KINGSROSE
MINING LIMITED

2016
Annual Report

Contents

Corporate Directory

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John Morris	Executive Chairman
Douglas Kirwin	Non-Executive Director
Andrew Spinks	Non-Executive Director

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Chairman's Address

Dear Shareholder,

The 2016 financial year was not without its challenges for the Company, and despite lower than anticipated production for the year, it was encouraging to achieve record low costs in the December quarter following a significant increase in production. This served as a reminder that the Talang Santo Mine can produce high grade ore at very robust operating margins.

The technical reviews initiated following the end of the financial year have been encouraging and confirm that the long term fundamentals of the Way Linggo Project remain unchanged. The Project sits within a highly prospective 100km^2 landholding with established infrastructure and a pipeline of exciting exploration targets. The Talang Santo Mine, with its substantial high grade resource has the potential to deliver a long and profitable future underpinning the growth of the Company. The focus for the next 12 months is to implement a suite of measures and practices aimed at increasing production, reducing costs and improving operational performance to unlock the true value of the Talang Santo Mine.

Operational performance is not the only measure of success for a Company, with the Board of Kingsrose viewing its strong and mutually rewarding relationship with the communities surrounding the mine, extensive local employment and its low environmental footprint as a significant achievement by the Company. We remain steadfast in our support of the local communities surrounding the Project with the provision of assistance to local infrastructure projects, educational and health initiatives at not only a community level, but across the whole Lampung province.

I would like to acknowledge every member of the committed and hardworking team at both Kingsrose and PT Natarang Mining for their ongoing loyalty and support throughout this difficult year. Furthermore, I would like to acknowledge the significant contribution of Scott Huffadine, who stepped down as Managing Director in January. Also stepping down from the Board during the year was founding Director, Bill Phillips. Bill made an invaluable contribution to the Company and on behalf of the Board, Kingsrose and PT Natarang Mining we wish Bill every success for his retirement.

I'd also like to recognise the ongoing support of the Company's financiers, who, throughout the year, worked alongside the Company and agreed to restructure the repayment profile of the loan facilities which allowed the Company to work through its operational challenges.

On behalf of my fellow Board members, I'd like to sincerely thank Shareholders for their continued support and patience during this financial year and I assure you that we are working towards improving operational performance, reducing costs and exploiting the full potential of the Way Linggo Project for the benefit of all stakeholders.

Yours Sincerely,

John Morris

Mine Operations Review

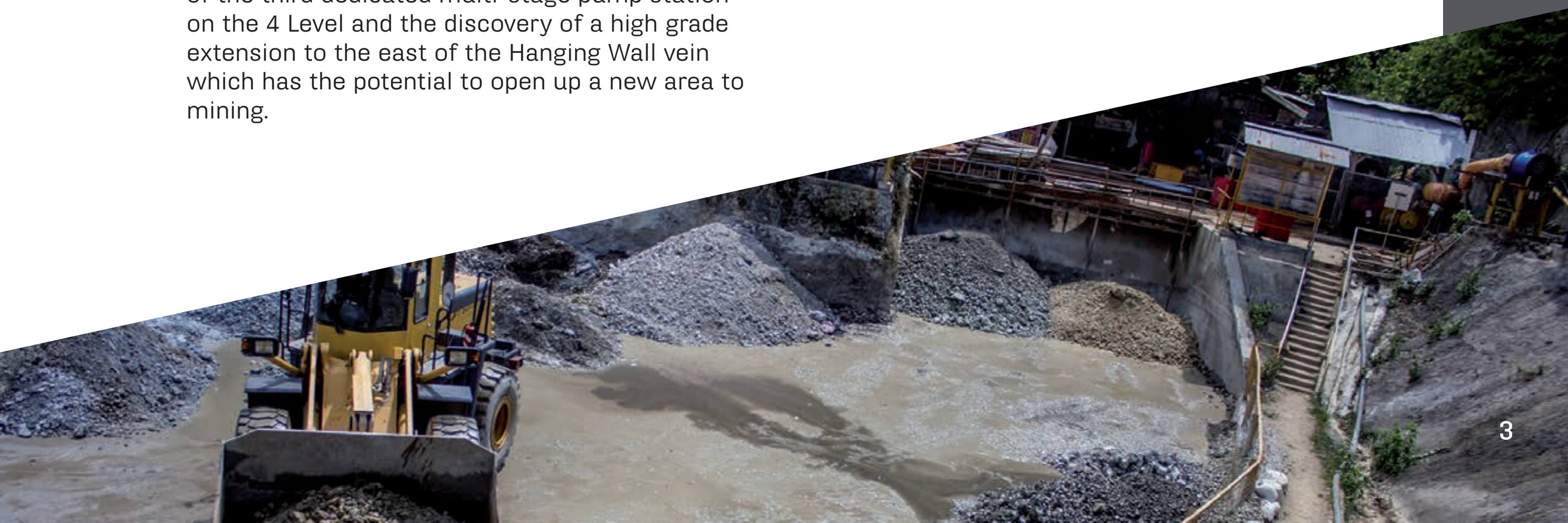
	Units	September 2015 Quarter	December 2015 Quarter	March 2016 Quarter	June 2016 Quarter	FY 2016
Mine Production						
Ore Hoisted	T	13,162	21,341	17,571	13,807	65,882
Mine Grade (Gold)	g/t	10.2	9.4	8.5	8.8	9.2
Mine Grade (Silver)	g/t	26	24	17	18	21
Ore Processed						
Tonnes Milled	T	13,250	21,612	17,400	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
Cost 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

The Talang Santo Mine

Mining

Production from the Talang Santo Mine for the 2016 financial year was 18,642 ounces of gold at 9g/t Au and 39,812 ounces of silver at 21g/t Ag. The result was impacted by the ongoing challenges presented by the flow of water into the mine and a reduction in mineable areas largely driven by delayed access to the 5 Level of the Mine. Pleasingly however, was the successful implementation of the grouting program allowing the construction of the External Haulage Shaft to resume in early July 2016, the establishment of the third dedicated multi-stage pump station on the 4 Level and the discovery of a high grade extension to the east of the Hanging Wall vein which has the potential to open up a new area to mining.

