KINGSROSE MINING LIMITED | QUARTERLY REPORT

For the period ended 30 September 2016

KEY POINTS

- Production of 2,660 ounces of gold at 8.4 g/t Au and 5,072 ounces of silver at 17 g/t Ag at an all-in sustaining cost of US$2,149/oz for the Quarter.
- Production continues to be impacted by the ongoing challenges presented by water and a reduction in mineable areas.
- Appointment of independent consultants Mining Plus to assist with identification and implementation of long term operational improvements.
- Mining Plus' interim report confirmed the outstanding nature of the Talang Santo ore body.
- Extensive planning for the recovery of remnant pillars in the Splay vein to help increase production rates in the short term.
- Reconfiguration of the 4 Level pumping station complete now allowing for three multi-stage pumps to operate continuously to further improve water management and redundancy planning.
- Sinking of the External Haulage Shaft recommenced.

PROJECT SCALE EXPLORATION

- Exploration targets continue to be developed at Rowo Rejo 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

- Two tranche share placement to raise ~A$9m strongly supported by existing institutional and sophisticated investors.
- Currently in discussion with Lenders regarding proposed changes to the Loan Facilities including the repayment schedule. The Lenders have agreed to defer the October 2016 repayment pending the finalisation of the documentation and revised repayment schedule *(Refer ASX Announcement, 1 November 2016).*

TALANG SANTO OPERATIONS OVERVIEW

	UNITS	SEPTEMBER 2016 QUARTER	YEAR TO DATE
MINE PRODUCTION			
ORE MINED	t	9,298	9,298
MINE GRADE (GOLD)	g/t	9.0	9.0
MINE GRADE (SILVER)	g/t	18	18
ORE PROCESSED			
TONNES MILLED	t	10,255	10,255
HEAD GRADE (GOLD)	g/t	8.4	8.4
HEAD GRADE (SILVER)	g/t	17	17
RECOVERY (GOLD)	%	96.2	96.2
RECOVERY (SILVER)	%	87.3	87.3
GOLD PRODUCED	oz	2,660	2,660
SILVER PRODUCED	oz	5,072	5,072
COSTS OF PRODUCTION			
CASH OPERATING COSTS (C1)	US$/0z	1,440	1,440
ALL-IN-SUSTAINING COSTS OF PRODUCTION (AISC)	US$/oz	2,149	2,149

SAFETY

There were no Lost Time Injuries ("LTIs") for the Quarter. The 12-month moving average Lost Time Injury Frequency Rate ("LTIFR") now stands at 2.60.

During the Quarter, the Group's safety performance was analysed as part of the Mining Plus review. The feedback was pleasing, with Mining Plus noting that the mine safety performance was in line with the underground mining statistics recorded by the WA minerals industry in 2014-2015.

MINING

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.

The initial report provided by Mining Plus highlighted the outstanding nature of the Talang Santo ore body as it contained exceptionally good ore and noted its high potential for additional resources. Numerous recommendations were made to significantly improve the operational performance of the mine. Mining Plus advised that their approach to improving production at Talang Santo will focus on three key areas over the next 12 months. Accordingly, a series of measures are being implemented at the project to improve development rates, recover remnant pillars to boost short term production and ensure that there are suitable mine planning and production systems in place.

Development and Production

During the September Quarter, mining activities were focused on the development of the 5 Level sublevels in the Hanging Wall, Mawi and Spay veins. A total of 800m of development advance was completed during the Quarter, with 621m of operating development and 180m of capital development with a further 26m of advance in the External Haulage Shaft.

A total of 9,298 tonnes of ore were mined at a grade of 9.0 g/t gold and 18 g/t silver for the period with a further 1,637 tonnes of waste also hoisted to surface. Production rates continued to suffer as a result of the double handling of ore, reduced work areas as a result of the delayed sinking of the External Haulage Shaft and the continuing impact of water inflow into the lower levels of the mine.

During the September Quarter the Mawi vein provided the primary supply of ore, contributing 58% of total ore mined for the period. The Hanging Wall vein supplied only 31% of ore during the period and the remaining 11% of ore mined coming from the Splay vein.

All veins continued to deliver high-grade face grades, however consistently higher grade was identified in the Hanging Wall vein, with it contributing 2,869 tonnes of ore at 15.11 g/t Au and 36.57 g/t Ag during the period. The Splay vein also produced some excellent grade and returned high grade face intercepts, however access to this area was limited during the period as a result of poor ground conditions which necessitated unplanned remedial work to bypass the ground failure.

