



KINGSROSE MINING LIMITED | QUARTERLY REPORT

For the period ending 31 March 2013

Corporate Snapshot (as at 31/03/13)

ASX Code: KRM
Share Price: \$0.645
Issued Capital: 291,959,871
Market Capital: \$188m
Cash & Bullion: \$3.7m

Board & Management

John Morris Chairman
Chris Start Managing Director
Tim Spencer Finance Director
Bill Phillips Director
Andrew Spinks Director

Company Highlights

- Flagship project 85% owned Way Linggo high grade Gold & Silver Project in Sumatra
- FY 2012 production 37,650 ounces at cash cost US\$254 (after silver credits)
- Talang Santo resource increase by 73%
- Significant exploration potential
- Maiden 4c dividend declared in May 2012 – paid on 4 July 2012

JORC RESOURCES

WAY LINGGO PROJECT

Way Linggo mine:

527,480 @ 11.71/t Au for 198,380 oz
527,480 @ 135.05/t Ag for 2,288,326 oz

Talang Santo mine :

1,660,980t @ 5.39g/t Au for 166,400 oz
1,660,980t @ 16.77g/t Ag for 894,951oz

Total Resource:

2.2Mt @ 6.91/t Au for 485,869 oz
2.2Mt @ 45.28 g/t Ag for 3,183,278 oz

CONTACT DETAILS

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KEY POINTS

- Way Linggo Gold Project (85% KRM) produced 1,395oz of gold and 15,226 oz of silver for the quarter.

	Dec 12 Qtr	Mar 13 Qtr	FY 2013 YTD
Gold – oz	3,307	1,395	8,384
Silver – oz	32,615	15,226	82,257

- Permission to undertake various development activities at Talang Santo was granted by the Indonesian Mines Department.
- Final submission of the updated Mine Development Plan to the Indonesian Mines Department.
- Geo-technical infill drilling highlights high grade zones at Talang Santo;
 - 4.2m @ 40.2g/t Au and 35g/t Ag from 302.4m including 1.0m @ 97.0g/t Au and 77g/t Ag from 302.4m
 - 1.3m @ 15.4g/t Au and 9g/t Ag from 73.6m
- Exploration winze and drive on the high silver vein at Way Linggo continues to demonstrate the existence of high grade silver mineralisation.
- The better face sampling results from the winze included;
 - 0.60m @ 4.50g/t Au and 6,271 g/t Ag
 - 0.40m @ 3.23 g/t Au and 3,796 g/t Ag
 - 0.30m @ 2.67g/t Au and 3,630 g/t Ag
- Face sampling results from the South East extent of the drive included;
 - 1.20m @ 2.79g/t Au and 3,090 g/t Ag
- On going exploration activities, including geological mapping, soil sampling and reconnaissance fieldwork continued throughout the project area.



WAY LINGGO PROJECT (85% KRM)

OPERATIONS SUMMARY

The table below summarises the Way Linggo Project performance for the Quarter:

KEY INDICATORS	Unit	Dec-12 Qtr	Mar-13 Qtr	FY 2013 TOTAL
WAY LINGGO PROJECT				
Ore Mined	t	11,702	8,289	34,259
Mined Grade - Gold	g/t	9.8	6.1	8.8
Mined Grade - Silver	g/t	85	79	83
Ore Processed	t	13,005	7,857	33,898
Head Grade - Gold	g/t	8.1	5.5	7.9
Head Grade - Silver	g/t	84	69	82
Recovery - Gold	%	95.8	95.1	95.3
Recovery - Silver	%	91.3	89.7	89.6
Gold Recovered	oz	3,259	1,322	8,165
Silver Recovered	oz	31,886	15,545	80,300
Gold Produced ⁽ⁱ⁾	oz	3,307	1,395	8,384
Silver Produced ⁽ⁱ⁾	oz	32,615	15,226	82,257
Cash Operating Cost (before Ag credit)	US\$/oz	1,145	2,046	1,199
Less Silver By-Product Credit ⁽ⁱⁱ⁾	US\$/oz	(385)	(273)	(389)
Cash Operating Cost ⁽ⁱⁱⁱ⁾	US\$/oz	760	1,773	810
Total Production Costs ^(iv)	US\$/oz	1,251	2,948	1,401
Capitalised mine development	US\$m	1.6	1.7	5.3
Capital plant & equipment	US\$m	0.5	0.2	1.4
Exploration	US\$m	0.9	0.8	4.7
Gold Sold	oz	3,279	1,640	9,644
Average Gold Price Received	US\$/oz	1,692	1,637	1,664

