

KINGSROSE MINING LIMITED | QUARTERLY REPORT

For the period ended 30 June 2016

KEY POINTS

- Production of 3,828 ounces of gold at 8.3 g/t Au and 6,994 ounces of silver at 17g/t Ag at an all-in sustaining cost of US\$1,623/oz for the Quarter
- Total production for FY 2016 was 18,642 ounces of gold at 9 g/t Au
- Production impacted by the ongoing challenges presented by water and a reduction in mineable areas
- Strategic review underway – mining and hydrological review commenced as part of strategy to significantly increase production and reduce costs
- Grouting program has been implemented successfully and construction of the External Haulage Shaft resumed post Quarter with pleasing progress
- Development of new high-grade zone on the 4 Level Hanging Wall vein has highlighted potential for additional extensions of the vein outside of current mine plan – face sampling indicates grades of up to 130 g/t Au
- Underground drilling scheduled for September Quarter to identify additional high grade zones and repeat veins of the Mawi and Splay vein

PROJECT SCALE EXPLORATION

- New discoveries of undrilled silica caps at Way Mambo and South Way Handa
- Focus remains on continuing to develop a pipeline of drill targets across broader Project area
- Priority focus on near mine extensions of high grade zones at depth and to the west of the Talang Santo vein system

CORPORATE

- Cash and bullion on hand of \$3.709M as at 30 June 2016
- Board changes including appointment of Douglas Kirwin as a non-Executive Director and retirement of Executive Director Bill Phillips
- In-principle agreement reached with the Company's lenders to defer debt repayments until July 2017
- Two tranche share placement to raise ~A\$8.5m strongly supported by existing institutional and sophisticated investors (post Quarter – [Refer ASX Announcement dated 21 July 2016](#))



TALANG SANTO OPERATIONS OVERVIEW

	UNITS	SEPTEMBER 2015 QUARTER	DECEMBER 2015 QUARTER	MARCH 2016 QUARTER	JUNE 2016 QUARTER	YEAR TO DATE
MINE PRODUCTION						
ORE MINED	t	13,162	21,341	17,571	13,807	65,882
MINE GRADE (GOLD)	g/t	10.2	9.4	8.5	8.8	9.2
MINE GRADE (SILVER)	g/t	26	24	17	18	21
ORE PROCESSED						
TONNES MILLED	t	13,250	21,612	17,400	15,125	67,387
HEAD GRADE (GOLD)	g/t	9.8	9.3	8.6	8.3	9.0
HEAD GRADE (SILVER)	g/t	25	24	18	17	21
RECOVERY (GOLD)	%	95.6	95.8	95.2	94.9	95.4
RECOVERY (SILVER)	%	91.6	86.0	89.0	86.5	88.0
GOLD PRODUCED	oz	4,010	6,212	4,591	3,828	18,642
SILVER PRODUCED	oz	9,901	14,188	8,730	6,994	39,812
COSTS OF PRODUCTION						
CASH OPERATING COSTS (C1)	US\$/oz	920	662	865	1,160	870
ALL-IN-SUSTAINING COSTS OF PRODUCTION (AISC)	US\$/oz	1,580	963	1,236	1,623	1,300

SAFETY

There were three Lost Time Injuries (“LTIs”) for the Quarter. The 12-month moving average Lost Time Injury Frequency Rate (“LTIFR”) now stands at 2.59.

During the Quarter, the safety department completed its review of the Way Linggo Safety Management System bringing it up to date and fully compliant with the new Indonesian Mines Regulations coming into effect this year. Additional safety socialisation programmes and workshops were conducted throughout the June Quarter as part of the Group’s continued focus on fostering a culture that prioritises the safety of its workforce.

MINING

During the June Quarter, mining activities were focused on development of the 5 Level sublevels and a high-grade extension of the Hanging Wall vein identified on the 4 Level.

A total of 13,807 tonnes of ore were mined at 8.8 g/t gold and 18 g/t silver for the period. Production rates were reduced during the June Quarter largely due to ore being sourced from 5 Level sublevels which requires double handling of ore along with the continuing impact of the water inflow into the Mine.

The Hanging Wall vein continued to provide the primary supply of ore during the period, with 65% of ore mined from the Hanging Wall vein, 25% coming from the Mawi vein and 10% from the Splay vein. During the Quarter, waste development

on the 4 Level to breakthrough to the External Haulage Shaft was prioritised on the Splay vein. Additional development is expected to be conducted during the September Quarter on the Splay vein above the 4 Level once the shaft breakthrough is completed.

All veins continued to deliver high-grade face grades, however exceptional grades were identified in the Hanging Wall vein eastern extension, with grades of up to 130 g/t gold in a zone that was not part of the existing mine plans.

