	**7,462,605**	8,643,081
Additions	**594,848**	328,033
Transfer from leased equipment	**16,890**	75,020
Transfer from capital work in progress	**326,667**	70,809
Transfer from mine properties and development	**37,529**	-
Disposals	**(142,741)**	(1,452)
Write-down (i)	**-**	(119,671)
Depreciation charge	**(1,624,118)**	(1,427,290)
Foreign exchange translation gain/(loss)	**1,610,250**	(105,925)
Carrying amount at 30 June	**8,281,930**	7,462,605
Leased Equipment		
Carrying amount at 1 July	**353,409**	858,953
Additions	**439,620**	20,133
Transfer to plant and equipment	**(16,890)**	(75,020)
Depreciation charge	**(306,658)**	(450,030)
Foreign exchange translation gain/(loss)	**90,484**	(627)
Carrying amount at 30 June	**559,965**	353,409
Capital Work in Progress		
Carrying amount at 1 July	**313,182**	339,497
Additions	**171,811**	49,180
Transfer to plant and equipment	**(326,667)**	(70,809)
Transfer to mine properties and development	**(73,284)**	-
Foreign exchange translation gain/(loss)	**50,489**	(4,686)
Carrying amount at 30 June	**135,531**	313,182

(i) In 2014, the Group recognised a write-down of $119,671 in plant and equipment associated with the Way Linggo Mine. Further details are set out in Note 12.

12. MINE PROPERTIES AND DEVELOPMENT

	2015	2014
	$	$
Non-Current		
Cost	**72,606,380**	55,825,103
Accumulated amortisation and impairment:	**(39,353,238)**	(29,577,308)
	33,253,142	26,247,795
Movements in Mine Properties and Development		
Carrying amount at 1 July	**26,247,795**	39,102,993
Additions	**4,610,421**	7,429,660
Transfer from plant and equipment (net)	**35,755**	-
Expenditure written off	**(451,545)**	-
Write-down (i)	**-**	(19,840,862)
Amortisation charge	**(3,105,341)**	(161,426)
Change in rehabilitation provision	**25,888**	(6,363)
Foreign exchange translation gain/(loss)	**5,890,169**	(276,207)
Carrying amount at 30 June	**33,253,142**	26,247,795

(i) In 2014, the technical review on the Way Linggo Mine indicated that there was a limited ability to re-access the mining areas by underground mining methods due to safety concerns surrounding the geotechnical stability of the remnant pillars. As a result, the Group recognised a full write-down in the Way Linggo mine property of $19,840,862 in the income statement. The Group will continue to assess the ability to recover the remaining Mineral Resource at the Way Linggo Mine through alternative mining methods, likely to incorporate surface mining.

13. EXPLORATION AND EVALUATION ASSETS

	2015	2014
	$	$
Non-Current		
At cost	**27,873,561**	21,635,399
Movements in Exploration and Evaluation Assets		
Carrying amount at 1 July	**21,635,399**	20,498,532
Additions	**1,226,371**	1,489,556
Foreign exchange translation gain/(loss)	**5,011,791**	(352,689)
Carrying amount at 30 June	**27,873,561**	21,635,399

14. TRADE AND OTHER PAYABLES

	2015	2014
	$	$
Current		
Trade creditors	**3,681,543**	976,998
Accruals	**1,078,881**	887,747
Sundry creditors	**385,052**	923,386
	5,145,476	2,788,131

Terms and conditions

Trade and sundry creditors are normally settled in accordance with the terms of trade.

15. INTEREST-BEARING LIABILITIES

	2015	2014
	$	$
Current		
Finance lease liabilities		
- US$2 million corporate facility (i)	**286,366**	534,452
- Other (ii)	**234,626**	42,871
Loans		
- Related parties (iii)	**4,953,125**	10,307,856
- Other (iv)	**1,953,125**	-
	7,427,242	10,885,179
Non-Current		
Finance lease liabilities		
- US$2 million corporate facility (i)	**-**	249,541
- Other (ii)	**217,299**	10,124
Loans		
- Related parties (iii)	**3,302,083**	-
- Other (iv)	**1,302,083**	-
	4,821,465	259,665

Terms and conditions

(i) In 2012, PTNM entered into a finance lease arrangement via a US$2,000,000 corporate facility agreement. The finance leases are repayable in monthly instalments over 36 months with the final instalments due in March 2016. The leases are secured by the assets leased and a corporate guarantee from Kingsrose. A total amount of $1,628,420 (US$1,510,360) of the facility has been utilised and the remaining undrawn amount was cancelled in April 2013 in accordance with the terms of the agreement. Interest is charged at an average rate of 6.16% per annum during the year (2014: 5.98%) and is subject for review every quarter over the lease period.

(ii) The other finance lease liabilities have an average term of 3 years with the option to purchase the assets at the completion of the lease term at a nominal value and are secured by the assets leased.

(iii) The loans from related parties are secured and interest-bearing. Further details are set out in Note 24(b)(iii).

(iv) Loan – other consists of US$2,5000,000 loan assigned from a related party, Advance Concept Holdings Limited, to Michael John Andrews on 30 January 2015. The loan bears interest at 10% plus 1-month LIBOR plus withholding tax per annum, payable monthly in arrears and is repayable in twenty instalments of US$125,000 each from July 2015 to February 2017. The lender has first ranking security with the Company's related parties, Beaurama Pty Ltd and Great Golden Investment Limited, over all the issued shares in the Company's Australian subsidiaries that hold the (85%) ownership of the Way Linggo Project.