⁽ⁱ⁾ Gold and silver production is actual metal poured.

⁽ⁱⁱ⁾ Calculated using actual silver sales for the period.

⁽ⁱⁱⁱ⁾ Includes all expenditure incurred at site plus dore transportation and refining costs less by-product, adjusted for inventory movements less capitalised mine development and exploration expenditure and royalties.

^(iv) Includes cash operating costs plus royalties, depreciation and mine development amortisation.



Project Overview

The Company's focus during the quarter was on the commencement of various development activities at Talang Santo following the approval by the Indonesian Mines Department to commence these activities.

Production levels at the Way Linggo mine decreased as a result of the decision to suspend remnant mining and pillar recovery and instead focus activities on development of the 4 level area and in proximity to historical exploration drilling that returned high-grade silver results.

Talang Santo Mine

Following the virgin discovery of Talang Santo in June 2011, the Company embarked upon an aggressive resource definition drilling campaign culminating in the delineation of a maiden resource for Talang Santo in December 2011. This provided the Company with enough confidence to commence preparations for mining activities including the relevant regulatory approvals and permits in conjunction with development work aimed at accessing the mineralised veins at Talang Santo and to allow trial mining of parcels of ore. The intersection of the mineralised veins was achieved in June 2012 and allowed the commencement of mine development in ore just 12 months after discovery.

Mining activities were suspended at Talang Santo following a fatality that occurred in September 2012. Since then, the Company and its 85% owned Indonesian subsidiary PT Natarang Mining ("PTNM") have been working towards completion of all the necessary steps and submission of the relevant regulatory documentation to enable the resumption of full mining activities at the mine.

Following the first review of the Way Linggo Project Mine Development Plan by the Indonesian Mines Department in January, PTNM was permitted to commence limited development activities pertaining to maintenance and safety at the Talang Santo mine. The work included:

- Maintenance of existing mine and infrastructure.
- Development of a water sump and pumping station at the bottom of the external underlay shaft on 3 Level.
- Development of an emergency egress system including the use of an evacuation man-cage; and
- Completion of underground evacuation shelters.

The Company was pleased to advise on 4 April 2013 that the Way Linggo Project Mine Development Plan has been accepted (subject to minor amendments) by the Indonesian Mines Department and formal notification of acceptance of the plan would be forthcoming.

In the meantime, mine development work is still progressing as outlined above with of 473 tonnes of low grade material at a grade of 1.5 g/t gold and 30 g/t silver hauled to surface and stockpiled at Talang Santo.

As Kingsrose has previously advised, the wash-out of gold/silver bearing acrylic altered clays during the drilling and core preparation process make estimation of grade challenging with the processing of development ore ultimately providing the most accurate grade estimation.



Exposure of the Mawi Veins to date revealed significant clay bands within the quartz lodes that were not present (potentially washed out) in the core extracted during the diamond drilling process. Face sampling results have also returned higher than expected grades than originally indicated from diamond drilling intercepts. This is similar to what occurred at Way Linggo and is considered responsible for grade overcalls in the heavily clay altered parts of that ore system. Whilst it is still too early to draw any definitive conclusions, Kingsrose is encouraged by this and considers it vindicates its decision for early mine development at Talang Santo.

Previously reported drill hole intersections along with face sampling results for the hanging wall vein are shown in Figure 1 below.