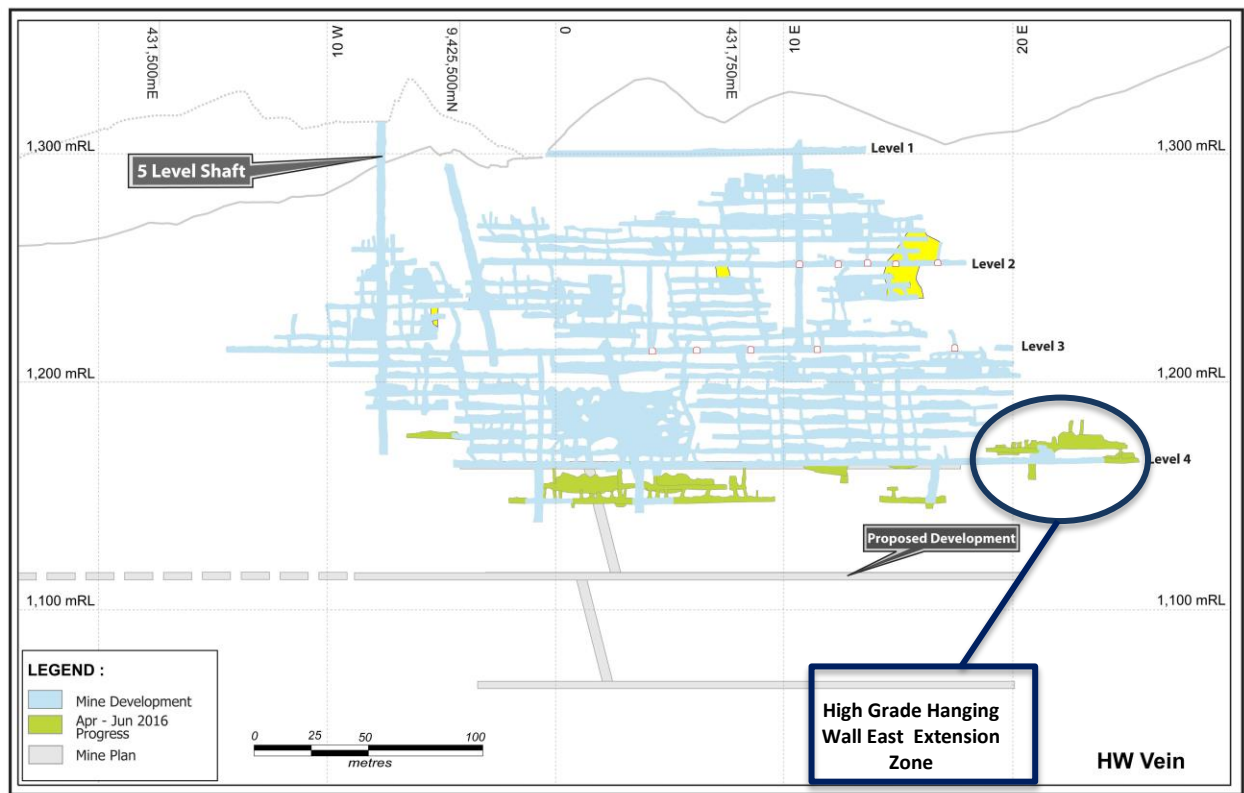


Figure 1 – Hanging Wall vein development

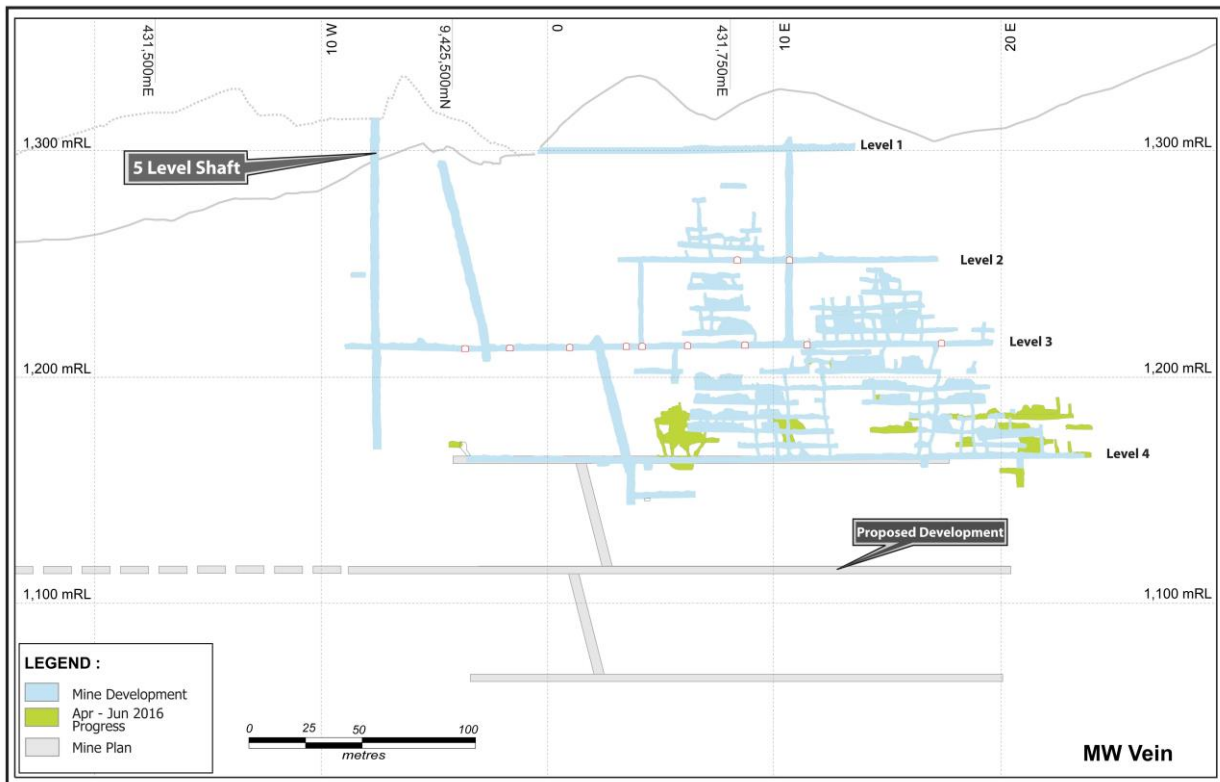


Figure 2 – Mawi vein development

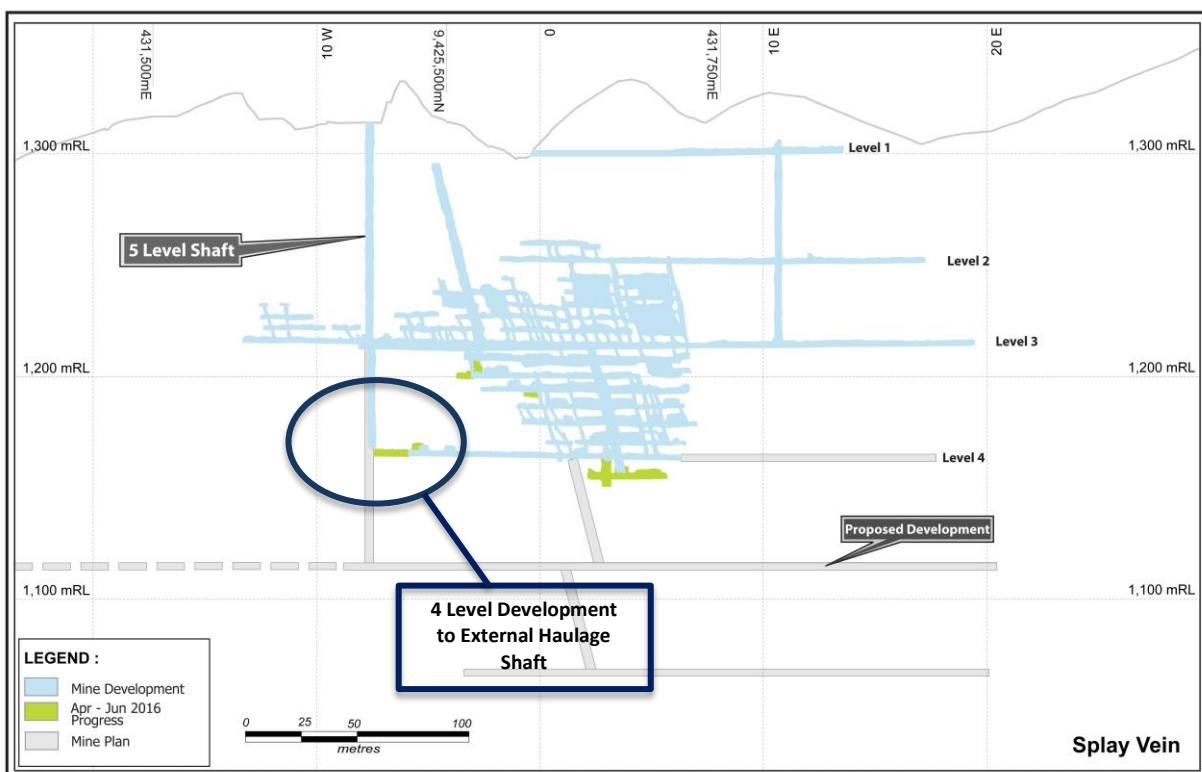


Figure 3 – Splay vein development

The identification of the high-grade Hanging Wall east zone has highlighted the potential for additional extensions of the vein above and below the current mined area. An underground drilling program has been designed for the September Quarter incorporating short diamond drilling and sludge drilling to identify potential extensions and repeat veins not incorporated in the current Resource.

A total of 971m of development advance was completed during the Quarter, with 842m of operating development and 129m of capital development. Overall development advance was lower due to delayed access to the 5 Level horizon as a result of delays to the External Haulage Shaft project.

Technical Review of Mining

Following the retirement of Bill Phillips on 22 June 2016, the Board initiated a comprehensive review of mining operations to address ongoing operational challenges.

As a result, Mining Plus, an international consulting firm specialising in mining engineering services was engaged to review the current mining practices with a focus on improvements to mining productivity and Resource recovery.

Water Management Plan

As planned, the main mining focus during the June Quarter shifted to 5 Level sublevel development which saw the challenges of water management move to below the 4 Level horizon where the primary multistage pumping stations have been established.

As a result, the Company invested in a number of smaller Grindex pumping units for use in the 5 Level sublevel development areas. These units have been staged to pump up to the main pumping stations on the 4 Level, which in turn pumps direct to surface.

This new pumping arrangement faced challenges primarily related to the distribution of water from the 5 Level sublevels into the two pumping stations at the East and West on the 4 Level. In June, two new initiatives were trailed to assist with the water distribution issues.

The first initiative was the construction of cement gutters, designed to provide control over the distribution of water to the pumping stations and alleviate the flow of water to the 4 Level skip loading pocket.