16. PROVISIONS

	2015	2014
	$	$
Current		
Employee entitlements	**309,796**	231,663
Other	**-**	118,379
	309,796	350,042
Non-Current		
Employee entitlements (a)	**1,321,071**	973,658
Rehabilitation (b)	**348,967**	317,902
	1,670,038	1,291,560

The nature of the provisions is described in Note 2(q) and 2(u).

(a) The non-current provision for employee entitlements relates to provision for long service leave of Australian employees and provision for Indonesian employee termination benefits.

The Indonesian employee termination benefits arrangement is regulated under Indonesian labour laws enacted in 2003, which require companies to provide a minimum level of benefits to employees upon employment termination, based on the reason for termination and the employee's years of service. The benefits are not funded and the provision is recognised based on independent actuarial valuation reports. The following assumptions are used in the calculation:

	2015	2014
Discount rate	**8.5% per annum**	8.5% per annum
Future salary increase	**6.0% per annum**	7.5% per annum
Normal retirement age	**60 years of age**	60 years of age
Mortality	**Indonesia Mortality Table 2011 (TM III)**	Indonesia Mortality Table 2011 (TM III)

The following tables summarise the amount recognised in the statement of financial position, movements in the liability and the components of net benefit expense recognised in the income statement:

Benefit Liability		
Present value of defined benefit obligation - unfunded	**1,296,396**	947,402
Movements in Benefit Liability		
At 1 July	**947,402**	980,657
Net benefits expense	**343,603**	257,532
Credited directed to equity	**(110,568)**	(98,143)
Benefits paid	**(885)**	(9,095)
Foreign exchange translation loss/(gain)	**116,844**	(183,549)
At 30 June	**1,296,396**	947,402
Net Benefit Expense		
Current service cost	**259,532**	222,246
Interest cost	**84,071**	62,865
Curtailment and settlement gains (i)	**-**	(27,579)
	343,603	257,532

(i) Gains recognised in 2014 was a result of reduction in the number of employees covered by the plan during the reporting period.

16. PROVISIONS (continued)

A quantitative sensitivity analysis for significant assumptions at 30 June 2015 is shown below:

	Discount Rate		Future Salary Increase		Life Expectancy	
	1% increase $	1% decrease $	1% increase $	1% decrease $	Increase by 1 year $	Decrease by 1 year $
Increase/(decrease) in defined benefit obligation	(99,111)	114,763	129,809	(113,426)	7,034	(6,481)

The sensitivity analysis above is based on a method that extrapolates the impact of the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The expected payments to be made in future years in relation to the defined benefit obligation are set out below:

	2015	2014
	$	$
Within 1 year	**269,170**	208,038
1 – 5 years	**451,160**	274,340
After 5 years	**3,440,051**	1,291,948
	4,160,381	1,774,326

The average duration of the defined benefit obligation at the end of the reporting period is 19.1 years (2014: 8.95 years).

(b) The rehabilitation provision represents the present value of rehabilitation costs relating to mine site, which is expected to be incurred over the life of the mine. However, the timing of rehabilitation expenditure is dependent on the life of the mine which may vary in future.

	2015	2014
	$	$
Movements in Rehabilitation Provision		
At 1 July	**317,902**	359,364
Provisions recognised/(written back) – net	**25,888**	(6,363)
Utilised during the year	**(90,786)**	(44,548)
Unwinding of discount	**27,310**	14,061
Foreign exchange translation loss/(gain)	**68,653**	(4,612)
At 30 June	**348,967**	317,902

17. CONTRIBUTED EQUITY

	2015	2015	2014	2014
	$	**Number**	$	Number
Ordinary Shares				
Issued and fully paid	**84,867,375**	**358,611,493**	84,867,375	358,611,493
Movements in ordinary shares on issue				
At 1 July	**84,867,375**	**358,611,493**	62,769,532	291,959,871
Private placement – 22 July 2013 (i)	-	-	15,327,893	43,793,980
Private placement – 25 February 2014 (ii)	-	-	8,000,175	22,857,642
Share issue costs (i),(ii)	-	-	(1,230,225)	-
At 30 June	**84,867,375**	**358,611,493**	84,867,375	358,611,493

(i) On 22 July 2013, 43,793,980 fully paid ordinary shares were allotted at a price of $0.35 each via a share placement raising $14,524,631, net of share issue costs. The shares were issued within the discretionary capacity of the Board under ASX Listing Rule 7.1; and

(ii) On 25 February 2014, 22,857,642 fully paid ordinary shares were allotted at a price of $0.35 each via a share placement raising $7,573,212, net of share issue costs. The shares were issued within the discretionary capacity of the Board under ASX Listing Rule 7.1.

Terms and conditions

Holders of ordinary shares have the right to receive dividends as declared and, in the event of winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of, and amounts paid up on shares held. Ordinary shares entitle the holder to one vote, either in person or by proxy, at a meeting of the Company.

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par share values. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

Escrow restrictions

There are no escrow restrictions on securities in the Company.

Options and share performance rights on issue

The total number of options on issue as at 30 June 2015 was 13,850,000 (2014: 14,600,000).