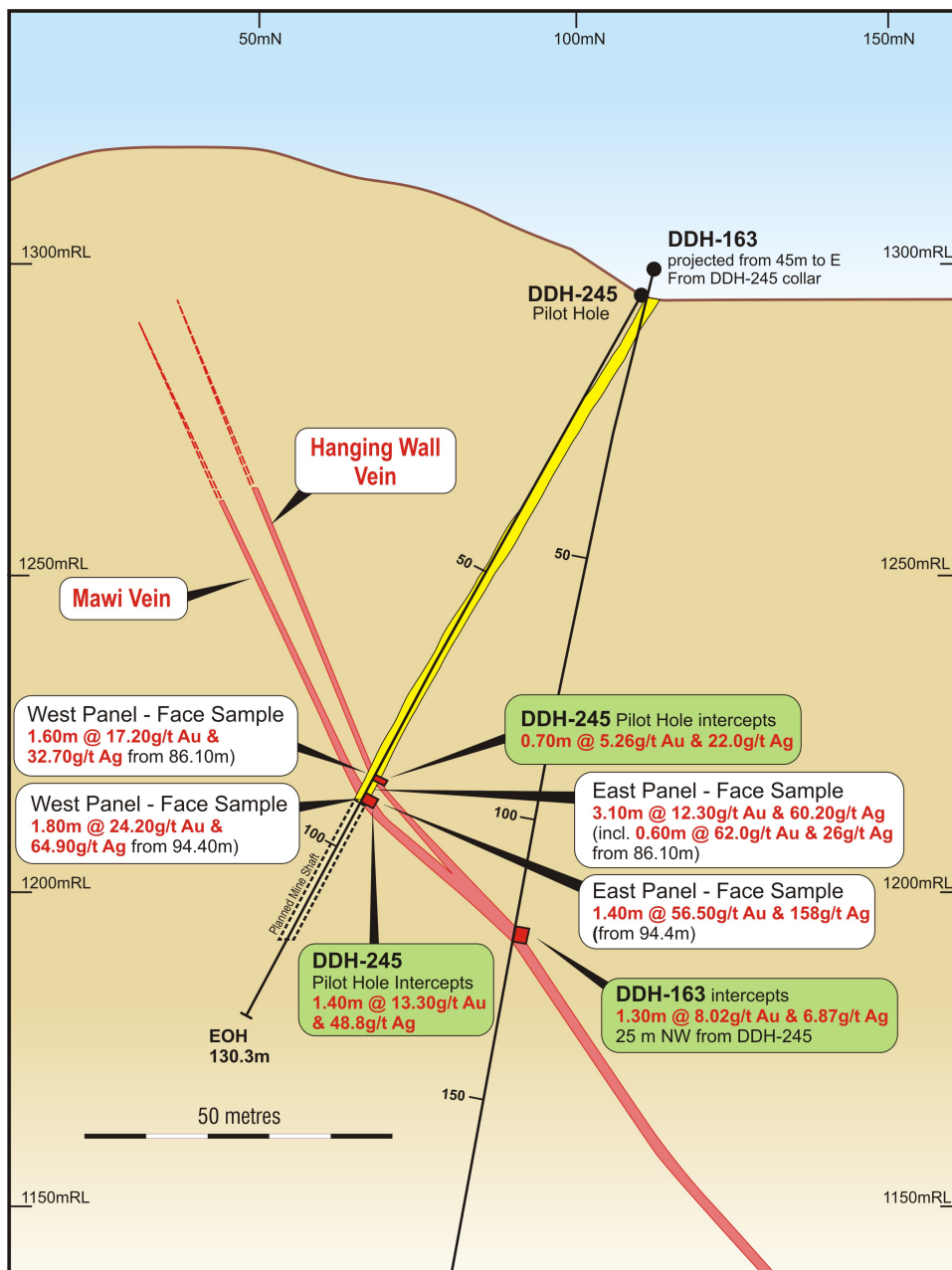


Figure 1: Talang Santo mine shaft progress comparison between drill results and face sampling.