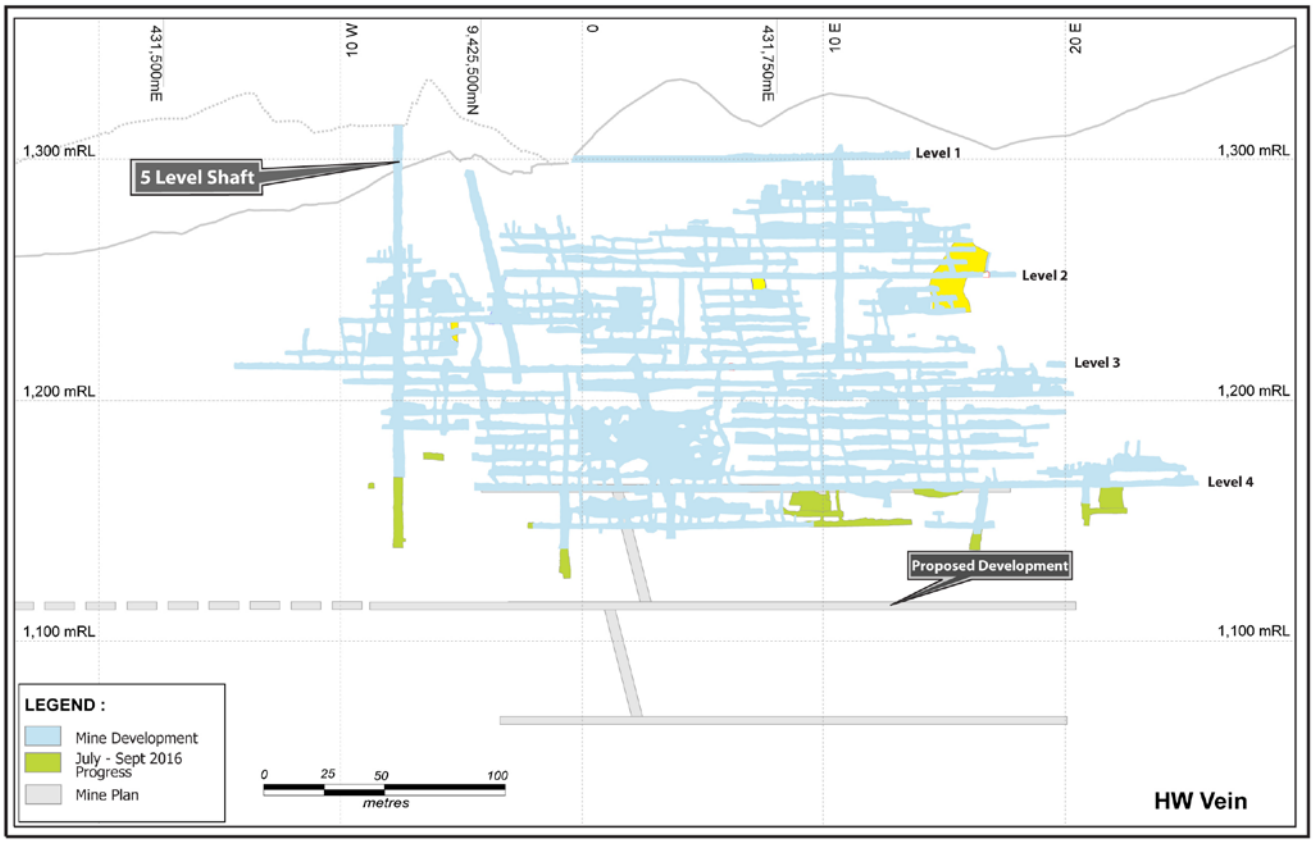

Figure 1 – Hanging Wall vein development

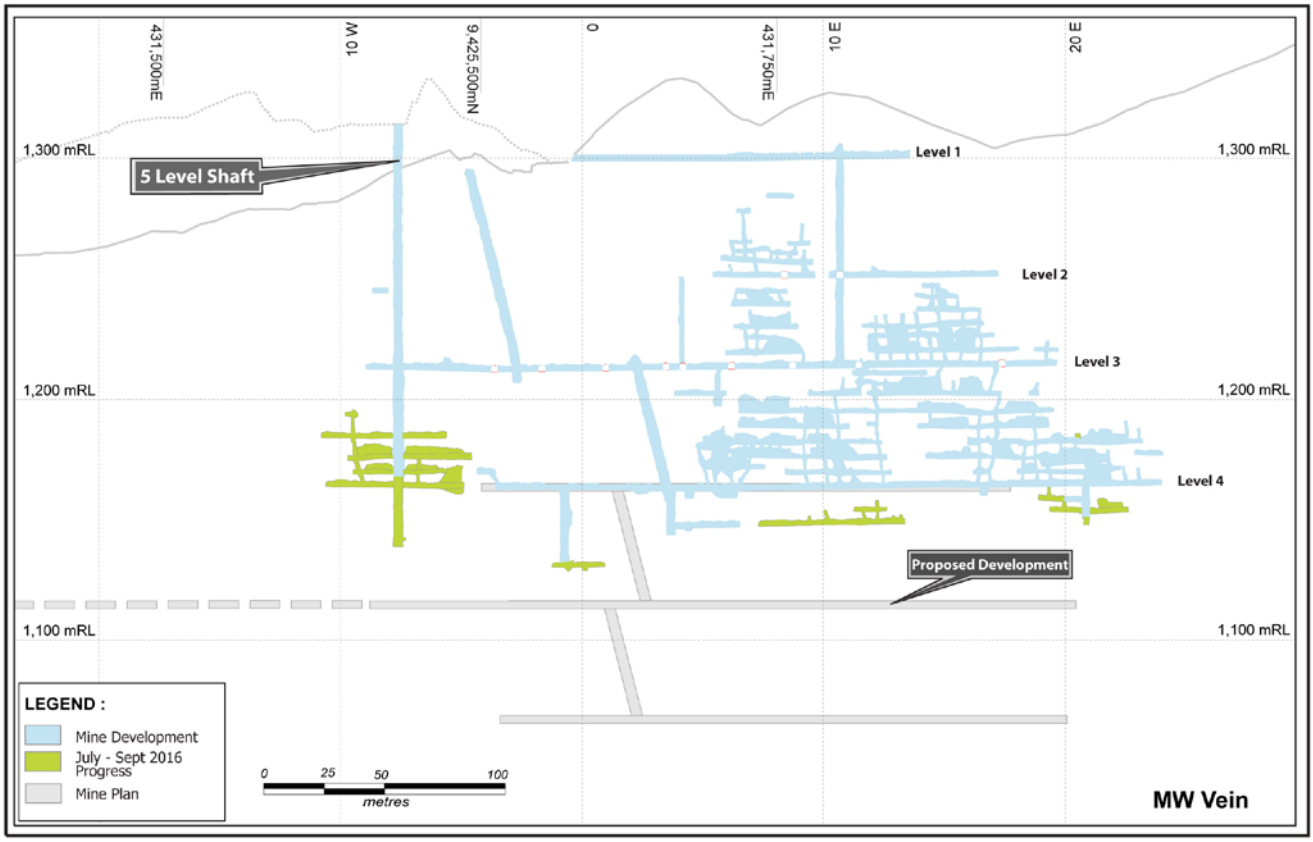

Figure 2 – Mawi vein development

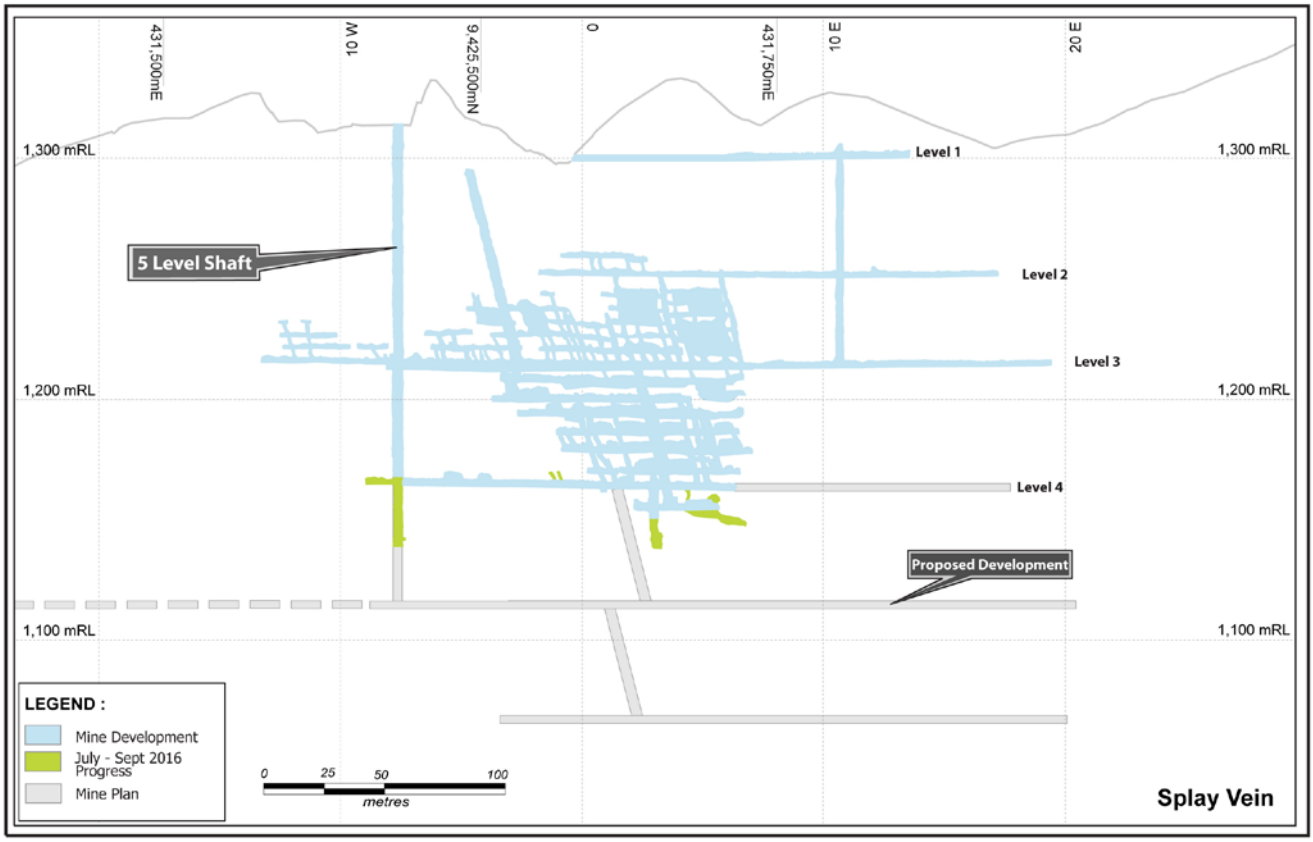

Figure 3 – Splay vein development

Sludge drilling was undertaken throughout the quarter on the 3 and 4 Levels to identify potential extensions and to assist with building the geological picture surrounding the known resource. The Mawi zone between 4 and 3 Level will be a primary target once resources are available and a further sludge program has been planned. Significant intersections included:

Hanging Wall vein

- L4 HW 09E 1.2m @ 16.53g/t Au and 55.27g/t Ag
- L5 HW 05E 1.6m @ 11.62g/t Au and 14.2g/t Ag
- L5 HW 09E 1.6m @ 18.78g/t Au and 60.8 g/t Ag

Mawi vein

- L5 MW 01W 1.6m @ 10.99 g/t Au and 36.30 g/t Ag
- L5 MW 01W 3.2m @ 4.23 g/t Au and 7.75 g/t Ag
- L5 MW 09E 1.2m @ 5.19 g/t Au and 5.20 g/t Ag

Splay vein

- L3 SP 05W 1.2m @ 5.38 Au and 8.53 g/t Ag

Remnant Pillar Recovery

The Mining Plus review noted that alternative mining methods should be investigated with a view to extracting high-value ore, which may have been left behind in pillars. Resultantly, significant efforts have been directed towards planning for the recovery of remnant pillars in the upper levels of the Talang Santo Mine to help increase production rates in the short-term. Geotechnical reviews have been completed as have all the requisite submissions to the Indonesian Mines Department, with test work scheduled to commence in the December 2016 Quarter.

Remnant pillar recovery will be initially confined to pillars located above the 4 Level in the Splay vein. Should this prove successful, further areas will be evaluated for pillar recovery with the future potential to transition the overall mining method to incorporate consolidated fill. In addition, a further opportunity exists to evaluate the re-entry and pillar recovery potential of the historic Way Linggo Mine.

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. During the Quarter, an additional 26m of vertical advance was completed taking the total shaft depth to 171m of the required 220m. Advance has been slower than forecast, largely due to the inflow of water into the shaft and poor ground conditions.

A strong focus has been placed on vertical development of the External Haulage Shaft as the life of mine plan designed by Mining Plus identified this as the most critical development location to unlock additional working areas and drive future production. Changes to the management of water in External Haulage Shaft are being implemented to improve the vertical advance rate including the continued use of grout to reduce water inflows along with a range of other initiatives designed to divert water away from the direct working areas. In addition, a trial has been designed to test the increased use of mechanisation in the development cycle focussed on improving bogging productivity rates.

Water Management Plan

Pump performance improved throughout the Quarter with a significant reduction in pump downtime. Further advances were made in extending pump operating performance with modifications to impellers and couplings. A new reconfiguration of the 4 Level pumps was completed during the Quarter which now allows three multi-stage (MST) pumps to operate continuously to further improve water management and redundancy planning.

PROCESSING

The processing statistics for the operating period are tabulated below

ORE PROCESSED	UNITS	SEPTEMBER 2016 QUARTER	YEAR TO DATE
TONNES MILLED	t	10,255	10,255
HEAD GRADE (GOLD)	g/t	8.4	8.4
HEAD GRADE (SILVER)	g/t	17	17
RECOVERY (GOLD)	%	96.2	96.2
RECOVERY (SILVER)	%	87.3	87.3
GOLD PRODUCED	oz	2,660	2,660
SILVER PRODUCED	oz	5,072	5,072

The plant throughput for the period was 10,255 dry tonnes at a head grade of 8.4 g/t Au and 17 g/t Ag. Recoveries of both gold and silver were 96.2% and 87.5% respectively.

GOLD SALES AND COSTS OF PRODUCTION

During the Quarter the Company sold 2,411 ounces of gold at an average gold price of A$1,776/oz and realised A$4.41M in revenue. The cash costs of production for the Quarter were US$1,440/oz and all-in sustaining costs ("AISC") of production for the period were US$2,149/oz.

Although unit costs continue to be significantly impacted by low production rates, there was an 11% overall reduction in the total site gross operating costs over the September Quarter. With a large component of the cost base being fixed, the Company's unit costs remain highly leveraged to increased production levels. The Company continues to search for cost saving opportunities and the current focus on lifting production rates and maximising Resource recovery will lead to significant reductions in unit costs.

EXPLORATION

Project/Regional Exploration

A total of 731m of diamond drilling was completed during the Quarter at Talang Santo from surface. DDH-433 intersected all veins and also a new quartz vein discovery with 1.1m @ 4.53 g/t Au and 4.34 g/t Ag including 0.75m @ 6.4 g/t Au and 5.00 g/t Ag from 211m downhole. Additionally, the Mawi vein was intersected with 1.6m @ 5.14 g/t Au and 7.33 g/t Ag including 0.75m @ 9.08 g/t Au and 11.22 g/t Ag from 327.6m downhole.

Regional geological exploration activities conducted during the Quarter were focused on priority targets Way Handa and Rowo Rejo with extensive geological mapping, trenching, and auger sampling.