The total number of share performance rights on issue at 30 June 2015 was 714,434 (2014: Nil).

18. RESERVES

Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to record the value of options and share performance rights provided to shareholders, consultants and employees including key management personnel as part of their remuneration.

General reserve

The general reserve is used to record the portion of PTNM's accumulated profits required to be set aside in accordance with the prevailing laws and regulations in Indonesia.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record exchange gains or losses on borrowings that form part of the Company's net investments in foreign operations.

19. INFORMATION RELATING TO SUBSIDIARIES

(a) The consolidated financial statements of the Group include:

		Equity Interest	
Entity	**Place of Incorporation**	**2015**	**2014**
MM Gold Pty Ltd	Australia (WA)	**100%**	100%
Natarang Offshore Pty Ltd	Australia (WA)	**100%**	100%
PT Natarang Mining	Indonesia (JAK)	**85%**	85%
Kingsrose Tanggamus Pty Ltd	Australia (WA)	**100%**	100%

(b) Financial information of subsidiary that has material non-controlling interest are provided below:

PT Natarang Mining is the subsidiary in the Group that has material non-controlling interest. PTNM's principal place of business is in Indonesia. At 30 June 2015, the proportion of equity interest held by non-controlling interest is 15% (2014: 15%).

	2015	**2014**
	$	$
Accumulated balances of material non-controlling interest	**5,535,754**	1,034,867
Profit/(Loss) allocated to material non-controlling interest	**1,574,601**	(3,587,822)

19. INFORMATION RELATING TO SUBSIDIARIES (continued)

The summarised financial information of PTNM is provided below. This information is based on amounts before intercompany eliminations.

Summarised income statement	2015	2014
	$	$
Revenue	**33,215,876**	3,815,534
Cost of sales	**(24,613,815)**	(7,804,307)
Other income	**13,682,603**	31,278
Administrative expenses	**(1,204,160)**	(1,424,095)
Other expenses (i)	**(478,243)**	(24,347,940)
Finance costs	**(5,283,986)**	(5,292,147)
Profit/(Loss) from continuing operations before income tax	**15,318,275**	(35,021,677)
Income tax	**(4,820,936)**	11,102,860
Profit/(Loss) for the year from continuing operations after income tax	**10,497,339**	(23,918,817)
Total comprehensive income/(loss)	**13,980,275**	(23,558,617)
Attributable to non-controlling interest	**2,097,041**	(3,533,792)
Dividend paid to non-controlling interest	**-**	-

(i) In 2014, other expenses included the write-down of the Way Linggo mine property and associated plant and equipment of $19,960,533.

Summarised statement of financial position	2015	2014
	$	$
Current Assets	**12,345,002**	7,970,263
Non-Current Assets	**83,142,191**	70,497,700
Current Liabilities	**(62,029,409)**	(74,372,975)
Non-Current Liabilities	**(1,862,661)**	(1,524,969)
Total equity	**31,595,123**	2,570,019
Attributable to:		
Owners of the parent	**26,059,369**	1,535,152
Non-controlling interest	**5,535,754**	1,034,867

Summarised cash flow information	2015	2014
	$	$
Operating	**14,260,922**	(2,198,963)
Investing	**(6,455,452)**	(9,566,929)
Financing	**(4,318,393)**	13,028,437
Net increase in cash and cash equivalents	**3,487,077**	1,262,545

20. PARENT ENTITY DISCLOSURES

	2015	2014
	$	$
Current Assets	**5,792,054**	7,247,418
Non-Current Assets	**92,640,621**	91,071,525
Total Assets	**98,432,675**	98,318,943
Current Liabilities	**(7,635,031)**	(11,308,299)
Non-Current Liabilities	**(4,532,744)**	(26,256)
Total Liabilities	**(12,167,775)**	(11,334,555)
Net Assets	**86,264,900**	86,984,388
Issued Capital	**84,867,375**	84,867,375
Accumulated Losses	**(6,258,783)**	(5,499,010)
Share-Based Payments Reserve	**7,656,308**	7,616,023
Total Shareholder's Equity	**86,264,900**	86,984,388
Loss of the parent entity	**(759,773)**	(226,081)
Total comprehensive loss of the parent entity	**(759,773)**	(226,081)

Kingsrose has guaranteed the discharge by its subsidiary, PTNM of its financial obligations under the US$2,000,000 corporate facility disclosed in Note 15.

There are no contractual commitments for acquisition of plant and equipment and contingent liabilities for the Company at balance date.

21. STATEMENT OF CASH FLOWS RECONCILIATION

	2015	2014
	$	$
(a) Reconciliation of net profit/(loss) after income tax to net cash flows from operating activities		
Net profit/(loss) after income tax	**10,485,507**	(24,179,777)
Adjustments for:		
Depreciation of plant and equipment	**1,930,776**	1,877,320
Amortisation of mine properties	**3,105,341**	161,426
Unrealised net foreign exchange (gain)/loss	**(6,788,113)**	2,927,015
Share-based payments	**40,285**	924,868
Loss/(Gain) on disposal of plant and equipment	**139,110**	(16,221)
Write-down of plant and equipment	**-**	119,671
Write-down of mine properties and development	**-**	19,840,862
Mine expenditure written off	**451,546**	-
Change in assets and liabilities		
(Increase)/decrease in trade and other receivables	**(4,992,185)**	63,753
(Increase)/decrease in inventories	**(2,646,937)**	468,147
(Increase)/decrease in income tax receivables	**2,677,280**	3,339,203
(Increase)/decrease in other assets	**(56,875)**	248,199
(Increase)/decrease in deferred tax assets	**2,822,740**	(10,767,419)
Increase/(decrease) in trade and other payables	**2,357,345**	(698,170)
Increase/(decrease) in income tax payable	**(177,068)**	(259,423)
Increase/(decrease) in provisions	**373,432**	(41,648)
Increase/(decrease) in deferred tax liabilities	**27,915**	-
Net cash flows from operating activities	**9,750,099**	(5,992,194)
(b) Non-cash investing and financing activities		
Acquisition of assets by means of finance leases	**510,191**	20,133