Way Linggo Mine

During the quarter, a comprehensive review of mining at the Way Linggo mine was conducted in relation to ore production from the remnant mining and pillar recovery. The review considered:

- Recent confirmation of the existence of a high-grade silver vein below 4 Level. Further remnant mining and pillar recovery in the upper levels increases the risk of ground collapses once these areas are mined out completely and could potentially restrict access and ventilation to the high silver vein area.
- As remnant mining and removal of pillars has occurred, it has become evident that ground conditions are not as robust in these areas as anticipated.

As a result of the review it was decided to suspend remnant mining and pillar recovery above 3 Level until the high silver vein has been explored further and additional geotechnical investigations can be completed. As a result, mining rates decreased with mining activities now primarily consisting of development in the lower grade 4 Level area and the high-grade silver vein

A total of 7,867 tonnes of ore at a grade of 6.4 g/t gold and 82 g/t silver was mined from Way Linggo during the quarter. Approximately 55% of the ore was sourced from stoping with the remainder sourced from horizontal and vertical development.

Development of the 4 Level in the vicinity of historical exploration drilling that returned a high grade silver result commenced during the quarter. The drilling was conducted in 1994 by PT Natarang Mining and returned a high grade silver intercept from drill hole **DDH-LL05 of 1.0m grading 2.05 g/t gold and 3,390 g/t silver from 163.0 metres** downhole.

In March the Company reported that exploration development of an 8m winze had successfully confirmed the existence of the silver vein with all face sampling results and locations shown in Appendix A. Results ranged from **1.90m @ 0.15g/t Au & 198.46g/t Ag** to **0.60m @ 4.50g/t Au & 6,271 g/t Ag**.

Further horizontal development from the bottom of the winze to the NW and SE for a total advance of 17 metres. Face sampling results and locations are tabled in Appendix B. The results indicate that the high silver vein pinches out to the NW and is open to the SE. Results ranged from a low of **1.40m @ 0.02g/t Au & 6g/t Ag** in the most north-westerly face sample to the highest of **1.2m @ 2.79g/t Au & 3,090 g/t Ag** in the most south-easterly face sample.

Each development face within the exploration development winze is horizontally chip sampled. The sampling intervals are dominated by geological constraints (eg rock types, veining and alteration/sulphidation). Samples of 2 – 3kgs are taken in range from 0.10m up to 1.40m for assay.

These results are significant as they highlight the potential for a new epithermal vein system.

Exploration development is now planned to continue drive out on the vein to the south to better understand the geometry of the vein to enable drill targets to be established.



PROCESSING

Plant throughput for the quarter was 7,857 tonnes at a head grade of 5.5g/t gold and 69g/t silver. Mill throughput matched mine production and plant mechanical availability remained 100%.

Metallurgical recovery rates remained high at 95.1% for gold and 89.7% for silver. The higher recoveries were with the lower throughput rates providing greater circuit residence time.

Gold and silver production for the Quarter was 1,395oz of gold and 15,226oz of silver.

EXPLORATION SUMMARY

The Way Linggo Project is held under a highly prized 4th generation 100km² Contract of Work (“CoW”) agreement with the Indonesian Government, 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. The Company has delineated numerous epithermal zones and targets that will be the subject of further exploration activities. These prospects are outlined in Appendix D.

Exploration activity during the quarter included:

- Detailed surface geology mapping activities within the Talang Cluster, more specifically Talang Samin South;
- Soil Sampling;
- Reconnaissance fieldwork continuing at Petai Kayu.

The Talang Cluster area is considered to be highly prospective for repetitions of a Talang Santo style mineralisation and will be the focus of future exploration activities.

The following table summaries key physical activity statistics for the quarter:

Exploration	
Stream traverses	22,890m
Ridge and spur sample traverses	8,100m
Rock chip samples assayed	8

Talang Santo – Geo Technical Drilling

Three drill holes, for 914m were completed at Talang Santo during the quarter to provide data for the Mine Development Plan. The locations of the three holes were designed to provide representative samples of the different rock types likely to be encountered during mining. The results confirmed high-grade zones at Talang Santo and further confirm that significant exploration upside still exists at the prospect.