The second initiative was the installation of a third, centrally located, multistage pumping station on the 4 Level designed to provide additional flexibility in the management of water from different areas along with providing additional pumping capacity. The Central pumping station was established with a newly designed settlement pond which is expected to improve the reliability of the multistage pump and improve its operating life through a reduction in wear on impellers and other components.

Water Management - Further Developments

In July, the Company engaged independent water management experts CDM Smith to undertake a multi-faceted water management review incorporating a detailed study to update the Talang Santo hydrological model and the development of alternative water management solutions to reduce the flow of water into the Mine. In addition, independent pumping

experts Quattro Project Engineering were engaged to complete a review of the current pumping network and advise on short term improvements to the existing set-up and the design of the pumping station to be installed on the 5 Level.

The result of the reviews will be a superior water management plan designed to reduce the flow of water into the Mine and provide a reliable pumping solution. These improvements are expected to increase mining productivity and drive unit costs down.

Capital Mine Development

The development of the External Haulage Shaft is a significant step in the evolution of the Talang Santo Mine. Along with providing additional hoisting flexibility, redundancy and capacity, the External Haulage Shaft will provide direct access to the high-grade areas of the orebody. In addition, the External Haulage Shaft will allow direct access to the 5 Level to allow evaluation of lodes to the west of the current mining areas at the Central and North West Mawi veins, which remain open along strike and at depth.

Following the intersection of a water bearing fault structure, development of the External Haulage Shaft was suspended during the December 2015 Quarter, however the Company is pleased to advise that sinking of the Shaft recommenced in July.

The focus of activities during the June Quarter was on 4 Level development out to the External shaft, a precursor to the recommencement of shaft sinking. At the end of June this development was within three meters of the External Haulage Shaft (on the 4 Level horizon) aided by the remedial grouting program, which has proven successful. Figure 4 below shows (in green) the development completed out to the External Haulage Shaft:

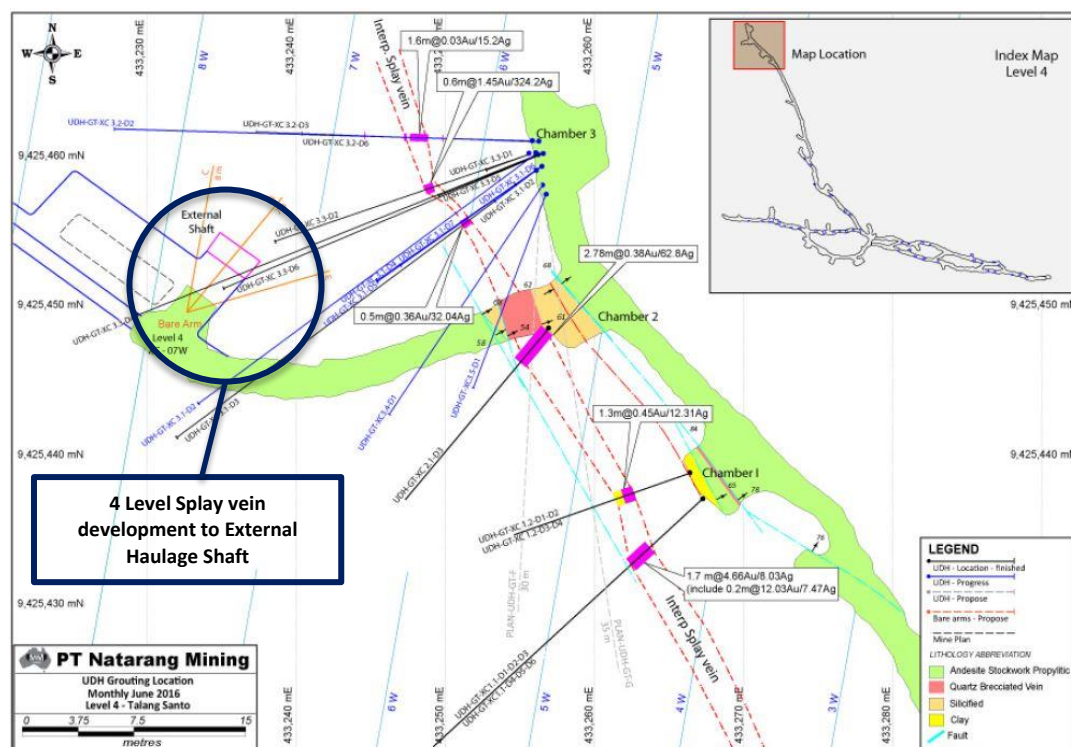


Figure 4 - 4 Level Development to External Haulage Shaft

The grouting program has incorporated the use of cement pre-grouting and chemical resin post-grouting, which has proven to be highly effective at filling fractures.



Image 1- Cement pre grouting



Image 2 – Cement pre grouting



Image 3 – Chemical resin post grouting

Significant Milestone – Shaft Sinking has Recommenced

A significant milestone was reached in early July when the 4 Level development broke into the External Haulage Shaft which allowed for the draining of static water into the 4 Level pumping station. Approximately 10m of vertical advance has subsequently been completed up to the end of July.

Shaft Timeline

The key milestones and the anticipated timeline to completion of the External Haulage Shaft and subsequent 5 Level waste development and establishment of infrastructure is outlined in the table below:

External Haulage Shaft – Key Milestones		
Breakthrough to the 4 Level & drain static water	☑	July 2016
Recommencement of sinking	☑	July 2016
Sinking of remaining 75m to 5 Level & below to establish sumps		Nov 2016 ~ 10m advance completed to end of July
Establish infrastructure on the 5 Level & waste development to the ore body		Mar 2017
Commencement of production on the 5 Level		April 2017

PROCESSING

The processing statistics for the operating period are tabulated below

ORE PROCESSED	UNITS	SEPTEMBER 2015 QUARTER	DECEMBER 2015 QUARTER	MARCH 2016 QUARTER	JUNE 2016 QUARTER	YEAR TO DATE
TONNES MILLED	t	13,250	21,612	17,400	15,125	67,387
HEAD GRADE (GOLD)	g/t	9.8	9.3	8.6	8.3	9.0
HEAD GRADE (SILVER)	g/t	25	24	18	17	21
RECOVERY (GOLD)	%	95.6	95.8	95.2	94.9	95.4
RECOVERY (SILVER)	%	91.6	86.0	89.0	86.5	88.0
GOLD PRODUCED	oz	4,010	6,212	4,591	3,828	18,642
SILVER PRODUCED	oz	9,901	14,188	8,730	6,994	39,812

The plant throughput for the period was 15,125 dry tonnes at a head grade of 8.3 g/t Au and 17 g/t Ag. Recoveries of both gold and silver were 94.9% and 86.5% respectively.

FY 2016 PRODUCTION

Total production for the year was 18,642 ounces of gold and 39,812 ounces of silver at an average all-in sustaining cost of US\$1,300. This was slightly below the Company's guidance of 19,500 – 21,500 ounces of gold and slightly above cost

guidance of US\$1,150 - \$1,240 per ounce. The result was impacted by the ongoing challenges presented by the flow of water into the mine and a reduction in mineable areas.

FY 2017 PRODUCTION AND COST GUIDANCE

FY 2017 guidance is subject to an independent review by Mining Plus and the Company will release guidance on production and costs upon completion of the review process.

GOLD SALES AND COSTS OF PRODUCTION

During the Quarter the Company sold 3,601 ounces of gold at an average gold price of A\$1,674/oz and realised A\$6.03M in revenue. The cash costs of production for the Quarter were US\$1,160/oz and all-in sustaining costs (“AISC”) of production for the period were US\$1,623/oz.

Unit costs have been significantly impacted by lower than forecast production levels. A large component of the cost base is fixed and unit costs are highly leveraged to increased production levels. The Company continues to search for cost saving opportunities and the review currently underway by Mining Plus is focused on lifting production rates and maximising Resource recovery. This will in turn lead to significant reductions in unit costs.

EXPLORATION

Project/Regional Exploration

During the Quarter the Company appointed Douglas Kirwin as a Non-Executive Director to the Board. Mr Kirwin is a leading expert in narrow vein epithermal geology and was previously Executive Vice President of Ivanhoe Mines. Mr Kirwin has visited the Way Linggo Project on several occasions and moving forward will be instrumental in reinvigorating the Company’s exploration program.

“Given the young age and high level of preservation of the numerous epithermal vein systems through the Way Linggo Project, the potential for new discoveries is immense” said Mr Kirwin.

Three new exploration targets were identified during the Quarter, (two of which have never been drilled) with the discovery of silica caps at Way Mambo and Way Handa South. Silica Caps represent the uppermost part of epithermal vein systems. There is a strong indication that the gold bearing-quartz vein at Way Handa South may be close to the silica cap outcrop sitting about 50 – 150 meters below the surface.

