



KINGSROSE
MINING LIMITED

Corporate Snapshot (as at 30/06/2014)

ASX Code: KRM
Share Price: \$0.56
Issued Capital: 358m
Market Cap: \$200m

Board & Management

John Morris Chairman
Scott Huffadine Managing Director
Bill Phillips Director
Andrew Spinks Director

The Way Linggo Project

- Flagship Project (85% owned) high grade epithermal Way Linggo Gold Project in Sumatra, Indonesia.
- 100km² landholding within resource rich location – “Rim of Fire”.
- Second mine at Talang Santo is shaping up to be a larger system than seen to date in the Project area.
- High grade, low cost, robust margins.
- Established infrastructure including 140Ktpa processing plant.
- Potential for organic growth through numerous exploration targets within the Project area.
- Socially responsible operations – strong local community engagement & support.

Contact Details

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ABN 49 112 389 910

KINGSROSE MINING LIMITED | QUARTERLY REPORT

For the period ended 30 June 2014

Key Activities

- Receipt of environmental licence ('AMDAL') covering the Talang Santo mine and associated infrastructure;
- Receipt of A\$5.19m Corporate Income Tax refund;
- Receipt of A\$1.73m revenue from gold sales;
- Additional development on the Splay vein increased the overall strike of mineralised zone to 183 metres;
- High grade assays (uncut) returned from the Splay vein mine development face sampling include:
 - **2.6m @ 110.0 g/t Au & 188 g/t Ag;**
 - **2.6m @ 79.7 g/t Au & 204 g/t Ag;**
 - **2.1m @ 60.9 g/t Au & 125 g/t Ag;**
 - **2.4m @ 63.2 g/t Au & 61 g/t Ag; and**
 - **2.6m @ 25.5 g/t Au & 46 Ag.**

Subsequent Events

- Subsequent to the quarter end, Kingsrose Mining received of the final Forestry 'borrow and use' or 'pinjam pakai' permit covering the Talang Santo Mine and associated infrastructure, as well as Talang Samin exploration shaft. The 'pinjam pakai' was the final approval required, and has allowed the Company the commence production at Talang Santo.

PROJECT OVERVIEW



Figure 1: Significant gold deposits located on the Trans-Sumatran Fault.

Kingsrose Mining Limited owns 85% of the Way Linggo Project in Southern Sumatra, Indonesia. The Project, held under a 4th generation Contract of Work Agreement (CoW) with the Indonesian Government, is located on the mineral rich Trans-Sumatran Fault - part of the Pacific Rim of Fire. The Project has established infrastructure including a 140Ktpa processing plant.

The Company has received all required permits and has commenced ramp up to full production at its second mine at Talang Santo. Based on current development, the Talang Santo Mine is pointing to being a significantly larger mineralised system than the Way Linggo Mine, with advanced exploration at the Talang Samin prospect and the potential for continued organic growth from numerous exploration targets.

OPERATIONS OVERVIEW

SAFETY

There were no Lost Time Injuries (“LTI”) for the quarter. The 12 month moving average Lost Time Injury frequency rate (“LTIFR”) stands at 0.

TALANG SANTO

The main focus of development at Talang Santo for the period was to continue to define the extent of the Splay vein. In addition, limited work was conducted on the Hanging Wall and Mawi veins in sublevels.

Production for the period based on bulk samples from skips was 3,272 tonnes at 9.2 g/t Au. The grade and tonnage were lower than the previous quarter (5,336 tonnes @ 13.2 g/t Au) due to additional waste development from accessing new working areas and a lower bulked grade being delivered from development on the narrower Zone B section of the Splay vein.

Grade and tonnage are expected to increase during the production ramp up as the ratio of stope tonnes to development tonnes increases as stoping commences.

During the period infrastructure work was undertaken to complete a dedicated second egress from the 1 Level to the 3 Level, with the completion of an Alimak rise for a two compartment shaft with ladderway and winder for a man cage to

be utilised for men, materials and consumables.

During the quarter the Company realised A\$1.73m in revenue from the sale of gold which was produced from the milling trial conducted in the March 2014 quarter.