Intercepts from the 3 geo-technical holes include:

DDH-GTC-01	1.75m @ 6.32g/t Au and 8.88g/t Ag from 268.55m 1.20m @ 4.62g/t Au and 23.05Ag from 276.90m 2.1m @ 1.59g/t Au and 4.12 g/t Ag from 282.90m
DDH-GTC-02	1.25m @ 15.4g/t Au and 9.10g/t Ag from 73.60m 2.65m @ 4.34g/t Au and 10.34g/t Ag from 285.50m
DDH-GTC-03	4.15m @ 40.18g/t Au and 35.38g/t Ag from 302.40m including 1.00m @ 96.96g/t Au and 76.90g/t Ag from 302.40m

A table of all significant drilling intersections is attached as Appendix C.

The strike length of the Mawi Vein remains over 1.2km in length and 400m at depth and appears to remain open in all directions. The Company looks forward to resuming exploration activities, including infill and extensional drilling in the latter half of the calendar year with the aim of expanding the dimensions of the deposit, and identifying additional high grade areas within the 100km² Contract of Work that can potentially be developed into additional mining fronts and expand mine output.

CASH AND BULLION ON HAND AT THE END OF THE QUARTER

Cash	\$2.6m
Bullion*	\$1.1m
Total	\$3.7m

**Bullion includes unrefined (filter cake, dore) and refined gold and silver*

EVENT SUBSEQUENT TO THE REPORTING PERIOD

An entity associated with non-executive director and substantial shareholder, Mr James William (Bill) Phillips will be lending the Company A\$5 million (*Refer ASX announcement 18 April 2013*), on arms length terms, repayable between January and April 2014. The loan will be used to fund the development of Talang Santo and for working capital.



SECURITIES

No securities were issued during the quarter.

At the end of the Quarter the following securities were on issue:

- 291,959,871 Fully Paid Ordinary Shares.
- 7,000,000 Unlisted Options – various expiry dates.
- 270,269 Unlisted Share Performance Rights.

A handwritten signature in black ink, appearing to read 'C Start'.

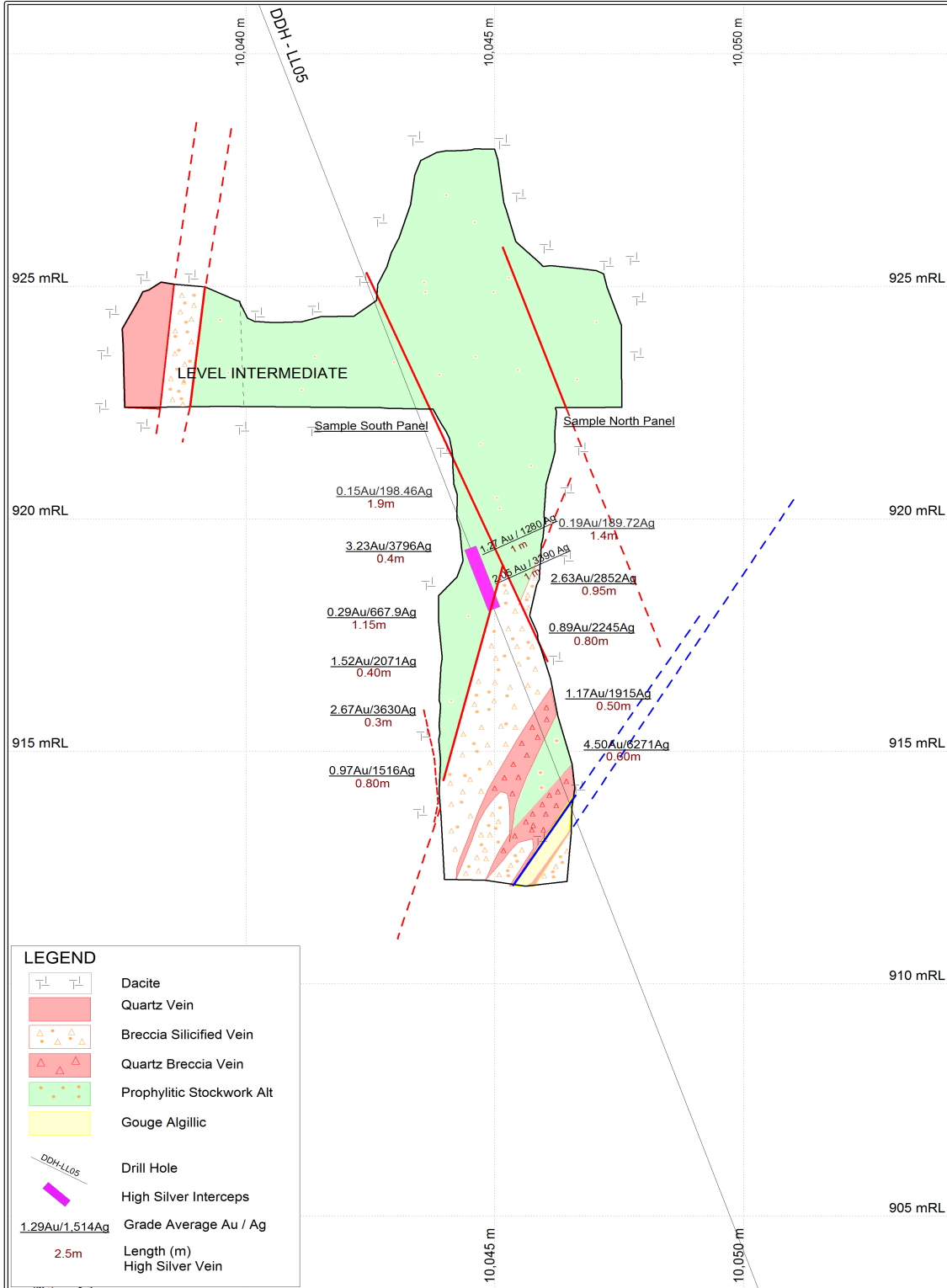
CHRIS START
MANAGING DIRECTOR
19 APRIL 2013