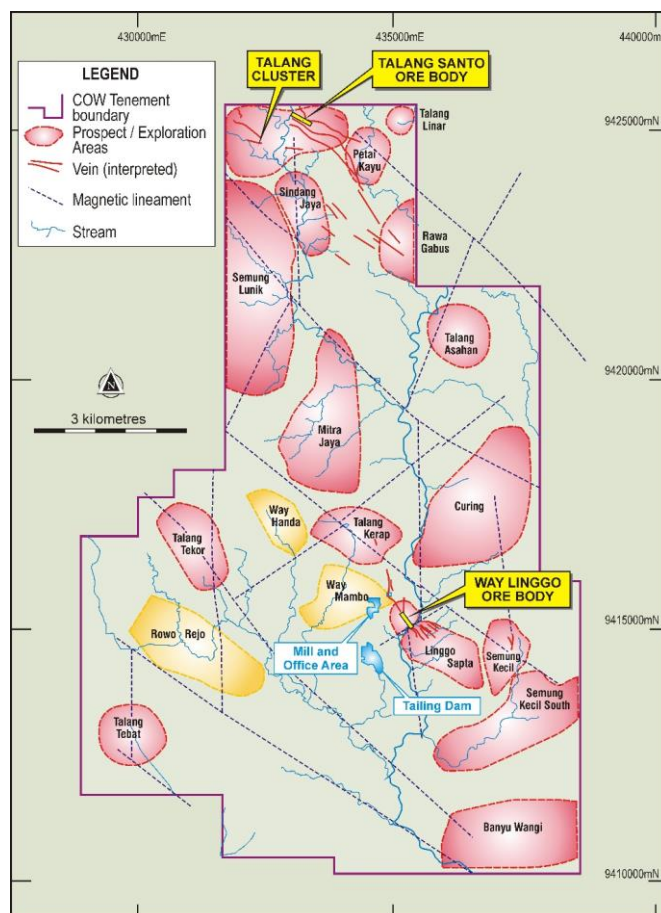


Figure 5: Surface Exploration Activity Location

Exploration at the third newly identified high priority exploration target – Rowo Rejo comprised of geological mapping, trenching and auger (bedrock) sampling.

Mapping, trenching and sampling will be ongoing during the next Quarter at these prospects to assist with the development of a drill campaign.



Image 4: Silicified altered Rhyodacite “Silica Cap” – South Way Handa



Image 5: Silica Cap – South Way Handa

Community

The Group continues to enjoy a mutually rewarding relationship with the local community not only surrounding the mine but also the wider Lampung province, through its active engagement and ongoing support of local cultural, environmental, health and educational initiatives and programs, many of which are designed to increase community self-reliance.

The local PT Natarang Mining (**PTNM**) community development team continues to provide support to local schools with donations of timber, zinc roofing and other construction materials required to renovate an early childhood school and elementary school. Additional support was provided during the Quarter with the donation of musical instruments and art and craft supplies.

The local community co-op the ‘Nakad Maju’ continues to be strongly supported by PTNM with assistance with the construction of a chicken farm and a community nursery which also saw PTNM coordinate with local government and NGO’s to hold training for seedling production and organic fertiliser production to improve agriculture practices.

Local employment at site continues to be actively encouraged with approximately 57% of its employees coming from neighbouring villages and communities and an additional 13% from the wider Lampung province.

Environment

The Group continues to conduct its operations in a manner that minimises its environmental footprint on the Project area. Environmental activities during the Quarter included reclamation, erosion control, revegetation and ongoing monitoring programs. Assistance with remediation works was also provided to the local community following damage sustained from heavy rains and landslides that occurred during the Quarter.



Image 6: Reclamation Program – Native trees



Image 7: Erosion control in areas affected by landslides

CORPORATE

Debt Restructure

In May, the Company announced the restructure of the repayment profile of its Loan Facilities. The restructure involved a six month deferral of repayments.

Subsequent to Quarter end, the Company reached an in-principle agreement with its Lenders to further defer repayment until July 2017. The debt remains repayable over 17 equal monthly instalments.

Share Placement

A strongly supported two tranche share Placement at 12 cents per share raising approximately A\$8.5m was conducted in July. Tranche one of the Placement was completed on 27 July 2016 under the Company's 15% capacity pursuant to ASX Listing Rule 7.1. Tranche two is subject to shareholder approval scheduled for September 2016.

CORPORATE SNAPSHOT AS AT 30 JUNE 2016

KEY STATISTICS	
Shares on Issue	358,611,493
Unlisted Options	11,300,000
Share Price	\$0.15
Market Capitalisation	\$52M
Cash & Bullion	A\$3.7M
Debt	A\$9.9M

DIRECTORS & MANAGEMENT	
John Morris	Chairman
Douglas Kirwin	Non Exec Director
Andrew Spinks	Non Exec Director
Paul Androvic	General Manager, Operations
Matthew Smith	Chief Financial Officer
Joanna Kiernan	Company Secretary

CASH AND BULLION ON HAND AS AT 30 JUNE 2016

Cash & Term Deposits ¹	A\$1.494M
Bullion & Trade Receivables ²	<u>A\$2.215M</u>
Total	A\$3.709M

¹Total cash balance above prior to receipt of funds from the share placement in July 2016.

²Bullion includes unrefined (filter cake, dore) and refined gold (at A\$1,779/oz) and silver (at A\$25/oz).