22. FINANCIAL AND CAPITAL RISK MANAGEMENT

The Group's principal financial instruments comprise receivables, payables, finance leases, cash and short-term deposits.

Objectives and Policies

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, commodity price risk, liquidity risk and credit risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rates, foreign exchange and commodity prices. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

22. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Objectives and Policies (continued)

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board of Directors because, due to the size of the Company, there is currently no financial risk management committee.

(a) Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's cash holdings and interest-bearing liabilities. At the reporting date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk:

	2015	2014
	$	$
Financial Assets		
Cash and cash equivalents	**9,517,239**	6,661,056
Financial Liabilities		
Interest-bearing liabilities	**(6,816,493)**	(6,091,848)
Net exposure	**2,700,746**	569,208

The Group constantly monitors its interest rate exposure and consideration is given to potential renewals of existing positions and the mix of fixed and variable interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The 2% increase and 2% decrease in rates is based on management's assessment of the reasonably possible changes over a financial year.

At 30 June 2015, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit and other comprehensive income would have been affected as follows:

	Post-Tax Profit Higher/(Lower)		Other Comprehensive Income Higher/(Lower)	
	2015	2014	2015	2014
Judgements of reasonably possible movements:	$	$	$	$
+2% (200 basis points)	**37,810**	7,969	**-**	-
-2% (200 basis points)	**(37,810)**	(7,969)	**-**	-

(b) Foreign currency risk

The Group has transactional currency exposures as a result of significant operations in Indonesia. As 100% of sales are denominated in United States Dollars (USD) and large proportion of the Group's purchases are denominated in Indonesian Rupiah (IDR) and USD, the Group's income statement and statement of financial position can be affected significantly by movements in the AUD/USD and AUD/IDR exchange rates. The Group seeks to mitigate the effect of its foreign currency exposure by actively monitoring foreign exchange movements and their impact on the Group's budgeted future cash flows and future net asset positions denominated in foreign currencies.

22. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

(b) Foreign currency risk (continued)

At 30 June 2015, the Group had the following exposure to USD and IDR foreign currencies:

	2015	2014	2015	2014
	USD Denominated balances	USD Denominated balances	**IDR Denominated balances**	IDR Denominated balances
	A$	A$	**A$**	A$
Financial Assets				
Cash and cash equivalents	**7,353,609**	1,458,162	**1,562,546**	1,413,249
Other receivables	**4,492,188**	1,592,357	**-**	-
	11,845,797	3,050,519	**1,562,546**	1,413,249
Financial Liabilities				
Trade and other payables	**(582,074)**	(195,226)	**(2,984,310)**	(715,058)
Interest-bearing liabilities	**(7,239,721)**	(6,120,909)	**(9,000)**	(22,659)
	(7,821,795)	(6,316,135)	**(2,993,310)**	(737,717)
Net exposure	**4,024,002**	(3,265,616)	**(1,430,764)**	675,532

At 30 June 2015, had the Australian dollar moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

	Post-Tax Profit Higher/(Lower)		Other Comprehensive Income Higher/(Lower)	
	2015	2014	2015	2014
Judgements of reasonably possible movements:	**$**	$	**$**	$
A$/US$ +5%	**(134,133)**	108,854	**-**	-
A$/US$ -5%	**148,253**	(120,312)	**-**	-
A$/IDR +15%	**130,635**	(61,679)	**-**	-
A$/IDR -15%	**(176,741)**	83,448	**-**	-

Significant assumptions used in the foreign currency exposure sensitivity analysis include:

- Reasonably possible movements in foreign exchange rates were determined based on a review of the last two years' historical movements and economic forecaster's expectations;
- The reasonably possible movement of 5% and 15% was calculated by taking the foreign currency spot rate as at balance date, moving this spot rate by 5% and 15%; and then re-converting the foreign currency into AUD with the "new spot-rate". This methodology reflects the translation methodology undertaken by the Group;
- The translation of the net assets in subsidiaries with a functional currency other than AUD has not been included in the sensitivity analysis as part of the equity movement; and
- The net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next twelve months from balance date.

22. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

(c) Commodity price risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Group's commodity inputs and outputs. The Group is exposed to commodity price risk arising from revenue derived from sales of gold and silver. This risk is managed through contractual arrangements with customers.

As at reporting date, the Group had no financial instruments with material exposure to commodity price risk.

(d) Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of external funding.

The Group monitors on a regular basis rolling forecasts of liquidity on the basis of expected cash flow.

The following table reflects the liquidity risk arising from the financial liabilities held by the Group at balance date. The contractual maturity represents undiscounted gross amounts.