Competent Person Statement

The information in this report that relates to exploration results, mineral resources and ore reserves is based on information compiled by Mr. Andrew Spinks, B.App.Sc (Geology), Grad.Dip (Mining) and is a member of AusIMM who is a Director of Kingsrose Mining Limited. Mr. Spinks has sufficient experience, which is relevant to the styles of mineralisation and types of deposits and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code"). Mr. Spinks consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

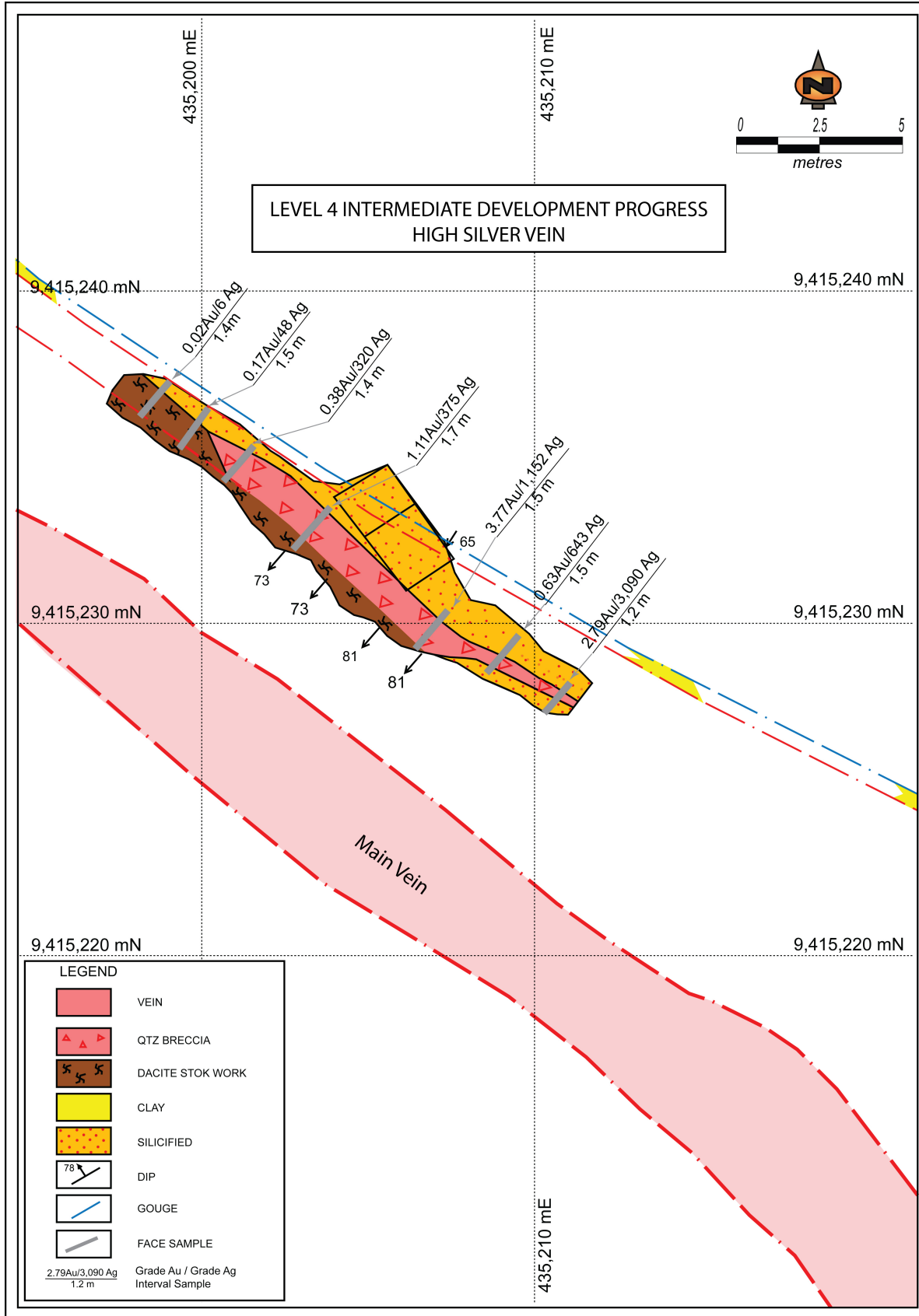
APPENDIX A

Face sampling results of silver vein in exploration winze below 4 Level.



APPENDIX B

Way Linggo high silver vein face sampling results.



APPENDIX C

All significant geo technical drill hole intercepts. (Note: significant means with a vein that assays above 1g/t gold).