SUMMARY OF MINING TENEMENTS AND AREAS OF INTEREST

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

-ENDS-

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Competent Persons Statement

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

Caution Regarding Forward Looking Statements and Forward Looking Information

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

TABLE 1 | 4 LEVEL FACE SAMPLING RESULTS
SIGNIFICANT INTERSECTIONS > 10g/t Au

No	Face Map Id	East	North	RL	Length (m)	Ave Au	Ave Ag	Intersection
1	L4_--_RS_05E_MW_E02_MS134543	433,333.1	9,425,255.7	1,170.7	1	11	15.27	1m@11.00Au/15.27Ag
2	L4_--_BN_09E_HW_W03_MS135321	433,397.4	9,425,256.2	1,162.2	1.3	11.08	17.57	1.3m@11.08Au/17.57Ag
3	L4_--_WZ_12E_HW_E01_MS135626	433,411.1	9,425,257.1	1,157.6	1.9	10.67	18.91	1.9m@10.67Au/18.91Ag
4	L4_--_WZ_12E_HW_E02_MS135705	433,411.2	9,425,257.6	1,155.9	1.5	13	26.21	1.5m@13.00Au/26.21Ag
5	L4_--_BN_15E_HW_E04_MS135837	433,429.3	9,425,246.8	1,162.5	1	13.74	49	1m@13.74Au/49.00Ag
6	L4_--_WZ_20E_MW_E04_MS135323	433,490.1	9,425,232.9	1,158.3	1.4	10.42	16.5	1.4m@10.42Au/16.50Ag
7	L4_--_WZ_20E_MW_E05_MS135603	433,490.2	9,425,233.0	1,155.5	1.9	12.76	18.16	1.9m@12.76Au/18.16Ag
8	L4_--_WZ_20E_MW_E06_MS135613	433,490.3	9,425,233.2	1,153.9	2	14.85	17.16	2m@14.85Au/17.16Ag
9	L4_--_WZ_20E_MW_W06_MS135615	433,486.9	9,425,232.8	1,153.9	2.2	14.27	13.77	2.2m@14.27Au/13.77Ag
10	L4_--_DR_23E_HW_E06_MS134308	433,520.6	9,425,221.9	1,165.5	2.4	21.77	44.01	2.4m@21.77Au/44.01Ag
11	L4_--_DR_23E_HW_E07_MS134317	433,521.5	9,425,220.6	1,165.5	2.1	19.63	31.52	2.1m@19.63Au/31.52Ag
12	L4_--_DR_23E_HW_E11_MS134696	433,528.4	9,425,221.5	1,165.6	2.3	14.46	14.87	2.3m@14.46Au/14.87Ag
13	L4_--_RS_24E_HW_E01_MS134930	433,525.8	9,425,218.7	1,168.7	1.4	16.28	8.35	1.4m@16.28Au/8.35Ag

Level 4 Sublevel 1

No	Face Map Id	East	North	RL	Length (m)	Ave Au	Ave Ag	Intersection
1	L4_S1_RS_05E_MW_E01_MS134868	433,331.3	9,425,253.9	1,175.0	1.1	16.23	14.18	1.1m@16.23Au/14.18Ag
2	L4_S1_RS_05E_MW_W01_MS134811	433,331.1	9,425,254.4	1,171.8	1.3	12.19	9.29	1.3m@12.19Au/9.29Ag
3	L4_S1_RS_05EA_MW_E01_MS134993	433,336.4	9,425,252.3	1,175.4	1.2	11.83	15.62	1.2m@11.83Au/15.62Ag
4	L4_S1_RS_05EA_MW_W01_MS134991	433,335.6	9,425,252.2	1,173.8	1.3	14.36	47.04	1.3m@14.36Au/47.04Ag
5	L4_S1_ST_05EA_MW_E02_MS135082	433,342.5	9,425,253.0	1,173.2	0.6	14.31	13.4	0.6m@14.31Au/13.40Ag
6	L4_S1_RS_10EB_MW_E01_MS134548	433,385.7	9,425,247.4	1,175.5	1.1	12.13	9.3	1.1m@12.13Au/9.30Ag
7	L4_S1_RS_10EB_MW_W01_MS134539	433,385.6	9,425,247.7	1,173.7	1	23.18	23.92	1m@23.18Au/23.92Ag
8	L4_S1_RS_10EB_MW_W02_MS134805	433,383.1	9,425,245.4	1,177.5	1.5	10.13	6.64	1.5m@10.13Au/6.64Ag
9	L4_S1_RS_10EC_MW_W01_MS134801	433,387.5	9,425,245.8	1,175.5	0.7	12.13	11.93	0.7m@12.13Au/11.93Ag
10	L4_S1_ST_10E_MW_E01_MS134527	433,389.4	9,425,247.1	1,172.6	1	12.57	67.91	1m@12.57Au/67.91Ag
11	L4_S1_ST_10E_MW_W01_MS134524	433,386.1	9,425,247.4	1,172.5	0.9	31.37	93.67	0.9m@31.37Au/93.67Ag
12	L4_S1_DR_19E_HW_W01_MS135183	433,469.9	9,425,226.3	1,170.2	1.4	18.95	17.12	1.4m@18.95Au/17.12Ag
13	L4_S1_DR_19E_HW_W02_MS135130	433,468.7	9,425,227.2	1,170.2	1.5	37.78	31.11	1.5m@37.78Au/31.11Ag
14	L4_S1_SR_19E_HW_E01_MS135347	433,482.0	9,425,229.5	1,169.3	1.2	10.99	13.96	1.2m@10.99Au/13.96Ag
15	L4_S1_SR_19E_HW_W01_MS135337	433,474.6	9,425,227.7	1,169.2	0.8	48.24	40.95	0.8m@48.24Au/40.95Ag
16	L4_S1_SR_19E_HW_W02_MS135345	433,476.5	9,425,229.1	1,169.3	0.8	37.56	46.7	0.8m@37.56Au/46.70Ag
17	L4_S1A_IN_20E_HW_E02_MS134379	433,493.8	9,425,223.2	1,171.8	1.3	10.52	7.58	1.3m@10.52Au/7.58Ag
18	L4_S1A_IN_20E_HW_W01_MS134362	433,487.5	9,425,225.8	1,171.9	1.3	24.36	21.42	1.3m@24.36Au/21.42Ag
19	L4_S1_IN_20E_HW_E01_MS134335	433,491.4	9,425,226.7	1,171.3	1.7	130.61	74.36	1.7m@130.61Au/74.36Ag
20	L4_S1_IN_20E_HW_W01_MS134320	433,489.7	9,425,226.5	1,171.2	1.3	106.89	87.61	1.3m@106.89Au/87.61Ag
21	L4_S1_IN_20E_HW_W02_MS134333	433,489.2	9,425,225.7	1,171.3	1.1	119.13	133.29	1.1m@119.13Au/133.29Ag
22	L4_S1_IN_20E_HW_W03_MS134347	433,488.6	9,425,224.4	1,171.8	2	12.56	13.93	2m@12.56Au/13.93Ag
23	L4_S1_SR_20E_HW_E01_MS134394	433,493.3	9,425,226.2	1,171.3	1.7	11.88	9.9	1.7m@11.88Au/9.90Ag
24	L4_S1_ST_20E_HW_E01_MS134297	433,496.1	9,425,227.7	1,173.2	2	45.43	34.76	2m@45.43Au/34.76Ag
25	L4_S1_ST_20E_HW_E01_MS134746	433,485.5	9,425,226.2	1,172.8	1.6	27.48	19.42	1.6m@27.48Au/19.42Ag
26	L4_S1_ST_20E_HW_E02_MS134749	433,482.6	9,425,225.9	1,173.0	2.4	10.24	9.87	2.4m@10.24Au/9.87Ag
27	L4_S1_ST_20E_HW_E03_MS134312	433,497.7	9,425,227.7	1,171.9	1.6	41.85	33.98	1.6m@41.85Au/33.98Ag
28	L4_S1_ST_20E_HW_E06_MS134337	433,498.7	9,425,226.1	1,171.9	2.5	19.76	14.73	2.5m@19.76Au/14.73Ag
29	L4_S1_ST_20E_HW_E07_MS134354	433,500.6	9,425,224.4	1,171.9	1.3	21.03	25.4	1.3m@21.03Au/25.40Ag