Splay Vein

Underground Mine development over the period has confirmed the extension of the Splay vein on the 3 Level of the Talang Santo Mine, with a current strike distance of 183 metres. This development has confirmed a second orebody at the Talang Santo Mine which importantly remains open along strike and at depth.

This development has highlighted two distinct zones within the mineralised corridor of the Splay vein. The main mineralised zone of the Splay vein (Zone A) consists of a vein averaging 2 metres wide, strike of 113 metres and a length weighted average grade (uncut) of 27.60 g/t Au and 95.9 g/t Ag. Beyond Zone A, a fault intersected the ore body with a minor offset into a narrower high grade zone (Zone B)). Zone B is a narrower vein, averaging 0.5 metres wide over the current strike of 66m at 14.78 g/t Au and 23.8 g/t Ag. It is anticipated that Zone B is still capable of being bulked to allow stoping. (Refer Figure 2).

Following the quarter end and the receipt of the final Forestry Permit, trial stoping is being established on both Zones A and B from the 3 Level up. This work will allow mining factors such as dilution, mining recovery and the effect of higher grade outlier assays on the mined grade to be evaluated for use in future resource updates. (Refer to ASX Announcement 23/07/2014)

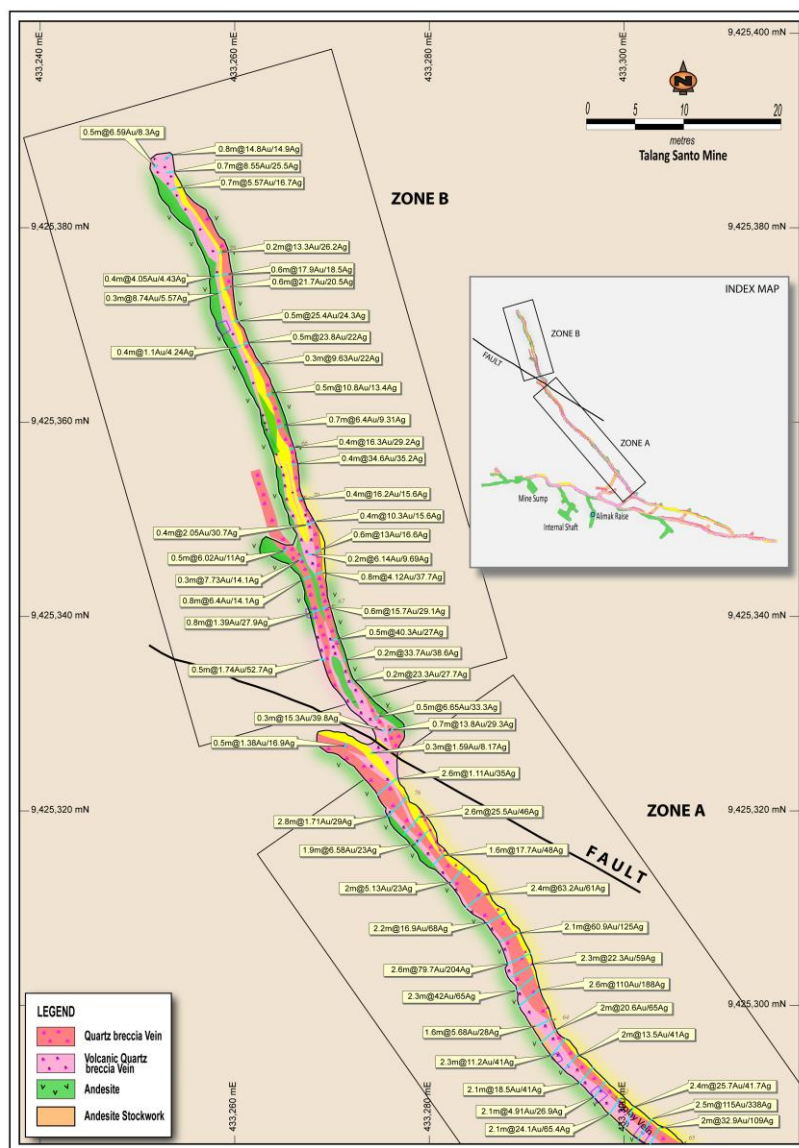


Figure 3: Splay Vein Face Sampling Results

Definition Drilling

In light of the results from recent development and limited drill information below the 3 Level, a review of the Talang Santo drillhole data set was completed. The review identified two holes located close to the intersection of the Splay vein with the main ore body 65 metres below the sill of the current 3 Level which are now attributable to the Splay vein. The following intersections were returned:

- **DDH208 1.25m @ 30.6 g/t Au and 39.7 g/t Ag; and**
- **DDH206 4.0m @ 10.4 g/t Au and 33.6 g/t Ag.**

Drill platforms are currently being established and an underground drill rig will be mobilised in early August to undertake infill drilling to assist with further evaluation of the extent of the Splay vein and to test additional targets.