Hole No	Prospect	N	E	RL	Dip/Azimuth	Intercept	Au Grade	Ag Grade	Depth From	True Width
DDH-GTC-01	Talang Santo	19633.36	14888.37	1270.47	-59/203	0.65m	1.74g/t	8.23g/t	232.45m	0.56m
						0.95m	1.92g/t	4.18g/t	254.65m	0.73m
						1.75m	6.32g/t	8.88g/t	268.55m	1.34m
						1.20m	4.62g/t	23.05g/t	276.90m	0.92m
						2.10m	1.59g/t	4.12g/t	282.90m	1.82m
DDH-GTC-02	Talang Santo	19370.09	15017.20	1315.09	-52/210	1.25m	15.4g/t	9.10g/t	73.60m	1.08m
						0.20m	2.17g/t	4.90g/t	276.80m	0.17m
						1.25m	5.86g/t	12.22g/t	278.10m	0.96m
						0.50m	1.69g/t	1.60g/t	283.60	0.32m
						2.65m	4.34g/t	10.30g/t	285.60m	2.03m
DDH-GTC-03	Talang Santo	19098.96	15140.50	1372.80	-77/206	3.70m	2.78g/t	3.66g/t	297.30m	3.20m
					INCLUDING	0.10m	11.3g/t	8.61g/t	298.50m	
						4.15m	40.18g/t	35.38g/t	302.80m	2.41m
					INCLUDING	1.00m	96.96g/t	76.90g/t	305.60m	

“APPENDIX D”

Contract of Work Area