30	L4_S1_ST_20E_HW_E10_MS134397	433,507.1	9,425,222.4	1,171.7	1.6	15.73	9.97	1.6m@15.73Au/9.97Ag
31	L4_S1_ST_20E_HW_E11_MS134653	433,510.3	9,425,221.9	1,171.7	1.4	49.81	74.57	1.4m@49.81Au/74.57Ag
32	L4_S1_ST_20E_HW_W02_MS134923	433,485.4	9,425,228.4	1,170.2	1.5	30.23	22.05	1.5m@30.23Au/22.05Ag
33	L4_S1_ST_20E_HW_W04_MS134949	433,481.3	9,425,227.3	1,170.2	2	27.08	32.28	2m@27.08Au/32.28Ag
34	L4_S1_ST_20E_HW_W05_MS134974	433,479.3	9,425,226.6	1,170.2	1.5	12.99	11.55	1.5m@12.99Au/11.55Ag
35	L4_S1_ST_20E_HW_W06_MS134977	433,477.2	9,425,226.0	1,170.2	1.5	47.35	35.06	1.5m@47.35Au/35.06Ag
36	L4_S1_XC_21E_HW_E01_MS134906	433,497.3	9,425,224.5	1,171.2	3.1	14.66	15.8	3.1m@14.66Au/15.80Ag
37	L4_S1_RS_22E_HW_E01_MS134678	433,504.0	9,425,221.2	1,177.1	1.2	28.69	46.22	1.2m@28.69Au/46.22Ag
38	L4_S1_RS_22E_HW_W01_MS134666	433,502.9	9,425,221.2	1,175.0	1.4	22.65	26.27	1.4m@22.65Au/26.27Ag
39	L4_S1_RS_22E_HW_W02_MS134687	433,502.0	9,425,217.3	1,179.1	1.4	21.69	13.11	1.4m@21.69Au/13.11Ag
40	L4_S1_ST_22E_HW_W02_MS134952	433,498.8	9,425,221.4	1,176.5	1.5	23.35	33.28	1.5m@23.35Au/33.28Ag
41	L4_S1_RS_23E_HW_E01_MS134668	433,509.3	9,425,221.2	1,175.0	1.4	53.61	59.88	1.4m@53.61Au/59.88Ag

Level 4 Sublevel 2

No	Face Map Id	East	North	RL	Length (m)	Ave Au	Ave Ag	Intersection
1	L4_S2_DR_02W_HW_W10_MS135852	433,230.3	9,425,278.3	1,176.3	1.6	11.51	10.33	1.6m@11.51Au/10.33Ag
2	L4_S2_ST_19E_MW_E01_MS135737	433,480.1	9,425,223.5	1,178.0	1.3	51.11	38.77	1.3m@51.11Au/38.77Ag
3	L4_S2_ST_19E_MW_E03_MS135812	433,486.4	9,425,220.9	1,178.9	1.7	17.34	15.07	1.7m@17.34Au/15.07Ag
4	L4_S2_ST_19E_MW_E04_MS135829	433,487.5	9,425,220.2	1,178.9	1.8	26.34	35.4	1.8m@26.34Au/35.40Ag
5	L4_S2_ST_21E_HW_E01_MS134725	433,517.7	9,425,219.2	1,173.8	1	10.41	10.58	1m@10.41Au/10.58Ag
6	L4_S2_ST_21E_HW_E02_MS134727	433,516.5	9,425,219.6	1,174.5	1.4	29.78	28.93	1.4m@29.78Au/28.93Ag
7	L4_S2_ST_21E_HW_E05_MS135107	433,514.1	9,425,217.9	1,176.8	1.9	12.56	8.22	1.9m@12.56Au/8.22Ag