Maturity Analysis								
	2015				2014			
	Within 1 year	**1 to 5 years**	**After 5 years**	**Total**	Within 1 year	1 to 5 years	After 5 years	Total
	$	**$**	**$**	**$**	$	$	$	$
Financial Liabilities								
Trade and other payables	**(5,145,476)**	**-**	**-**	**(5,145,476)**	(2,788,131)	-	-	(2,788,131)
Interest-bearing liabilities								
- Finance lease liabilities	**(557,140)**	**(230,350)**	**-**	**(787,490)**	(611,783)	(264,458)	-	(876,241)
- Loans	**(7,824,692)**	**(4,794,802)**	**-**	**(12,619,494)**	(10,573,284)	-	-	(10,573,284)
	(13,527,308)	**(5,025,152)**	**-**	**(18,552,460)**	(13,973,198)	(264,458)	-	(14,237,656)

(e) Credit risk exposure

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counterparty, with the maximum exposure equal to the carrying amount of these assets as indicated in the statement of financial position.

The Group does not hold any credit derivatives to offset its credit exposure. The Group trades only with recognised, credit worthy third parties and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables. Receivable balances are monitored on an ongoing basis with the result that the Group does not have a significant exposure to bad debts.

Cash

Cash is held with several reputable financial institutions assigned A or greater credit ratings by Standards and Poor's.

22. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Trade Receivables

While the Group has policies in place to ensure that sales of its products are made to customers with an appropriate credit history, it does have a concentration of credit risk in relation to its gold and silver sales due to dependence for a significant volume of its sales revenues on a few principal buyers. The Group has in place policies that aim to ensure that sales transactions are limited to high credit quality customers and that the amount of credit exposure to any one customer is limited as far as is considered commercially appropriate. Sales are settled within four trading days from invoice date, minimising credit exposure.

Since the Group trades only with recognised credit worthy third parties, there is no requirement for collateral. There are no past due or material impaired receivables at balance date.

(f) Fair values

The fair values of all financial assets and liabilities approximate their carrying amounts at balance date.

(g) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future developments of the business. Capital, in this context, consists of debt, which includes trade and other payables, interest-bearing liabilities, cash and cash equivalents and equity.

The Board's focus has been to raise sufficient funds through debt and equity to fund exploration, evaluation and development activities. There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. The table below summarises the components of capital managed by the Group.

	2015	2014
	$	$
Total borrowings*	**17,394,183**	13,932,975
Less: Cash and cash equivalents	**(9,517,239)**	(6,661,056)
Net debt	**7,876,944**	7,271,919
Total equity	**86,199,737**	70,706,124
Total capital	**94,076,681**	77,978,043
Gearing ratio	**9%**	10%

*Includes trade and other payables and interest-bearing liabilities

The Group's gearing ratio is monitored and maintained at a level that is appropriate for its growth plans. A specific maximum target gearing ratio has not been set by the Board.

23. SHARE-BASED PAYMENTS

(a) Recognised share-based payment expenses

Total expenses arising from share-based payment transactions recognised for employee services received during the year were as follows:

	2015	2014
	$	$
Options	**(26,213)**	939,112
Share performance rights	**66,498**	(14,244)
	40,285	924,868

The share-based payment plan is described below.

23. SHARE-BASED PAYMENTS (continued)

(b) Employee Options and Share Rights Plan 2012

The Company has an Employee Options and Share Rights Plan 2012 ("EOSRP" or "Plan") which was approved by shareholders at the Annual General Meeting on 1 November 2012.

Employee Options

The key terms of the options issued under the EOSRP are described below:

- Expiry Date - Options expire at 5.00 pm WST on expiry dates determined by the Directors.
- Exercise Price and Vesting Period - The exercise price and vesting period of each option will be determined by the Board following recommendation from the Remuneration Committee.
- Allotment of Shares - All shares allotted upon the exercise of options will be of the same class and rank equally in all respects with other shares in the Company.
- No Rights of Participation - There are no participating rights or entitlements inherent in the options and the holders will not be entitled to participate in new issues of capital which may be offered to shareholders.

Share Performance Rights

The key terms of the share performance rights issued under the EOSRP are described below:

- The Plan provides for the granting of share performance rights to eligible persons or their permitted nominees.
- Each share performance right represents the right to acquire an ordinary share in the Company.
- The Board, following recommendation from the Remuneration Committee, will determine which executives are to be offered share performance rights under the Plan and the number of rights to be offered, having regard to relevant factors, including the role being performed and the importance of the executive's contribution to the Group. The Board may impose forfeiture and performance conditions which if not satisfied will cause the share performance rights to be forfeited and cancelled.
- No consideration will be payable for the grant of share performance rights or the provision of shares upon vesting.
- At the discretion of the Board, share performance rights may be settled by payment of a cash amount equivalent to the market value of the underlying shares. If share performance rights are settled in cash, the amount paid to the participant will be reduced by any required withholdings in relation to statutory obligations.
- Share performance rights will only vest if the performance conditions are met by the end of the performance period.
- Share performance rights will not be listed for quotation on the ASX and will not be transferable except in accordance with the terms of the Plan rules and with the consent of the Company. Upon vesting, the Company will make application for quotation on ASX of those shares.
- Share performance rights do not carry the rights or entitlements of ordinary shares.
- Unvested share performance rights will generally lapse on cessation of employment unless the cessation is the result of a specified reason (i.e. death, total and permanent disablement, bona fide redundancy or such other reason as the Board determines).
- The Board has discretionary powers in relation to the administration of the Plan. The Board has the power to partly or fully waive any forfeiture or performance conditions applicable to share performance rights, and may vary such conditions provided the variation is not adverse to the participant and is permitted under the Listing Rules.