An extensive hand auger sampling program was undertaken at Rowo Rejo aiming to trace the silica-chalcedonic alteration related to the gold bearing

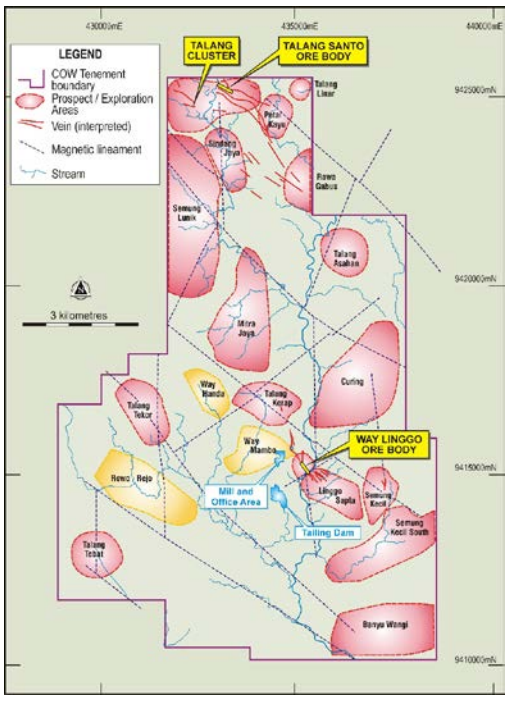

Figure 4: Surface Exploration Activity Location

vein interpreted from the CSAMT resistivity and structural anomaly. A total of 278m of hand augering from 164 holes was undertaken along with a further 200m of ridge and spur traverses which continued to map the chalcedonic veining within clay Rhyolitic volcanic breccia.

COMMUNITY AND THE ENVIRONMENT

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 community health programs with donations of food and supplies to the 41 Mother and Child Care Centres surrounding the mine coupled with visits by the PTNM site Doctor providing free consultations and health care advice and assistance.

Infrastructure development was ongoing throughout the Quarter, with road maintenance and road widening between communities to improve road safety.

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. A total of 0.2 hectares was revegetated using a variety of plant stock from the Way Linggo nursery around the Talang Santo drill pads and along the haul road.

CORPORATE

Share Placement

A strongly supported two tranche share Placement at 12 cents per share raising approximately A$9m was conducted in July. Tranche one of the Placement was completed on 27 July 2016 and Tranche two was completed following shareholder approval obtained on 14 September 2016.

Debt Restructure

The Company is currently in discussions with its Lenders regarding a number of proposed changes to the Loan and Security Agreements (Agreements), including changes to the repayment schedule. *(Refer to Appendix 2 of the Investor Presentation dated 21 July 2016).*

To enable time for all parties to agree and finalise the proposed changes, the Lenders have extended the time for completing the documentation until 21 November 2016. In addition, the Lenders have agreed to defer the October 2016 repayment pending the finalisation of the revised repayment schedule.

CORPORATE SNAPSHOT AS AT 30 SEPTEMBER 2016

KEY STATISTICS	
Shares on Issue	435,211,002
Unlisted Options	10,800,000
Share Price	$0.16
Market Capitalisation	$69.9M
Cash, Term Deposits & Bullion	A$7.8M
Debt	A$9.2M

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 SEPTEMBER 2016

Cash & Term Deposits	A$4.915M
Bullion & Trade Receivables[1]	A$2.837M
Total	**A$7.751M**

[1] Bullion includes unrefined (filter cake, dore) and refined gold (at A$1,733/oz) and silver (at A$25/oz).

SUMMARY OF MINING TENEMENTS AND AREAS OF INTEREST

PROJECT/TENEMENT HELD	LOCATION	TENEMENT NUMBER	EQUITIY'S INTEREST AT QUARTER END	CHANGE IN ENTITY'S INTEREST DURING QUARTER
4th 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 complied 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

Kingsrose Mining Limited has prepared this quarterly 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, 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 connection with it.

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 | SLUDGE DRILLING INTERCEPTS