Level 4 Sublevel 3

No	Face Map Id	East	North	RL	Length (m)	Ave Au	Ave Ag	Intersection
1	L4_S3_RS_05EB_MW_E01_MS135225	433,339.7	9,425,248.6	1,186.5	1.1	20.5	18.9	1.1m@20.50Au/18.90Ag
2	L4_S3_ST_05EB_MW_W01_MS135233	433,335.2	9,425,249.5	1,186.1	1.2	13.13	10.24	1.2m@13.13Au/10.24Ag
3	L4_S3_DR_20E_MW_W02_MS134329	433,470.1	9,425,217.9	1,182.5	2	13.14	18.8	2m@13.14Au/18.80Ag
4	L4_S3_DR_20E_MW_W03_MS134344	433,468.0	9,425,218.4	1,182.5	1.8	12.49	19.65	1.8m@12.49Au/19.65Ag
5	L4_S3_DR_20EA_MW_E04_MS134400	433,490.8	9,425,216.7	1,182.5	1.2	85.84	179.64	1.2m@85.84Au/179.64Ag
6	L4_S3_DR_20EA_MW_E05_MS134661	433,493.0	9,425,216.0	1,182.5	1.2	14.6	15.96	1.2m@14.60Au/15.96Ag
7	L4_S3_DR_20EA_MW_W01_MS134299	433,479.6	9,425,217.4	1,182.8	1.7	64.36	63.63	1.7m@64.36Au/63.63Ag
8	L4_S3_ST_20EA_MW_E01_MS134896	433,495.0	9,425,213.5	1,185.4	1	14	12.19	1m@14.00Au/12.19Ag
9	L4_S3_ST_20EA_MW_W01_MS134898	433,492.6	9,425,212.8	1,185.4	1	36.99	22.34	1m@36.99Au/22.34Ag
10	L4_S3_ST_20EA_MW_W02_MS134900	433,489.5	9,425,213.7	1,185.4	1.1	39.21	73.31	1.1m@39.21Au/73.31Ag
11	L4_S3_ST_20EA_MW_W03_MS134763	433,488.1	9,425,213.7	1,184.9	1.8	11.83	22.14	1.8m@11.83Au/22.14Ag
12	L4_S3_ST_20EA_MW_W05_MS134769	433,484.0	9,425,215.7	1,183.0	1.6	13.23	22.93	1.6m@13.23Au/22.93Ag

Level 4 Sublevel 4

No	Face Map Id	East	North	RL	Length (m)	Ave Au	Ave Ag	Intersection
1	L4_S4_BN_01E_SP_W01_MS134239	433,288.0	9,425,316.6	1,192.1	1	30.57	25.76	1m@30.57Au/25.76Ag
2	L4_S4_XC_01E_SP_E02_MS134421	433,288.0	9,425,319.2	1,192.3	0.6	27.68	27.8	0.6m@27.68Au/27.80Ag

Level 4 Sublevel 5

No	Face Map Id	East	North	RL	Length (m)	Ave Au	Ave Ag	Intersection
1	L4_S5_DR_01W_SP_W01_MS134233	433,267.1	9,425,357.6	1,200.5	1	17.41	21.04	1m@17.41Au/21.04Ag
2	L4_S5_ST_01W_SP_E01_MS134434	433,269.8	9,425,351.4	1,203.4	0.6	20.27	26.94	0.6m@20.27Au/26.94Ag
3	L4_S5_ST_01W_SP_W01_MS134436	433,267.8	9,425,353.2	1,203.4	0.8	12.08	14.62	0.8m@12.08Au/14.62Ag

Appendix 5B

Mining exploration entity quarterly report

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

Entity Kingsrose Mining Limited		Quarter ended:	
ABN 49 112 389 910		30 June 2016	
Consolidated statement of cash flows		Current quarter	Year to date
		\$A'000	(12 months)
			\$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	8,384	31,634
1.2	Payments for:		
	(a) exploration & evaluation	(475)	(1,905)
	(b) development	(1,206)	(6,472)
	(c) production	(6,276)	(24,577)
	(d) administration	(946)	(4,019)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	7	17
1.5	Interest and other costs of finance paid	(293)	(1,228)
1.6	Income taxes refund / (paid)	34	(282)
1.7	Other (VAT refund received)	409	1,540
Net Operating cash flows		(362)	(5,292)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(130)	(436)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	4
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other	-	-
Net investing cash flows		(130)	(432)
1.13	Total operating and investing cash flows	(492)	(5,724)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	(1,799)
1.18	Dividends paid	-	-
1.19	Other (Repayment of hire purchases)	(47)	(550)
Net financing cash flows		(47)	(2,349)
Net increase / (decrease) in cash and cash equivalents held		(539)	(8,073)
1.20	Cash and cash equivalents at beginning of quarter/year	1,992	9,517
1.21	Exchange rate adjustments to item 1.20	41	50
1.22	Cash and cash equivalents at end of quarter	1,494	1,494

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	111
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	Nil	

Non-cash financing and investing activities

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows	Nil
2.2	Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest	Nil

Financing facilities available

	Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	9,973
3.2	Credit standby arrangements	-

Estimated cash outflows for next quarter

	\$A'000
4.1	Exploration and evaluation
4.2	Development
4.3	Production
4.4	Administration
	Total
	9,105

Reconciliation of cash and cash equivalents

Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

- 5.1 Cash on hand and at bank
- 5.2 Deposits at call
- 5.3 Bank overdraft
- 5.4 Other

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

Current quarter \$A'000	Previous quarter \$A'000
1,494	1,992
-	-
-	-
-	-
1,494	1,992

**Total cash balance above prior to receipt of funds from the share placement in July 2016.*

Changes in interests in mining tenements

	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Nil		
6.2	Interests in mining tenements acquired or increased	Nil		

Issued and quoted securities at end of current quarter

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

		Total number	Number quoted	Issue price per security (\$)	Amount paid up per security (\$)
7.1	+Preference securities	-	-	-	-
7.2	Changes during quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	+Ordinary securities	358,611,493	358,611,493	-	-
7.4	Changes during quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5	+Convertible debt securities	-	-	-	-
7.6	Changes during quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through securities matured, converted	-	-	-	-
7.7	Options	11,300,000	-	-	-
				<i>Exercise price (\$)</i>	<i>Expiry date</i>
		500,000	-	0.44	11 Aug 2016
		3,000,000	-	0.55	13 Jan 2017
		4,800,000	-	0.26	18 Nov 2018
		3,000,000	-	0.27	8 Mar 2019
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired/cancelled during quarter				
		500,000	-	0.47	7 Apr 2016
		2,350,000	-	0.55	7 Apr 2016
7.11	Share performance rights	416,413	-	-	Various
7.12	Issued during quarter	-	-	-	-
7.13	Exercised during quarter	-	-	-	-
7.14	Expired/cancelled during quarter	-	-	-	-
7.15	Debentures (totals only)	-	-	-	-
7.12	Unsecured notes (totals only)	-	-	-	-

Compliance statement

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



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Joanna Kiernan
Company Secretary

29 July 2016

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