Mining activities during the year were primarily undertaken on the 4 Level horizon with the first half of the year focused on sublevel and stope development on the 4 Level where significant advance was made. During the December 2015 quarter a large portion of the mineable area on the 4 Level had been opened up which resulted in a significant uplift in production. This culminated in record mine production from the Talang Santo Mine during December 2015, with production of 8,099 tonnes of ore mined and all-in sustaining costs of US$807 per ounce of gold for the month.



Review of Operations

Development on the 4 Level in the latter half of the year identified an extension of high grade veining to the east of the Hanging Wall vein, approximately 50 metres beyond the previous mine plan which may potentially open up a new area to mining. This newly identified high grade zone extends beyond the current known limits of the mineralisation and has the potential to enlarge the system with the vein thickness increasing up to 4 metres in some places.

Due to the delays associated with the External Haulage Shaft, the later part of the financial year saw a reduction in available production areas with activities focused on the top-down development of 5 Level sublevels in parallel with the development of the high grade extension of the Hanging Wall vein identified on the 4 Level. Production rates declined during this period largely due to the ore being sourced from the 5 Level sublevels which required double handling of ore. The 5 Level sublevels are also more susceptible to production delays due to the impact of water as they sit below the main pumping infrastructure installed on the 4 Level horizon.

The Hanging Wall vein continued to provide the primary supply of ore during the year, with 58% of ore mined from the Hanging Wall vein, 23% from the Mawi vein and the remaining 19% sources from the Splay vein, which continued to produce excellent grade.

Water Management

The inflow of water into the mine and pumping reliability presented a significant operational challenge throughout the financial year.
The ongoing management of water and the establishment of reliable pumping infrastructure remains a key focus of the Group.

The water inflows to the Talang Santo Mine have continued to increase at depth and as more areas of the mine are opened up. Water discharge from the mine rose from around 171 litres per second in July 2015 to 295 litres per second in June 2016. As a result, significant changes to the mine dewatering infrastructure were required over the year to deal with the additional inflows.

During the December 2015 quarter, the Company installed a 200kw multistage pumping station, capable of pumping direct to surface, to aid in the mine dewatering efforts. The trial multistage pumping unit was deemed successful and work was undertaken during the March 2016 quarter to establish two main pumping stations on the 4 Level, with two 200kw multistage pumps installed at each station. This set-up was designed to allow adequate pumping capacity and provide multiple levels of redundancy in the system.

In order to deal with ongoing reliability issues associated with the multistage pumping units, a third centrally located pump station was established on the 4 Level horizon during the June 2016 quarter. The third station was established with a newly designed settlement pond arrangement with the aim of improving pump performance, improving reliability and increasing the operating life of the pumps through a reduction of wear on impellers and other internal components.

The main focus of mining shifted to 5 Level sublevel development as the financial year drew to a close which saw the challenges of water management move to below the 4 Level horizon where the primary pumping stations had been established. As a result, the Company invested in smaller pumping units to be utilised in the sublevels which will be used to pump the water out of the sublevels up to the main 4 Level pumping stations. The smaller pumping units are required due to the confined space in the sublevels. This is an interim measure which will remain in place until the completion of the External Haulage Shaft and the subsequent establishment of the main 5 Level pumping stations. Until this time, it is still expected that the inflow of water into the mine will impact upon production rates.

External Haulage Shaft

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

At balance date, 145 metres out of a total of 220 metres of vertical advance had been completed in the shaft. During the 2016 reporting period, 46 metres of vertical advance was completed prior to the intersection of a water bearing fault structure during the December 2015 quarter which resulted in the suspension of sinking for the remainder of the financial year. Other activities completed during the year encompassed the installation of surface infrastructure including the shaft headframe and winder. (refer image below)

Review of Operations

The focus of activities from the December 2015 quarter to the June 2016 quarter were centered around the completion of 170 metres of underground waste development to complete an access drive on the 4 Level horizon required to intersect the External Haulage Shaft. The aim of this access drive was to get close enough to the shaft to set up underground platforms to perform grouting work around the shaft to create a “grout curtain” designed to slow the ingress of water into the shaft and allow sinking to recommence. The figure below shows (in green) the development completed out to the External Haulage Shaft.

During the period, a grouting program was utilised in the development headings out to the shaft. The program incorporated the use of cement pre-grouting and chemical resin post-grouting which proved highly effective at filling fractures, slowing water ingress and allowing this development to proceed at a faster rate.