Hole Id	Shoot	Intersection	Easting	Northing	RL
L4_--_DS_09E_HW_N01_DS136470	HW	1.2m @ 16.53Au/55.2Ag from 0m	433377.305	9425259.915	1164.284
L4_--_DS_25E_HW_E01_DS136000	HW	0.6m @ 1.8Au/2.0Ag from 1.2m	433533.696	9425217.378	1165.612
L4_--_DS_25E_HW_S01_DS136401	HW	0.8m @4.75Au/6.93Ag from 1.8m	433530.101	9425218.647	1165.587
L4_--_DS_25E_HW_S02_DS136406	HW	0.8m @ 1.34Au/2.73Ag from 0m	433523.101	9425218.647	1165.509
L5_S5_DS_05E_HW_N01_DS135957	HW	0.8m @ 2.21Au/3.87Ag from 0m	433379.127	9425271.253	1148.87
L5_S5_DS_05E_HW_S01_DS135951	HW	1.6m@11.62Au/14.2Ag from 0m	433378.59	9425269.203	1148.86
L5_S6_DS_09E_HW_N01_DS135969	HW	1.6m@18.78Au/60.8Ag from 0m	433375.478	9425267.732	1153.752
L5_S6_DS_09E_HW_S01_DS135963	HW	3.2m@2.49Au/5.14Ag from 1.6m	433378.097	9425265.299	1153.442
L4_--_DS_06W_MW_N01_DS135977	MW	0.8m @ 8.23Au/12.07Ag from 0m	433224.174	9425289.984	1164.429
L5_S3_DS_01W_MW_N01_DS136830	MW	1.6m @ 10.99Au/36.30Ag from 4m	433288.737	9425289.598	1131.779
L5_S3_DS_01W_MW_N02_DS137845	MW	3.2m @ 4.23Au/7.75Ag from 0m	433277.471	9425292.427	1131.89
L5_S5_DS_09E_MW_S01_DS136836	MW	1.2m @ 5.19Au/5.20Ag from 0m	433368.416	9425262.837	1149.349
L5_S6_DS_20E_MW_N02_DS136840	MW	3.2m @ 4.34Au/4.10Ag from 0m	433496.868	9425233.714	1154.581
L5_S6_DS_20E_MW_S01_DS136418	MW	0.8m @ 1.74Au/2.00Ag from 0m	433479.471	9425233.4	1154.801
L5_S6A_DS_20E_MW_N01_DS135971	MW	2.4m@2.38Au/21.11Ag from 2.4m	433470.483	9425233.271	1158.786
L3_--_DS_04W_SP_S01_DS136529	SP	1.2m@2.45Au/8.87Ag from 3.6m	433257.473	9425372.148	1215.243
L3_--_DS_05E_SP_S01_DS136813	SP	15.6m@0.06Au/4.17Ag	433329.689	9425257.099	1213.849
L3_--_DS_05W_SP_S01_DS136662	SP	1.2m@5.38Au/8.53Ag from 1.2m	433248.803	9425391.646	1215.47
L4_--_DS_01E_SP_S01_DS136507	SP	1.2m @ 3.04Au/4.07Ag from 1.2m	433302.96	9425327.144	1164.675

TABLE 2 | DRILLING AT TALANG SANTO

Hole Number	Easting	Northing	RL	Azimuth	Dip	Drilling Quarterly Production			Actual EOH	Remark
				Mag	Incline	Start	End	Meters Drilled		
DDH-433	433431.5	9425441	1370.85	200.135	-64.24	0.00	350.10	350.1	350.1	End of Hole, Intercept vein DDH-433: 1.1m@4.53Au/4.34Ag from 211m downhole (include 0.75m@6.40Au/5Ag from 211.15m downhole) 0.2m@5.70Au/21.28Ag from 321m downhole 0.15m@2.29Au/2.79Ag from 321.95m downhole 1.6m@5.14Au/7.33Ag from 327.95m downhole (include 0.75m@9.08Au/11.22Ag from 328.45m downhole) 0.4m @ 0.00g/t Au; 1.60g/t Ag from 337.20 m downhole
DDH-434	433431.9	9425441	1371.35	178.543	-71.95	0.00	380.90	380.9	380.9	Awaiting Assays

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

Criteria	JORC Code Explanation	Commentary
Sampling techniques	• Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. • Aspects of the determination of mineralisation that are Material to the Public Report. • In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	• This Table 1 relates to sampling by diamond drilling, sludge drilling, face sampling, float sampling and rock chip sampling. Sample intervals are designed to honour geological boundaries. • Core is aligned and measured by tape, referenced to downhole core blocks. • Diamond drilling and face sampling are completed to industry standard using various sampling intervals (0.1m to 1.5m) domained by geological constraints (e.g. Rock types, veining and alteration/sulphidation). • Rock chip samples are collected by hand using a rock hammer with multiple pieces of rock collected at one location for each sample. • Rock chip sample locations are picked up by a handheld GPS. Sample rock types were recorded where the rock was identifiable. • Rock chip samples are collected directly from the rock. Samples taken were dry. • Rock chip and float chip samples are inherently variable and do not accurately represent the average grade of the surrounding rock. Rock chip and float samples are used as a non-quantitative guide for assessing prospectivity hence are regarded as suitable for this purpose. • Diamond drilling samples are crushed and pulverised to create a 30g charge for fire assay lead collection followed by flame atomic adsorption spectrometry. Analysis for silver is via gamma ray spectrometry. • Face samples are analysed for gold and silver via an aqua regia digestion of a 30g charge with an atomic absorption spectrometry (AAS) finish. • Float rock samples are taken from the surface and not from in-situ outcrop. • Float rock sample locations are picked up by hand-held GPS and sample description take to be reviewed in conjunction with other geological data. This includes vein type and host/country rock.
Drilling techniques	• Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	• Underground diamond drill core. Several core sizes are used: BQ (36.4mm nominal core diameter). NQ (47.6mm nominal core diameter). HQ (63.5mm nominal core diameter). PQ (85.0mm nominal core diameter). • Percussion open hole sludge sampling is used with nominal diameter hole 36mm.
Drill sample recovery	• Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	• Diamond drill recoveries are recorded as a percentage of measured core against downhole drilled intervals. Achieved ≈90% recoveries. • Standard drilling practice used to ensure maximum core recoveries. • A documented relationship between core recoveries and grade has not yet been established although core loss occurred in some of the high-grade intersections due to the friable nature of the vein material. • Percussion sampling is collected via sampling bucket per