23. SHARE-BASED PAYMENTS (continued)

(c) Movements in options during the year

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, options during the year.

	2015	2015	2014	2014
	Number	**WAEP**	Number	WAEP
Outstanding at the beginning of the year	**17,600,000**	**0.91**	6,000,000	1.96
Granted during the year	**-**	**-**	13,350,000	0.53
Exercised during the year	**-**	**-**	-	-
Lapsed/cancelled during the year	**(3,750,000)**	**1.51**	(1,750,000)	1.55
Outstanding at the end of the year	**13,850,000**	**0.56**	17,600,000	0.91
Exercisable at the end of the year	**13,850,000**	**0.56**	13,600,000	0.84

- Weighted average share price – No options were exercised during the years ended 30 June 2015 and 30 June 2014.
- Weighted average remaining contractual life – The weighted average remaining contractual life for the options outstanding as at 30 June 2015 is 0.75 year (2014: 1.28 years).
- Range of exercise price – The range of exercise prices for the options outstanding at the end of the year is $0.39 to $1.53 (2014: $0.39 to $1.59).
- Weighted average fair value – The weighted average fair value of options granted during the year was $0.06 (2014: $0.07).
- Option valuation model – The fair value of the options granted is estimated at the date of grant using a binomial pricing model, taking into account the terms and conditions upon which the options are granted. The following table lists the inputs to the model used for the year ended 30 June 2015:

Grant date	13 November 2014[1]
Dividend yield	-
Share price at grant date	$0.33
Exercise price	$0.55
Expected volatility	57.4%
Risk-free interest rate	2.6%
Expiration period	3 years
Expiry date	13 January 2017
Binomial valuation per option	$0.06

[1] Pursuant to his employment agreement, Mr Scott Huffadine was entitled to receive 3,000,000 options as part of his remuneration during the year ended 30 June 2014. However, the grant of these options were subject to shareholder approval at the next annual general meeting of the Company. Upon receipt of shareholder approval on 13 November 2014, the options were issued and the fair value of the options was revised in accordance with the requirements of AASB 2 *Share-Based Payment*.

- Modifications – There were no modifications to options during the year.

23. SHARE-BASED PAYMENTS (continued)

(d) Movements in share performance rights during the year

The following table illustrates the number of, and movements in, share performance rights during the year.

	2015	2014
	Number	Number
Outstanding at the beginning of the year	**-**	97,297
Granted during the year	**714,434**	-
Exercised during the year	**-**	-
Cancelled during the year	**-**	(97,297)
Outstanding at the end of the year	**714,434**	-
Exercisable at the end of the year	**-**	-

During the year, 714,434 share performance rights were granted to eligible employees under the Company's EOSRP. The exercise price of the share performance rights granted is nil. The number of share performance rights to vest is subject to the satisfaction of the performance conditions along with the continued employment of the executives with the Company.

The performance condition is determined by reference to the Company's total shareholder return ("TSR") performance compared with the TSR performance of a group of comparable ASX listed gold mining companies ("Peer Group") over the period from 1 July 2014 to 30 June 2017 (the "Performance Period"). A Peer Group company that ceases to be listed on the ASX during the Performance Period will be excluded from the Peer Group and will not be replaced. The Company's TSR ranking within the Peer Group at the end of the Performance Period determines the number of performance rights that will vest and becomes exercisable (if any) on the following basis:

TSR Ranking in Peer Group	Percentage of Performance Rights that Vest
Below 50th percentile	Nil
50th percentile	50%
51st to 74th percentile	50% plus an additional 2% for each additional percentile ranking above the 50th percentile
75th percentile or higher	100%

Share performance rights that do not vest will automatically lapse.

The weighted average remaining contractual life for the share performance rights outstanding as at 30 June 2015 was 2 years. The weighted average fair value of share performance rights granted during that year was $0.28. The fair value was estimated at the date of grant using a Monte Carlo simulation model with the following assumptions:

Grant date	13 November 2014	20 November 2014
Dividend yield	-	-
Share price at grant date	$0.33	$0.34
Exercise price	-	-
Expected volatility	59.0%	59.0%
Risk-free interest rate	2.6%	2.5%
Expected life	3 years	3 years

24. RELATED PARTY DISCLOSURES

(a) Interests in Subsidiaries

The information about the Group's structure including the details of the subsidiaries is set out in Note 19(a).

(b) Transactions with Related Parties

The following table provides the amount of transactions and outstanding balances that have been entered into with related parties during the year.

		Consulting Fees	Interest Charged	Amount Owed by/(to) Related Parties
		$	$	$
Consulting services from non-executive Directors (i)	2015	246,000	-	(20,500)
	2014	121,088	-	(20,500)
Loans to key management personnel/non-controlling interest (ii)	2015	-	197,582	4,603,652
	2014	-	44,888	1,592,357
Loans from key management personnel (iii)	2015	-	1,062,542	(8,255,208)
	2014	-	983,620	(10,307,856)

(i) Consulting Services from Non-Executive Directors

The Company paid $246,000 during the year for consulting fees to Philquest Holding Corporation (an entity associated with Mr Phillips) for professional services provided to the Group outside his normal Board duties (2014: $112,248). The fees were paid at a fixed rate of $20,500 per month in accordance with the Consultancy Agreement entered into on 29 October 2013. At 30 June 2015, $20,500 was owing to Philquest Holding Corporation (2014: $20,500).