PROCESSING

No processing was carried out during the period. Ongoing care and maintenance was undertaken and a number of process improvement initiatives were reviewed with a view to optimise the operation of the process plant once ramp up is complete.

WAY LINGGO MINE

No additional work was undertaken at the Way Linggo Mine with normal mining activities having been suspended since the September 2013 quarter. A geotechnical study was commissioned during the March 2014 quarter, and will form part of the ongoing evaluation to recover the remaining remnant resource. The results from this evaluation will be used to form a mine plan, with the decision to progress with recovery of any remnant resource contingent on a review of whether the resource can be safely accessed.

PERMITTING

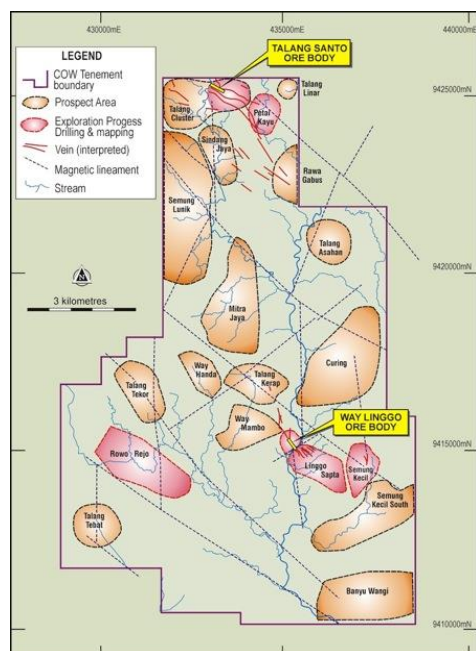
The Company achieved an important milestone in the permitting process during the quarter with the receipt of Ministerial approval for the extension to the existing Project environmental assessment ('AMDAL') the first of the two key permits required for production at the Talang Santo Mine to commence.

The grant of the final and separate Forestry 'borrow and use' or 'pinjam pakai' permit remained outstanding as at 30 June 2014. However, on 8 July 2014 the Company received the pinjam pakai allowing the commencement of production.

TALANG SANTO PRODUCTION RAMP-UP

It is expected that the ramp up to full production will occur over a period of 3-months. This will involve the staged ramp up of the processing plant utilising the available stockpiles whilst matching the mining rate to throughput rate and maximising recoveries. The mine development focus over this period will be to increase the number of working headings in the mine and the establishment of stoping panels in both new and existing areas of development.

Project/Regional Exploration



The broader strategy for growth at the Way Linggo Project remains unchanged with an immediate focus on testing near mine opportunities from underground, along with the evaluation of advanced projects in particular, Talang Samin. At the Project scale, groundwork is ongoing to rank and prioritise existing targets prior to the commencement of surface drilling.

During the period continued ground truthing/reconnaissance was conducted with alteration/geology mapping and rock chip sampling undertaken by way of stream and ridge traverses. Once all the information is collated and outstanding rock chip and float assays received, geochemical soil sampling and trenching will be undertaken at identified prospects in order to refine targets prior to commencing drilling.

Work at Talang Samin during the quarter was focussed on equipping the shaft following completion of the excavation during the March 2014 quarter, along with the establishment of the plait and the initial drift to the east towards the veins intersected by previous surface drilling. Initial surface drilling returned the following intersections:

DDH 168	6.2m @ 3.85g/t Au and 14.24g/t Ag from 234.6m (including 0.2m @ 20.3g/t Au and 1,049g/t Ag)
DDH 180	4.75m @ 4.3g/t Au and 5.45g/t Ag from 73.75m (including 0.5m @ 30.2g/t Au and 30.4g/t Ag)

It is anticipated the veins will be intersected by underground development towards the end of the September quarter.