		1m interval.
Logging	• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. • The total length and percentage of the relevant intersections logged.	• Core logging is conducted by PT. Natarang Mining ("PTNM") geologists, who delineate intervals on geological, structural, alteration and/or mineralogical boundaries, to industry standard. • Logging is qualitative and all core is photographed. Rock types, veining and alteration/sulphidation are all recorded. • 100% of drill core is logged.
Sub-sampling techniques and sample preparation	• If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled.	• Core is cut by diamond saw and half core used for sampling, the remaining half is archived. For gouge, soft and friable core a knife splitter is used to halve the core. • Face chips are nominally chipped horizontally across the face from left to right, sub set by geological features. • The nature, quality and appropriateness of the sample preparation technique is deemed adequate. • Duplicate samples are not routinely sampled. • External laboratories coarse duplicates are used. • Sample sizes are considered appropriate for the grain size of the material being sampled.
Quality of assay data and laboratory tests	• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	• Gold concentration in diamond drilling samples is determined by fire assay lead collection followed by flame atomic adsorption spectrometry, and is considered to be total gold. Analysis for silver is via gamma ray spectrometry, and is considered total silver. • Gold and silver concentrations in face samples is determined by aqua regia digestion with an AAS finish, and is considered to be total gold. • Geophysical tools etc are not applicable to this report. • One in 25 (1:25) drill core coarse duplicates are sent to an external laboratory, PT Intertek Utama Services, as part of quality control testing. • The QAQC protocols used include the following: • Commercial blanks are used at an incidence of 1 in 10 samples. • Drill core coarse duplicates are sent to an external laboratory, PT Intertek Utama Services, at an incidence of 1 in 25 samples.
Verification of sampling and assaying	• The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data.	• Significant intersections were reviewed by senior exploration geology and mining geology managers from PTNM and by Kingsrose Mining Limited ("KRM") personnel. • Twinned holes have not been used to date as they are not considered necessary. • Data is manually checked by PTNM staff geologists prior to input into excel for transfer to an access database. • Hard copies of face sampling, core log sheets, surveys and assay results are stored on site. • No adjustment is made to any assay data.
Location of	• Accuracy and quality of surveys used to locate drill	• Surface diamond holes are set-out and picked-up by the

data points	holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control.	site survey team using a Leica TGRA+1203 total station. • Exploration drillholes are surveyed with Sure-Shot digital downhole camera at nominally fifty metre intervals. • Rock chip sample locations were recorded using a handheld GPS. Elevation values were in AHD RL and values recorded within the database. Expected accuracy is + or – 5m for easting, northing and 10m for elevation coordinates. • The Universal Transverse Mercator (UTM) system is used. No local grid system is used at Talang Santo Mine. • Topographic data is not relevant to the underground mine. For general use remote sensing data with the incorporation of local scale topographic surfaces, collected by the site survey team, is used.
Data spacing and distribution	• Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied.	• Exploration result data spacing can be highly variable, as little as 5m and up to 100m. • Data spacing and distribution is considered sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource estimation and classifications applied. • Sampling is based on geological intervals. Compositing is not applied until estimation stage.
Orientation of data in relation to geological structure	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	• Intercept angles are generally of suitable orientation (40° to 90°) to the vein system to provide unbiased sampling results. Development openings on strike of the vein system confirm this. • The rock chip sampling method is used to provide a surface sample only. • Generally drilling orientation is not considered to introduce a sampling bias due to the relatively high (40° to 90°) intercept angles.
Sample security	• The measures taken to ensure sample security.	• Samples retrieved from drilling are stored securely in a locked facility patrolled by onsite security. Samples are then logged, cut and stored in numbered sample bags for transported by PTNM employees to the ISO17025 accredited onsite assay laboratory operated by PT. Geoservices Geo-assay Laboratory.
Audits or reviews	• The results of any audits or reviews of sampling techniques and data.	• Independent review conducted in 2011 which resulted in work practices being modified and brought in line with industry standards. • Data handling and management is performed by PTNM geologists and is to industry standard. • Data is stored in an access database.

Section 2: Reporting of Exploration Results

Criteria	JORC Code Explanation	Commentary
Mineral tenement and land tenure status	• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. • The security of the tenure held at the time of reporting along with any known impediments to	• Tenure is occasioned via a fourth generation Contract of Work (CoW) held by PTNM. • PTNM is 85% owned by KRM with the remaining 15% interest held by an Indonesian national. • The mine, mill and camp area are all located within agricultural land that produces primarily coffee and cocoa. • Good relations with local community.