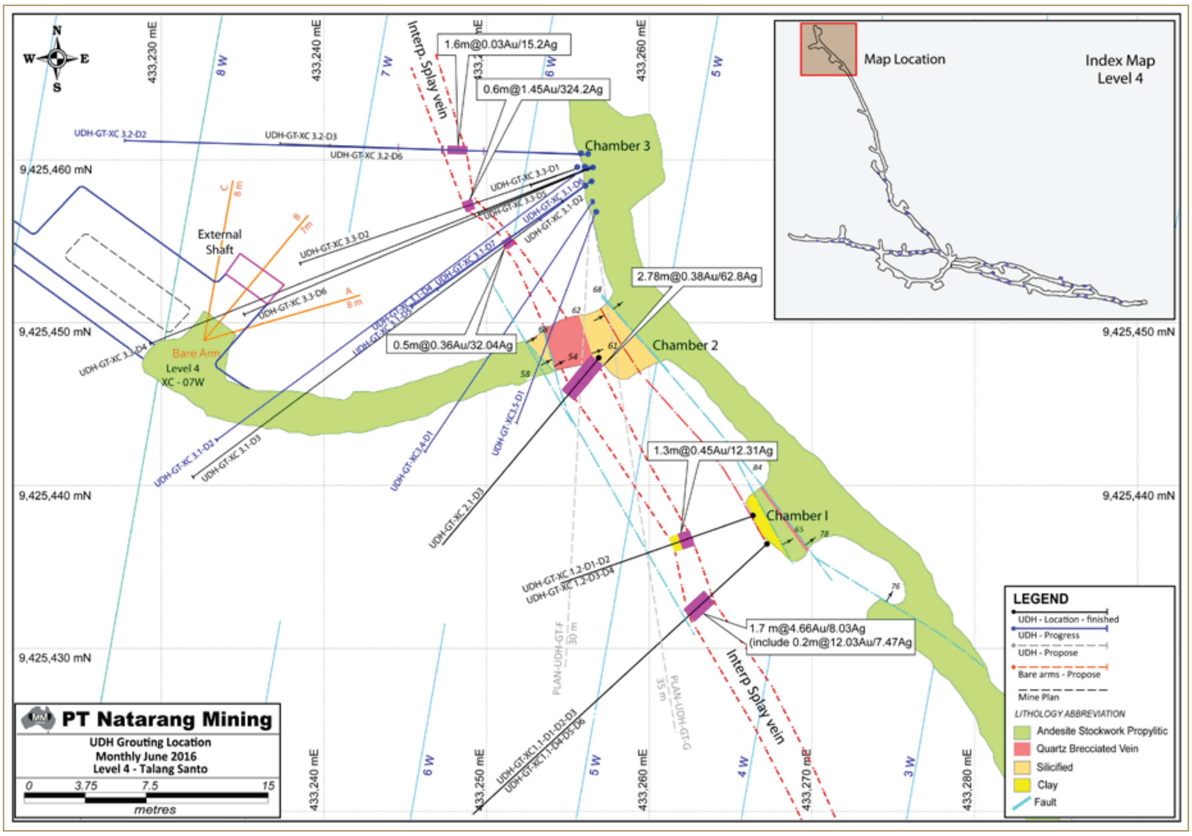
Once the shaft reaches its target depth of 220 metres, establishment of the main 5 Level sumps, pumping station and other necessary infrastructure will commence with production from the 5 Level scheduled for April 2017.

Exploration

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

During the latter part of the financial year 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 will be instrumental in reinvigorating the Company’s exploration program moving forward.

Multiple epithermal targets have been identified over the CoW presenting real scope for organic growth at the Project scale. With this in mind, the focus remains on the discovery of near mine extensions of high grade zones at depth and to the west of the Talang Santo vein system, while still continuing to develop a pipeline of drill targets across the broader Project area.



Geological exploration activities conducted during the year were constrained predominantly to geological mapping and rock chip sampling of float and outcrop with some surface drilling undertaken. The main areas of focus included the Talang Cluster, Mitra Jaya, Way Handa, Rowo Rejo, Sindang Jaya, Petai Kayu and Talang Tebat.

South Way Handa

During the year a total of 12,600 metres of geological traverse mapping and 2,000 metres of soil line sampling was conducted over Way Handa with an additional 54 metres of hand trenching which culminated in the exciting discovery of a siliceous rock deposited 'silicia cap'. Silica Caps represent the uppermost part of epithermal vein systems. There is a strong indication that the gold bearing quartz vein at South Way Handa may be close to the silica cap outcrop sitting about 50 – 150 metres below the surface.

Breccia boulders with pyrite and cinnabar were also found near the silica outcrop that could be an indication that the feeder channel of the main mineralisation is not far from the area. Further sampling and trace element analysis is required which may help the interpretation in predicting the source and direction of the main mineralisation.

Rowo Rejo Block

A total 13,150 metres of stream and 10,350 metres of ridges traverse geology mapping and geochemical sampling was conducted in the Rowo Rejo block during the year. This block is divided into the North Rowo Rejo prospect and the South Rowo Rejo prospect, based on geology and geochemistry characteristics. The North Rowo Rejo prospect is characterised by banded-quartz-chalcedonic veins with high grade gold and silver, while the South Rowo Rejo prospect is characterised by microcrystalline to opaque chalcedonic silica sinters. However, both prospect areas contain strong BLEG anomalies.

Exploration at Rowo Rejo comprised geological mapping, trenching, and auger (bedrock) sampling. Geological mapping was conducted to define the silicified hydrothermal breccia in the southern part of the Rowo Rejo block. It was found 150 metres along strike trending north-south with two veins zone of chalcedonic breccia which has a fine grained silica-sulphide matrix. The zones are close to the existing low angle bedded silica sinter. Unaltered porphyritic andesite-basalt and unaltered andesite to basaltic volcanic breccia was found in the south Rowo Rejo block, which is the ideal host.