During the quarter, the Annual Anti-Drug Commemoration was held by the Badan Narkotika Nasional Tanggamus District. The Kingsrose Group was an active participant in the event both at the ceremony and the organised exercise classes held later in the day.

Assistance continued to be directed towards ongoing infrastructure development and maintenance activities within the Lampung Province and wider Tanggamus District, with a particular focus on those areas recently affected by heavy rains. Activities included repairs to embankments, local roads and emergency housing.

The Company is committed to conducting all operations in an environmentally sustainable manner. Under the Group's Environmental Management and Monitoring Plan regular environmental impact assessments are conducted and rehabilitation and reforestation programs are ongoing. In commemoration of World Environment Day held on 5 June 2014, the Company's onsite workforce participated in environmentally focused activities including the re-vegetation of various areas onsite.



Figure 5: Anti-Drug Commemoration Day activities



Figure 6: Road repair at Talang Palas village



Figure 7: Re-vegetation activities at the Way Linggo Project



Figure 8: Re-vegetation activities at the Way Linggo Project

The Group's onsite workforce continued to be predominately comprised of local personnel throughout the quarter with 71% of employees coming from the nearby Lampung Province.

CORPORATE

Loan Facilities

During the quarter ending 31 March 2014 the Company and its financiers, Advanced Concept Holdings Limited and Beaurama Pty Ltd, entered into a Deed of Variation of Loan Agreements to defer commencement of the repayment of the outstanding loans and to increase the interest rate payable. A Further Deed of Variation of Loan Agreements was entered into to remove a clause in the respective Loan Agreements that stated the lenders could request immediate repayment of all outstanding advances and interest in the event the Company received cleared funds in excess of US\$15m from an issue of securities.

The application of the interest rate increase associated with the above Deed of Variation of Loan Agreements was deferred until the receipt of a waiver from ASX Limited ("ASX") under listing rule 10.1 to allow the implementation of the variation of the Loan Agreements without first seeking Shareholder approval, (subject to certain conditions).

The Company sought and obtained the relevant waiver from ASX in relation to listing rule 10.1 which allowed the variations as described above to take place with effect from 7 April 2014.

SECURITIES

During the quarter the following securities were issued:

500,000	Unlisted Options (\$0.47, 7 April 2016)
2,350,000	Unlisted Options (\$0.55, 7 April 2016)

At the end of the quarter, the following securities were on issue:

358,611,493	Ordinary Fully Paid Shares
14,600,000	Unlisted Options (varying strike price and expiry dates)

SUMMARY OF MINING TENEMENTS AND AREAS OF INTEREST

Project/Tenement Held	Location	Tenement Number	Entity'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

CASH AND BULLION ON HAND AT THE END OF THE QUARTER

Cash & Term Deposits	\$6.657m
Bullion*	\$0.047m
Total	\$6.704m

* Bullion includes unrefined (filter cake, dore) and refined gold (at US\$1,315/oz) and silver (at US\$20.87/oz).

-ENDS-

For more information please contact:

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Competent Persons Statement

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

The information in this report relating to face sampling on the 3 Level, Splay vein at Talang Santo was first reported by the Company in compliance with JORC 2012 in a market release dated 23 July 2014. The Company confirms that it is not aware of any new information or data that materially affects the information included in the market release referred to above and further confirms that all material assumptions and technical parameters underpinning the exploration results contained in those market releases continue to apply and have not materially changed.

The information in this report that relates to Talang Samin exploration results was first reported by the Company in compliance with the 2004 edition of the JORC Code in an ASX release dated 29 April 2011. The Company confirms that it is not aware of any new information or data that materially affects the information included in the ASX release dated 29 April 2011 and further confirms that all material assumptions and technical parameters underpinning the exploration results contained in the ASX release dated 29 April 2011 continue to apply and have not materially changed.