The Company paid $8,840 during the previous year for consulting fees to Strategic Resource Management Pty Ltd (an entity associated with Mr Spinks) for professional services provided to the Group outside his normal Board duties. The fees were paid at normal commercial rates. At 30 June 2014, no amount was owing to Strategic Resource Management Pty Ltd.

(ii) Loans to Key Management Personnel/Non-Controlling Interest

On 30 December 2013 and 24 December 2014, loans of US$1,500,000 and US$1,950,000 were extended to Mr Herryansjah. The funds were used to subscribe for new shares in PTNM in order for Mr Herryansjah to retain his 15% interest pursuant to the governing Shareholder Agreement.

The loans are unsecured and have no fixed repayment schedule. The loans are to be repaid by Mr Herryansjah via the Company's retention of 80% of his entitlement to PTNM dividends until the loans are repaid in full. Interest on the loan is charged at LIBOR plus 5% per annum. Interest not paid on due date is capitalised and bears interest at the same rate as the loans.

24. RELATED PARTY DISCLOSURES (continued)

(b) Transactions with Related Parties (continued)

(iii) Loans from Key Management Personnel including their Personally Related Entities

All loans from key management personnel, including their personally related entities, and other related party are secured and interest-bearing.

Beaurama Pty Ltd

On 30 April 2013, a $5,000,000 financing facility with Beaurama Pty Ltd, an entity controlled by non-executive Director Mr Phillips, was fully drawn down. During the year, the repayment profile of the loan was extended and the key terms at balance date are as follows:

	2015	2014
Interest rate	10.5% per annum, payable monthly in arrears	10.5% per annum, payable quarterly in arrears
Repayment	From July 2015 to February 2017 in twenty instalments of $250,000 each. The Company can elect to repay any outstanding funds early.	From July 2014 to October 2014 in three instalments of $1,000,000 each and final instalment of $2,000,000. The Company can elect to repay any outstanding funds early.
Security	First ranking security with Great Golden Investment Limited and Michael John Andrews over all the issued shares in the Company's Australian subsidiaries that hold the (85%) ownership of the Way Linggo Project.	Equal first ranking security with Advance Concept Holdings Limited over all the issued shares in the Company's Australian subsidiaries that hold the (85%) ownership of the Way Linggo Project.

Advance Concept Holdings Limited

On 29 October 2012, a loan of US$5,000,000 was made to the Company through Advance Concept Holdings Limited ("ACH"), an entity of which non-executive Director Mr Phillips is a director and in which he has a beneficial interest. During the year, the repayment profile of the loan was extended prior to the facility being assigned equally to Great Golden Investment Limited (an entity controlled by Mr Phillips) and Michael John Andrews (a third party).

The key terms at balance date are as follows:

	2015	2014
Interest rate		10% plus 1-month LIBOR plus withholding tax per annum, payable quarterly in arrears
Repayment	Loan assigned equally to Great Golden Investment Limited and Michael John Andrews.	From end-July 2014 to end-October 2014 in three instalments of US$1,000,000 each and final instalment of US$2,000,000. The Company can elect to repay any outstanding funds early.
Security		Equal first ranking security with Beaurama Pty Ltd over all the issued shares in the Company's Australian subsidiaries that hold the (85%) ownership of the Way Linggo Project.

24. RELATED PARTY DISCLOSURES (continued)

(b) Transactions with Related Parties (continued)

(iii) Loans from Key Management Personnel including their Personally Related Entities (continued)

Great Golden Investment Limited

On 30 January 2015, ACH assigned US$2,500,000 to Great Golden Investment Limited, an entity controlled by non-executive Director Mr Phillips. The key terms at balance date are as follows:

	2015	2014
Interest rate	10% plus 1-month LIBOR plus withholding tax per annum, payable monthly in arrears	
Repayment	From July 2015 to February 2017 in twenty instalments of US$125,000 each. The Company can elect to repay any outstanding funds early.	Not applicable
Security	First ranking security with Beaurama Pty Ltd and Michael John Andrews over all the issued shares in the Company's Australian subsidiaries that hold the (85%) ownership of the Way Linggo Project.	

(c) Compensation of Key Management Personnel

	2015	2014
	$	$
Short-term benefits	**1,737,563**	1,437,932
Post-employment benefits	**54,666**	47,114
Termination benefits	**-**	191,812
Share-based payments	**31,950**	534,135
Total	**1,824,179**	2,210,993

Interests held by Key Management Personnel under the EOSRP

Options and share performance rights held by key management personnel under the EOSRP have the following expiry dates and exercise prices:

Issue Date	Expiry Date	WAEP	2015	2014
			Number Outstanding	Number Outstanding
Options				
2014	2016-2017	$0.51	**7,000,000**	6,500,000
			7,000,000	6,500,000
Share Performance Rights				
2015	2017	-	**624,881**	-

Details of the EOSRP are set out in Note 23.