Stream traverse mapping (1,100 metres) and ridge traverse mapping (800 metres), together with auger bedrock mapping and hand trenching were conducted around the hydrothermal breccia boulder to collate data including lithology, alteration, and structures to better understand the direction of the major mineralisation zone.

The rhyolitic crystal tuff was found mostly at higher elevation where there was a covering of rhyodacite unit that potentially is the host rock of the hydrothermal breccia. By localising the existence of the spreading of the hydrothermal breccia boulders and measuring some minor structures (quartz veinlets, joints, and shears), early interpretation is that the direction of the mineralisation potentially north – south.

The review of the 3D inversion of CSAMT geophysics, surface geology data, and previous drill hole data indicates that gold mineralisation could occur in the southern part of the Rowo Rejo prospect. This data has generated resistor vein structures that are being field tested, with many of them relating to previously identified silica quartz veins from drill holes intercepts.

Review of Operations

Occupational Health and Safety

The Way Linggo Project received a Bronze Safety award by the Indonesian Mines Department for overall safety performance ranked against 68 peer operations during the year. This was a direct reflection of the Group's commitment to fostering a culture that prioritises a safe working environment above all else. Operations at the Talang Santo Mine are highly manual, given the hand held mining methods favoured by the mining team which can result in higher rates of first aid injuries due to the manual handling activities that occur every day.

The dedicated onsite safety team worked diligently throughout the year having run 320 internal training workshops covering 30 different subject modules and overseeing the regular reinforcement of procedures and correct mining and manual handling techniques in an effort to mitigate any potential health and safety risks.

The 12 month moving average Lost Time Injury Frequency Rate ("LTIFR") stands at 2.59. The Company remains committed to reducing these rates.

Safety initiatives during the financial year included:

- The roll out of the new Safety Management System with support provided from the Indonesian Mines Department to assist with the socialisation and training of the new system and government regulations;
- Review of Hazard Reporting and Accident investigation procedures and implementing increased reporting requirements;
- Increased training programs, both onsite and offsite through external providers at both the supervisor and operator level; and
- Conduct of audits against management standards.

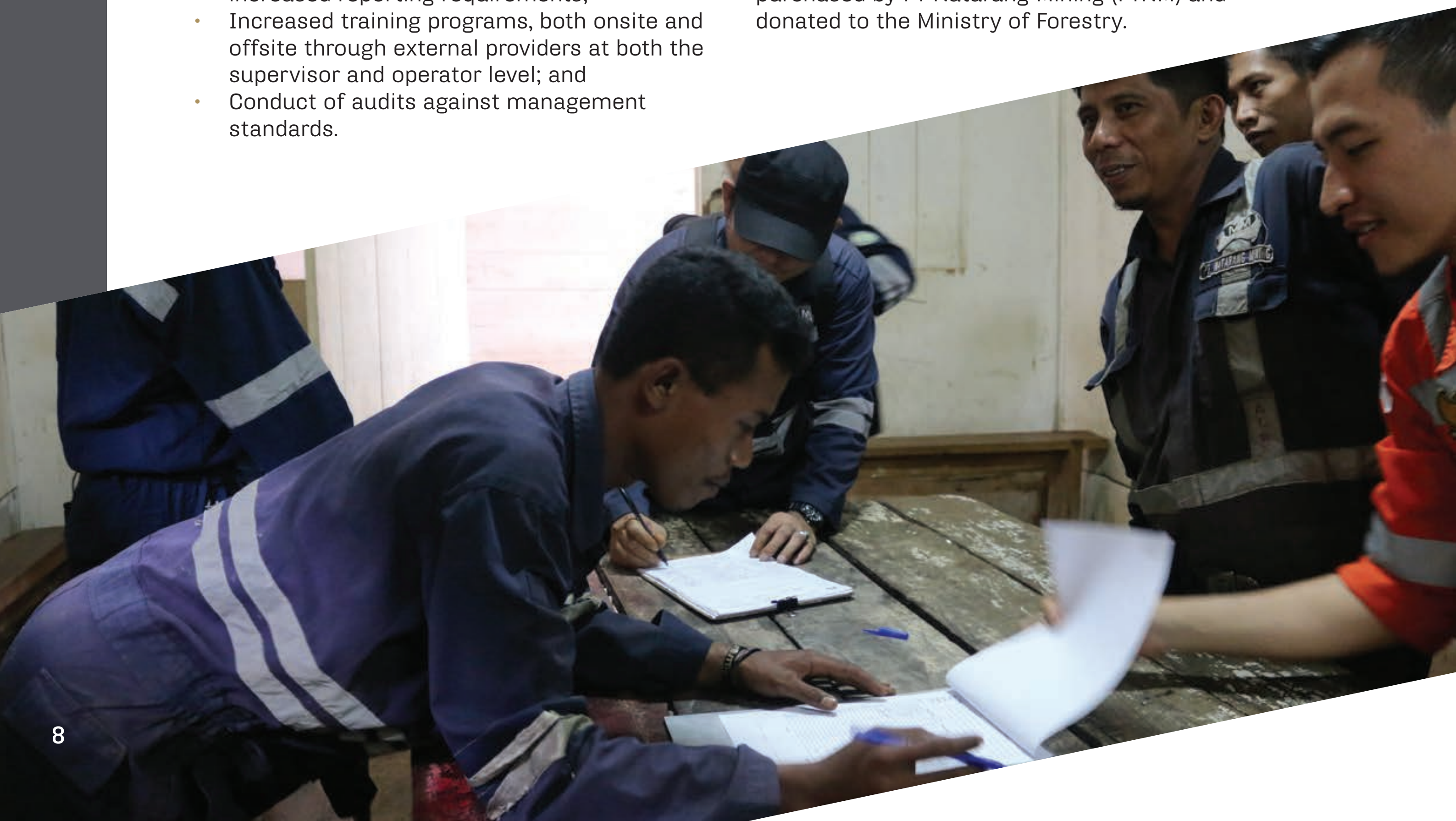
Environment

The Group continues to conduct its activities in a manner that minimises its environmental footprint, and as such there has been very little environmental impact on the Project area to date.