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

Entity Kingsrose Mining Limited		Quarter ended:	
ABN 49 112 389 910		30 June 2014	
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	1,722	3,758
1.2	Payments for		
	(a) exploration and evaluation	(211)	(1,864)
	(b) development	(1,551)	(7,344)
	(c) production	(2,641)	(9,228)
	(d) administration	(1,000)	(4,170)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	22	110
1.5	Interest and other costs of finance paid	(286)	(1,008)
1.6	Income taxes refund received (net of provisional tax instalments)	5,432	2,959
1.7	Other (VAT refund received)	-	1,656
Net Operating Cash Flows		1,487	(15,131)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(76)	(454)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	18	18
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (Buyback of third party's royalty entitlement)	-	(134)
Net investing cash flows		(58)	(570)
1.13	Total operating and investing cash flows	1,429	(15,701)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	23,328
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19a	Other (Share issue transaction costs)	-	(1,230)
1.19b	Other (Repayment of hire purchases)	(170)	(717)
1.19c	Other (Loan to related party)	-	(1,676)
1.19d	Other (Contribution from non-controlling interests to the increase in share capital of subsidiary)	-	1,680
Net financing cash flows		(170)	21,385
Net increase / (decrease) in cash and cash equivalents held		1,259	5,684
1.20	Cash and cash equivalents at beginning of quarter/year	5,727	1,308
1.21	Exchange rate adjustments to item 1.20	(329)	(335)
1.22	Cash and cash equivalents at end of quarter	6,657	6,657

Payments to directors of the entity and associates of the directors

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

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	182
1.24 Aggregate amount of loans to the parties included in item 1.10	0
1.25 Explanation necessary for an understanding of the transactions	
Nil	

Non-cash financing and investing activities

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

Nil

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

Nil

Financing facilities available

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

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	1,500
4.3 Production	3,900
4.4 Administration	1,000
Total	6,900

Reconciliation of cash and cash equivalents

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

5.1 Cash on hand and at bank

5.2 Deposits at call

5.3 Bank overdraft

5.4 Other (provide details)

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

Current quarter \$A'000	Previous quarter \$A'000
3,657	2,027
3,000	3,700
-	-
-	-
6,657	5,727

Changes in interests in mining tenements

6.1 Interests in mining tenements relinquished, reduced or lapsed

6.2 Interests in mining tenements acquired or increased

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

Issued and quoted securities at end of current quarter

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

		Total Number	Number quoted	Issue price per security (\$)	Amount paid up per security (\$)
7.1	+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) Increase through exercise of options	-	-	-	-
	(b) Increase through issues	-	-	-	-
	(c) Release from escrow	-	-	-	-
	(d) Decreases through returns of capital, buy-backs	-	-	-	-
7.5	+Convertible debt securities	-	-	-	-
7.6	Changes during quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through redemption of securities	-	-	-	-
7.7	Options	14,600,000	-	-	-
				<i>Exercise Price (\$)</i>	<i>Expiry Date</i>
	150,000	-	-	0.73	8 Mar 2015
	1,000,000	-	-	1.59	2 Dec 2014
	1,000,000	-	-	1.54	1 Oct 2014
	1,000,000	-	-	1.54	5 Jun 2015
	500,000	-	-	1.53	17 Dec 2014
	500,000	-	-	1.53	5 Jul 2015
	100,000	-	-	1.27	14 Feb 2015
	500,000	-	-	0.43	11 Aug 2015
	500,000	-	-	0.44	11 Aug 2018
	4,000,000	-	-	0.55	15 Sep 2015
	500,000	-	-	0.39	30 Jun 2016
	500,000	-	-	0.41	2 Jan 2017
	1,500,000	-	-	0.55	28 Jan 2016
	500,000	-	-	0.47	7 Apr 2016
	2,350,000	-	-	0.55	7 Apr 2016
7.8	Issued during quarter	500,000	-	0.47	7 Apr 2016
		2,350,000	-	0.55	7 Apr 2016
7.9	Exercised during quarter	-	-	-	-
7.10	Expired (cancelled) during the quarter	-	-	-	-
7.11	Share Performance Rights	-	-	-	-
7.12	Issued during quarter	-	-	-	-
7.13	Exercised during quarter	-	-	-	-
7.14	Expired/cancelled during quarter	-	-	-	-
7.15	Debentures (totals only)	-	-	-	-
7.16	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.



Sign here:
Managing Director

Date: 25 JULY 2014

Print name: SCOTT HUFFADINE

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