25. COMMITMENTS AND CONTINGENCIES

(a) Royalties

As part of the acquisition of the Way Linggo Project, the Company, through its wholly owned subsidiaries MM Gold Pty Ltd and Natarang Offshore Pty Ltd, inherited various project royalty commitments. At balance date, the only outstanding commitment was the "tonnage or net profit royalty". The gross royalty is calculated as follows:

Royalty	Calculation Method	Gross Royalty Calculation Formula
Tonnage royalty	If gold revenue is greater than 90% of total PTNM revenue	10% of ore tonnes treated x gold price x 1.5%
Net profit royalty	If gold revenue is less than 90% of total PTNM revenue	5% of net profit

The gross royalty is then multiplied by the Company's ownership percentage of PTNM (currently 85%) to determine the net royalty payable.

In addition, PTNM is obligated to pay gold and silver royalties to the Indonesian government, calculated at 2% of the value of gold and silver bullion production.

(b) Divestment

The Company is obligated to offer for sale equity tranches in PTNM which if taken up would result in the Company's share of PTNM reducing down to 49% over a five year period in accordance with a divestment schedule outlined in PTNM's Contract of Work Agreement (CoW) with the Indonesian government. Each tranche is to be offered for sale at a fair market price to either an Indonesian government body or an Indonesian national. According to Article 24 of the CoW, the Company's next obligation to offer for sale equity in PTNM would be in March 2016 (six years after the commencement of production).

The Indonesian government is currently undertaking a renegotiation process individually with all Contract of Work holders. PTNM is involved in this process and the divestment obligation is one of the key terms being negotiated. Out of this process, PTNM's divestment obligation may change both in terms of total divestment requirement and timing.

(c) Leasing Commitments

Operating lease commitments – Group as lessee

The Group has entered into commercial leases for property rental. These leases have an average life of between one and three years.

	2015	2014
	$	$
Payable within one year	**59,363**	132,264
Payable after one year but not more than five years	**-**	55,110
Total minimum lease payments	**59,363**	187,374

25. COMMITMENTS AND CONTINGENCIES (continued)

(c) Leasing Commitments (continued)

Finance lease commitments – Group as lessee

The Group has entered into finance leases for various plant and equipment. These leases have an average remaining lives of 1 to 3 years with the option to purchase the assets at the completion of the lease term at a nominal value.

	2015	2014
	$	$
Payable within one year	**557,140**	611,783
Payable after one year but not more than five years	**230,350**	264,458
Total minimum lease payments	**787,490**	876,241
Less: Future finance charges	**(49,199)**	(39,253)
Present value of minimum lease payments	**738,291**	836,988
Included in the financial statements as interest-bearing liabilities (Note 15):		
Current	**520,992**	577,323
Non-current	**217,299**	259,665
	738,291	836,988

(d) Contingent Liabilities

The Company's subsidiary, PTNM, has a matter outstanding with the Indonesian Tax Office ("ITO") arising from the routine audit of monthly VAT returns for the period January 2010 to July 2013. The VAT refund claims for this period have been denied by the ITO. The Group has appealed against the ITO's assessments and at balance date the claims were at varying stages of the appeal process.

In October 2014, the Indonesian Tax Court ruled in favour of PTNM with respect to the assessments issued by the ITO for the period January to December 2010. After the Tax Court's decision was handed down, the ITO filed a notice to appeal to the Indonesian Supreme Court in March 2015. Based on independent expert tax advice, the Group is confident of achieving a favourable outcome in relation to the ITO's appeal.

The Group is also confident of achieving a favourable outcome in relation to the remaining claims for the 2011 to 2013 VAT refunds based on the independent expert tax advice and the Indonesian Tax Court's recent ruling in relation to the 2010 claim.

Accordingly, no provision has been recognised in the financial statements for this matter. At 30 June 2015, the contingent liability is equivalent to US$10,860,110 (30 June 2014: US$9,005,179).

26. SUBSEQUENT EVENTS

There are no material subsequent events after the balance date.

27. AUDITOR'S REMUNERATION

The auditor of Kingsrose Mining Limited is Ernst & Young (Australia).

	2015	2014
	$	$
Amounts received or due and receivable by Ernst & Young (Australia) for:		
(i) An audit or review of the financial report of the entity and any other entity in the consolidated group	**105,250**	105,250
(ii) Tax services	**16,500**	-
	121,750	105,250
Amounts received or due and receivable by related practices of Ernst & Young (Australia) for:		
(i) An audit or review of the financial report of the entity and any other entity in the consolidated group	**68,108**	60,969
	68,108	60,969

In accordance with a resolution of the Directors of Kingsrose Mining Limited, I state that:

1. In the opinion of the Directors:

    (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

        (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

        (ii) complying with the Australian Accounting Standards (including the Australian Accounting Interpretations) and *Corporations Regulations 2001*.

    (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(a).

    (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2015.

On behalf of the Board

Scott Huffadine
Managing Director
17 September 2015

Building a better
working world

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Independent auditor's report to the members of Kingsrose Mining Limited

Report on the financial report

We have audited the accompanying financial report of Kingsrose Mining Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the financial period.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor’s Independence Declaration, a copy of which is included in the directors’ report.

Opinion

In our opinion:

a. the financial report of Kingsrose Mining Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(a).

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Kingsrose Mining Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

D S Lewsen
Partner
Perth
17 September 2015