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

Environmental activities during the year included ongoing monitoring and control of waste disposal, observation and monitoring of the Tailings Storage Facility, biodiversity assessments and extensive reclamation and revegetation programs. A total of 2.95 hectares was revegetated during the financial year on disturbed areas by replanting or replacing trees using a variety of plant stock, including fruits trees such as Durian and Palma (nutmeg) which can be utilised by the community.

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



During the year the Group provided assistance with the creation of two additional nurseries, one of which was constructed on compensation land purchased and donated to the community by PTNM. At both nursery sites, the PTNM community development team assisted with training programs including seedling management and stock tube generation to support the rehabilitation of forest areas.

Community Engagement

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

The Group continued 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 education initiatives and programs throughout the year, many of which are designed to increase community self-reliance.

Educational Initiatives – Teacher Training Workshops

During the year the PTNM community development team directed resources towards numerous cultural and sporting events, as well as the provision of significant support to local kindergartens and schools with the donation of educational supplies and equipment. Furthermore, PTNM coordinated with the local Educational Department and held training for 33 teachers from 7 different elementary schools surrounding the mine. In addition, training was provided for early childhood teachers with participants from 42 schools surrounding the mine partaking in the training seminars.

Local Community Co-op "Nekad Maju"

One of the longer standing community development programs established by the Group and strongly supported by the PTNM community development team is the local community co-op Nekad Maju. The co-op was established with assistance from PTNM to coordinate and develop local businesses and farmers to sell their produce not only to PTNM, but also to neighboring communities and other regional areas. PTNM makes every effort to source local fresh produce and basic groceries from the community for use in the two mess facilities on the Project area. Throughout the year PTNM provided assistance to the Nekad Maju 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 agricultural practices.

Local Infrastructure Support and Assistance

Local infrastructure projects were also a priority with maintenance and extension of local roads and bridges ongoing throughout the year, including construction of a suspension bridge for the local community at Sindang Jaya which now allows permanent crossing of the river all year round. Extensive assistance was also provided with remediation works following damage sustained from heavy rains and landslides that occurred during the wet season.

Donations of materials and assistance with the construction for a clean water tank for the local Talang Toha-Santo community was provided which now allows the community to benefit from a clean water supply sourced from nearby natural springs all year round.

Local Employment

One of the biggest benefits provided to the community are the many employment opportunities available at the Way Linggo Project and providing employees with strong and sustainable skill sets. Throughout the year, approximately 57% of the on-site workforce was from neighboring villages and communities and a further 13% from the wider Lampung Province. The Company remains committed to employing the majority of its on-site workforce from the local community.

Likely Developments And Expected Results Of Operations

Operations

The Company continues to operate from a single asset base and the strategy for the business remains simple and focussed. Following a challenging 12 months the primary objective for the 2017 financial year is on establishing a consistent production base at the Talang Santo Mine for the coming years. Completion of the External Haulage Shaft to the 5 Level will enable direct access to the high grade areas of the ore body. In addition, this presents an opportunity for increased mining flexibility with access to the Central Mawi and North West Mawi orebodies providing additional work areas. Resource definition drilling will be scheduled to infill the inferred resource below the base of the current mine plan at the 6 Level, and to increase confidence in the along strike mineralised occurrences.

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 review has highlighted a number of measures, which included overhauling mine planning and scheduling methods and investigating alternative mining methods which, if successfully implemented, should significantly improve operational performance. The Company's operational team will work alongside Mining Plus over the course of the 2017 financial year to implement the recommended changes.

Water Management Plan

Ongoing management of the inflow of water into the mine and establishment of a reliable pumping network to efficiently and effectively discharge the water from the mine remains a key focus of the Company. In July 2016, 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.

It is anticipated that the results 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. It is expected that these improvements will increase mining productivity and drive unit costs down.

Production and Cost Guidance

Guidance for the 2017 financial year is subject to an independent review by Mining Plus and the Company has advised the market that it will release guidance on production and costs upon completion of the review process.

Unit costs continue to be 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 by Mining Plus is focused on lifting production rates and maximising Resource recovery. This will in turn lead to significant reductions in unit costs.

Review of Operations

Financial Review

	2012	2013	2014	2015	2016
	$	$	$	$	$
Sales Revenue	71,743,929	20,693,822	3,815,074	33,198,589	**31,663,847**
Earnings Before Interest, Tax, Depreciation & Amortisation – EBITDA[1]	43,913,643	3,811,940	(31,709,945)	22,245,302	**5,224,497**
(Loss)/Earnings Before Interest & Tax – EBIT[2]	34,836,631	(985,520)	(33,748,691)	17,209,185	**(1,713,930)**
Net (Loss)/Profit After Tax	21,482,659	299,749	(24,179,777)	10,485,507	**(1,957,241)**
(Loss)/Earnings Per Share	6.47	0.54	(6.21)	2.48	**(0.44)**
Net Operating Cash Flows	23,978,132	(12,416,938)	(5,992,194)	9,750,099	**2,685,388**
Total Assets	94,072,454	87,998,397	86,457,769	105,601,669	**104,093,456**
Net Assets	66,479,766	69,613,989	70,706,124	86,199,737	**85,807,054**

1 EBITDA has been calculated by adding back interest ($939,501), tax ($696,190), depreciation and amortisation ($6,938,427).