	obtaining a licence to operate in the area	• CoW is valid until 2034.
Exploration done by other parties	• Acknowledgment and appraisal of exploration by other parties.	• All exploration at the Way Linggo Project has been completed by PTNM/KRM.
Geology	• Deposit type, geological setting and style of mineralisation.	• The Talang Santo deposit is an epithermal gold / silver deposit. Mineralisation is hosted within a vein system of brecciated parallel quartz veins with a dominantly clay supported matrix which also contains clay altered volcanic fragments.
Drill hole Information	• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: o easting and northing of the drill hole collar o elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar o dip and azimuth of the hole o down hole length and interception depth o hole length. • If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	• All material data is periodically released to the ASX.
Data aggregation methods	• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated.	• All reported assay results have been length weighted to provide an intersection width. A maximum of 2m of barren material between mineralised samples has been permitted in the calculation of these widths. • No assay results have been top-cut for the purpose of this report. A lower cut off grade of 2gpt has been used to identify significant results, although lower results are included where a known ore zone has been intercepted, and the entire intercept is low grade. • No metal equivalents are reported.
Relationship between mineralisation widths and intercept lengths	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	• Exploration results report estimated true width. • Due to the complex nature of the mineralisation geometry and varying intercept angles the true width is manually estimated on a hole by hole basis. • Exploration results are reported with both true width and down hole lengths.
Diagrams	• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	• N/A
Balanced reporting	• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	• Underground and Surface Diamond drilling results and rock chip sample results are attached to this ASX release. • All material data is periodically released to the ASX, including representative reporting of exploration results.

Other substantive exploration data	• Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	• No other exploration data is considered meaningful and material to this announcement.
Further work	• The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). • Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	• Diamond drilling and sludge drilling will continue as required for grade control and resource development. • Included in previous ASX announcements.

Rule 5.5

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, 01/09/2016

Entity	**Kingsrose Mining Limited**	**Quarter ended: 30 September 2016**	
ABN	**49 112 389 910**		
Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	4,417	4,417
1.2	Payments for:		
	(a) exploration and evaluation	(661)	(661)
	(b) development	(1,764)	(1,764)
	(c) production	(5,389)	(5,389)
	(d) staff costs	(441)	(441)
	(e) administration and corporate costs	(425)	(425)
1.3	Dividends received	-	-
1.4	Interest received	5	5
1.5	Interest and other costs of finance paid	(281)	(281)
1.6	Income taxes paid	(116)	(116)
1.7	Research and development refunds	-	-
1.8	Other (VAT refund received)	110	110
1.9	**Net cash from / (used in) operating activities**	**(4,545)**	**(4,545)**
2.	**Cash flows from investing activities**		
2.1	Payment to acquire:		
	(a) property, plant and equipment	(40)	(40)
	(b) tenements	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Loans to other entities	-	-
2.4	Dividends received	-	-
2.5	Other	-	-
2.6	**Net cash from / (used in) investing activities**	**(40)**	**(40)**
3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	8,527	8,527
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(460)	(460)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Repayment of hire purchases)	(61)	(61)
3.10	**Net cash from / (used in) financing activities**	**8,006**	**8,006**

		Current quarter $A'000	Year to date (3 months) $A'000
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,508	1,508
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,545)	(4,545)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(40)	(40)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	8,006	8,006
4.5	Effect of movement in exchange rates on cash held	(14)	(14)
4.6	**Cash and cash equivalents at end of period**	**4,915**	**4,915**

5. 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.	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	3,304	1,508
5.2	Call deposits	1,611	-
5.3	Bank overdraft	-	-
5.4	Other (Petty cash)	-	-
	Cash and cash equivalents at end of quarter (item 4.6 above)	**4,915**	**1,508**

6.	**Payments to directors of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	62
6.2	Aggregate amount of loans to these parties included in item 2.3	-

6.3 Explanation necessary to understand the transactions included in item 6.1 and 6.2

Item 6.1 includes aggregate amounts paid to directors including salaries, directors' fees, superannuation and consulting fees.

7.	**Payments to related entities of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	-
6.2	Aggregate amount of loans to these parties included in item 2.3	-

6.3 Explanation necessary to understand the transactions included in item 7.1 and 7.2

N/A

8. Financing facilities available

		Total facility amount at quarter end $A'000	Amount Drawn at quarter end $A'000
8.1	Loan facilities	9,165	9,165
8.2	Credit standby arrangements	-	-
8.3	Other	-	-

8.4 Description of each facility above, including the lender, interest rate and whether it is secured or unsecured.

Item 8.1 consists of the following:

- Loan from Beaurama Pty Ltd of A$4.250m. The loan bears interest at 10.5% per annum.
- Loan from Great Golden Investment Limited of US$2.125m (A$2.785m). The loan bears interest at 10% plus 1-month LIBOR plus withholding tax per annum.
- Loan from Michael John Andrews of US$1.625m (A$2.130m). The loan bears interest at 10% plus 1-month LIBOR plus withholding tax per annum.

The above loans are secured against all of the issued shares in the Company's Australian subsidiaries that hold the (85%) ownership of the Way Linggo Project.

9. Estimated cash outflows for next quarter

		$A'000
9.1	Exploration and evaluation	580
9.2	Development	1,250
9.3	Production	6,020
9.4	Staff costs	450
9.5	Administration and corporate costs	450
9.6	Other	-
9.7	**Total estimated cash outflows**	**8,750**

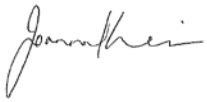
10. Changes in interests in mining tenements

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

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement does give a true and fair view of the matters disclosed.



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Joanna Kiernan
Company Secretary

31 October 2016

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