2 EBIT has been calculated by adding back interest ($939,501) and tax ($696,190).

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

Income Statement

The Group recorded a net loss after tax for the year ended 30 June 2016 of $1,957,241 (30 June 2015: net profit after tax of $10,485,507).

Revenue

Sales revenue for the year ended 30 June 2016 was $31,633,847, relating to the sale of 19,353 ounces of gold and 40,995 ounces of silver at an average price A$1,591/oz and A$20/oz respectively. Sales revenue was down 5% on the corresponding period in 2015, driven primarily by a reduction of 2,767 ounces of gold sold. This 13% reduction in gold sales volume was due to the continued impact of water on mining productivity and a reduction in effective working areas within the mine during the June quarter, as a result of delays in the sinking of the External Haulage Shaft. The reduction in gold sold was partially offset by a 10% increase in realised gold price, which saw an average increase in revenue of A$140/ounce of gold sold in comparison to the 2015 reporting period.

Cost of Sales

In addition to the impact on revenue, mine dewatering also had a significant impact on total cost of sales for the reporting period, which increased by $5,899,766 to $30,764,114. The increase in cost of sales was largely driven by the requirements for additional pumping infrastructure to dewater the mine, leading to an increase in fuel costs along with pumping consumables and maintenance. These additional dewatering costs are reflected in the $2,451,802 increase in mine production costs for the period. A 72% increase in amortisation for the reporting period was the other main driver to the increase in cost of sales.

Offsetting the increase in pumping related costs and amortisation were a reduction in ground support costs as mining fronts moved towards more competent rock deeper in the mine and reductions in processing costs due to cost saving measures aimed at reducing reagent consumption rates. Processing unit costs were 15% lower in the reporting period at US$45 per tonne milled as a result of these cost saving measures.

Other Income

There was a significant reduction of $11,702,055 in other income over the corresponding period in 2015. This reduction was predominantly driven by a lower unrealised foreign exchange gain relating to the revaluation of loans recorded for the period.

Administration Expenses

A range of cost saving initiatives resulted in a 6% reduction in corporate costs in the 2016 financial year. This reduction in corporate costs was offset by an increase in the share based payments expense relating to the accounting recognition of employee options and rights issued during the year, which resulted in total administration expenses being $110,619 higher than the corresponding period in 2015.

Financial Position

At 30 June 2016 the Group's total assets were $104,093,456 (2015: $105,601,669) and net assets were $85,807,054 (2015: $86,199,737).

Assets

At reporting date, the Group's total current assets were $12,781,691, which represents a reduction of $4,471,037 over the 2016 financial year. This movement was primarily driven by a reduction of $8,009,490 in cash and cash equivalents, partially offset by an increase of $3,594,188 in trade and other receivables on reclassification of VAT refunds to current assets (from non-current assets) during the reporting period.

Non-current assets of the Group stood at $91,311,765 at balance date, $2,962,824 higher than 30 June 2015. This increase was largely the result of continued investment in mine development at the Talang Santo Mine and ongoing regional exploration work capitalised during the period.

Liabilities

The Group's current liabilities reduced by $1,892,622 over the reporting period to $10,989,892 at balance date. This reduction was chiefly the result of $1,799,080 of the Group's loan facilities being repaid during the year prior to the restructuring of the payment profile in November 2015, and again in May 2016. At 30 June 2016, the total of the Group's outstanding loans stood at $9,973,135, down from $11,510,416 at 30 June 2015.

Non-current liabilities of the Group stood at $7,296,510 at balance date, $777,092 higher than 30 June 2015. This increase relates to additional provisions for employee entitlements and mine rehabilitation booked during the reporting period.

Group Cash Flows and Liquidity

The Group generated net operating cash flows of $2,685,388 during the year, however there was a net decrease in cash and cash equivalents of $8,059,781 mainly due to the production shortfall during the year. The Group continued to invest in the Talang Santo Mine with $6,491,863 spent on mine development during the period. This included the commencement of sinking the External Haulage Shaft to the 5 Level and the establishment of associated surface infrastructure. In addition, the Group continued to invest in regional exploration across the Way Linggo Project Area with $1,513,883 spent across a range of activities including drilling, trenching, mapping and geophysical remodelling and interpretation.

At 30 June 2016 the Group held cash and cash equivalents of $1,507,749 (2015: $9,517,239) and had bullion on hand of $2,215,396 (2015: $3,216,815). The Group's total cash and bullion balance at 30 June 2016 was $3,723,145 (2015: $12,734,054).

Subsequent to balance date, the Group conducted a two tranche share placement in July 2016 to raise a total of $9,007,224. The gross proceeds of $6,455,007 from Tranche one of the share placement were received in July 2016 and the remaining proceeds from Tranche two are subject to shareholder approval at a General Meeting to be held on 14 September 2016.

Corporate

Executive Management Changes

Following the resignation of Managing Director Scott Huffadine in January 2016, John Morris assumed the role of Executive Chairman and in April 2016 Non-Executive Director Bill Phillips assumed the role of Executive Director – Mining. In late June 2016, Mr Phillips retired from the Board.

In May 2016, Douglas Kirwin a leading expert in narrow vein epithermal geology was appointed to the Board as a Non-Executive Director. It is expected that Mr Kirwin will be instrumental in reinvigorating the Company's exploration program moving forward.

Review of Operations

Debt Restructure

In November 2015, the Company successfully completed the restructure of the repayment profile of its Loan Facilities deferring any further repayment for a period of six months.

In May 2016, the Company announced the restructure of the repayment profile of its Loan Facilities. The restructure involved a six month deferral of repayments.

Subsequent to year 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.

In July 2016, one of the Company's lenders, Michael John Andrews, agreed to reduce the amount outstanding under his loan facility via a share subscription. Pursuant to the agreement, the loan balance would be reduced by US$500,000 in return for the Company issuing shares at a deemed price of $0.12 per share, being the same issue price as the two tranche share placement undertaken by the Company in July 2016. The issue of shares to Mr Andrews is subject to shareholder approval at a General Meeting to be held on 14 September 2016.

WAY LINGGO PROJECT MINERAL RESOURCE

As at 30 June 2016, the Total Mineral Resource for the Way Linggo Project was 1.8 million tonnes @ 8.8g/t Au and 53g/t Ag for 517,000 ounces of gold and 3,110,000 ounces of silver.

This represents a 5% decrease in contained gold over the 2015 Way Linggo Project Mineral Resource after allowing for depletion by mining and adjustments. Mine development at Talang Santo over the year has allowed some of the Resource previously in the Indicated Category to be reclassified as Measured.

Mineral Resource Governance and Internal Controls

The Company ensures that the Mineral Resource estimate reported is subject to governance arrangements and internal controls at both a site and corporate level. The 2015 Mineral Resource estimate was externally derived by an independent consulting organisation whose staff have exposure to best practice in modelling and estimation techniques. In addition, Kingsrose management has carried out internal reviews of the estimate to ensure that it accurately represents the geological models and has been classified accordingly.

2016 Way Linggo Project Mineral Resource

Category	Tonnes (Kt)	Gold (Au) g/t	Au Ounces (Koz)	Silver (Ag) g/t	Ag Ounces (Koz)
Talang Santo					
Measured	255	11.2	92	25	207
Indicated	335	10.7	115	20	216
Inferred	739	5.2	124	22	531
Subtotal	1,329	7.7	331	22	954
Way Linggo					
Measured	318	14.4	147	174	1,784
Indicated	170	6.3	34	61	333
Inferred	14	12.1	5	88	39
Subtotal	502	11.5	186	134	2,156
GRAND TOTAL	1,831	8.8	517	53	3,110

2015 Way Linggo Project Mineral Resource

Category	Tonnes (Kt)	Gold (Au) g/t	Au Ounces (Koz)	Silver (Ag) g/t	Ag Ounces (Koz)
Talang Santo					
Measured	197	10.8	68	25	155
Indicated	468	11.1	167	22	326
Inferred	739	5.2	124	22	531
Subtotal	1,403	8.0	360	22	1,012
Way Linggo					
Measured	318	14.4	147	174	1,784
Indicated	170	6.3	34	61	333
Inferred	14	12.1	5	88	39
Subtotal	502	11.5	186	134	2,156
GRAND TOTAL	1,905	8.9	546	52	3,168

The Company's procedures for the sample techniques and sample preparation are audited by independent third parties. Assays are performed by independent accredited laboratories with a QAQC program showing acceptable levels of accuracy and precision.

Competent Persons Statement

The information in this report that relates to the Talang Santo Mine Mineral Resource, 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 Australian Institute of Geoscientists (AIG) and the Australasian Institute of Mining and Metallurgy (AusIMM) and is 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.

The information in this report that relates to the Way Linggo Mine Mineral Resource is based on and fairly represents information reviewed under the supervision of Paul Androvic, who is a member of the Australian Institute of Geoscientists (AIG) and the Australasian Institute of Mining and Metallurgy (AusIMM). 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 this inclusion in this report of the matters based on his information in the form and context in which it appears. This information was first prepared and first reported by the Company in compliance with the 2004 edition of the JORC Code and has not been updated to comply with the 2012 edition of the JORC Code. The Company confirms that it is not aware of any new information or data that materially affects the Way Linggo Mine Mineral Resource Statement and further confirms that all material assumptions and technical parameters underpinning the Way Linggo Mine Mineral Resource continue to apply and have not materially changed.

Forward Looking Statements

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

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

The Directors submit their report of the "Consolidated Entity" or "Group", being Kingsrose Mining Limited ("Kingsrose" or "the Company") and its Controlled Entities for the year ended 30 June 2016.

Directors

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

Name and Qualification	Experience, Special Responsibilities and Other Directorships
John Morris	
Executive Chairman Appointed: 17 August 2007	Mr Morris has over 43 years' experience in exploration, project development and management of publicly listed resource companies. He has held prior Directorships in a number of gold and base metals public companies in Australia and overseas including Forsyth NL and Amerisur Resources Plc (formerly Chaco Resources Plc/Gold Mines of Sardinia Plc). Mr Morris has held no other Directorships in public listed companies in the last three years.
Special Responsibilities	Mr Morris is chairman of the Remuneration Committee and a member of the Audit Committee.
Douglas Kirwin	
B.Sc, MSc Independent Non-Executive Director Appointed: 2 May 2016	Mr Kirwin is a geologist with over 45 years' experience, mainly in the Asia-Pacific region. He was previously the exploration Executive Vice-President of Ivanhoe Mines and was Managing Director of International Geological Services Pty Ltd. Mr Kirwin has also held several senior positions with Anglo American and Amax. Mr Kiwin is currently an adjunct research professor at James Cook University. Mr Kirwin has held no other Directorships in public listed companies in the last three years.
Special Responsibilities	None.
Andrew Spinks	
B.App.Sc (Geol), Grad.Dip (Mining) MAusIMM Independent Non-Executive Director Appointed: 21 August 2012	Mr Spinks is a geologist with over 26 years' experience in nickel, gold, coal, iron ore and diamonds in Australia and Africa. He has undertaken diverse roles from grass roots exploration through to senior management and consulting roles in exploration, project development and mining. He is a co-founder of Strategic Resource Management Pty Ltd and is responsible for the strategy, target generation and acquisitions of that company. Mr Spinks is currently the Managing Director of Kibaran Resources Limited. Mr Spinks has held no other Directorships in public listed companies in the last three years.
Special Responsibilities	Mr Spinks is Chairman of the Audit Committee and a member of the Remuneration Committee.

J.William (Bill) Phillips	
Executive Director - Mining Appointed: 12 January 2005 Resigned: 22 June 2016	Mr Phillips has over 35 years' experience in mining contracting and mine management and is highly regarded as a leading specialist in underground narrow vein mining. Mr Phillips has managed or been instrumental in the successful development of 16 mines, either in the role of contractor or as owner/shareholder. Until May 2010, Mr Phillips oversaw mining and production at Medusa Mining Limited's Co-O gold mine in the southern Philippines. Mr Phillips has held no other Directorships in public listed companies in the last three years.
Special Responsibilities	Mr Phillips is a member of the Audit Committee and the Remuneration Committee.

Scott Huffadine	
Bsc.Hons, MAusIMM Managing Director Appointed: 13 January 2014 Resigned: 15 January 2016	Mr Huffadine, is a geologist with more than 20 years' experience in the resources industry, specifically in project management, geology and executive management. Mr Huffadine has held several key management positions ranging from operational start-ups involving open pit and underground mining projects, through to large integrated operations in gold and base metals, most recently as Executive Director of Metals X Limited (resigned 1 May 2013). Mr Huffadine has held no other Directorships in public listed companies in the last three years.
Special Responsibilities	None.

Company Secretary

Joanna Kiernan	
BA Appointed: 16 April 2014	Ms Kiernan holds a Bachelor of Arts and has over 12 years' experience in the administration and operation of listed public companies within the resources industry, having previously held the position of Company Secretary for numerous ASX and AIM listed companies.

Principle Activities

The principal activity of the Company for the year ended 30 June 2016 was the production, exploration and development of its gold and silver deposit at the Way Linggo Project in South Sumatra, Indonesia.

Operating and Financial Review

A review of the operations and financial position of the Company during the year ended 30 June 2016, including details of the results of operations, changes in the state of affairs, and likely developments in the operation of the Company in subsequent financial years are set out on pages 3 to 14.

Significant Changes in State of Affairs

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

Dividends

No dividends were declared or paid during the financial year.

Subsequent Events

In July 2016, the Company reached an in-principle agreement with its lenders to further defer repayment of the loan facilities until July 2017.

As announced to the market in July and August 2016, the Company secured firm commitments totalling $9 million under a two-tranche share placement at $0.12 per share. Tranche one of the placement was completed on 27 July 2016 and comprised the issue of 53,791,723 fully paid ordinary shares, raising a total of $6,455,007. The shares were issued under the Company's available 15% capacity pursuant to the ASX Listing Rule 7.1. Tranche two of the placement comprises the issue of 21,268,479 shares to raise a further $2,552,217 and will be issued subject to shareholder approval at a General Meeting to be held on 14 September 2016.

In July 2016, one of the Company's lenders, Michael John Andrews, agreed to reduce the amount outstanding under his loan facility via a share subscription. Pursuant to the agreement, the loan balance would be reduced by US$500,000 in return for the Company issuing shares at a deemed price of $0.12 per share, being the same issue price in the share placement. The issue of shares to Mr Andrews is subject to shareholder approval at a General Meeting to be held on 14 September 2016.

Directors' Meetings

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

			Meetings of Committees			
	Directors' Meetings		Remuneration[1]		Audit[2]	
Director	Eligible	Attended	Eligible	Attended	Eligible	Attended
John Morris	6	6	1	1	2	2
Scott Huffadine	3	3	-	-	-	-
J.William Phillips	5	5	1	1	2	2
Andrew Spinks	6	5	1	1	2	2
Douglas Kirwin	1	1	-	-	-	-

1. The Remuneration Committee was suspended with effect from 29 April 2016
2. The Audit Committee was suspended with effect from 29 April 2016

DIRECTORS' INTERESTS

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

Director	Fully Paid Ordinary Shares	Options Over Ordinary Shares	Share Performance Rights
John Morris	9,600,000	-	-
Douglas Kirwin	-	1,000,000	-
Andrew Spinks	-	-	-

SHARES UNDER OPTION

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

Instrument	Number Under Option	Exercise Price	Expiry Date
Options	3,000,000	$0.55	13 January 2017
Options	4,800,000	$0.26	18 November 2018
Options	3,000,000	$0.27	8 March 2019

The table above reflects 500,000 options that lapsed between balance date as detailed in Note 24 to the Financial Statements and the date of this report.

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

OPTIONS ISSUED

The following options were issued during the financial year ended 30 June 2016:

Instrument	Number Under Option	Exercise Price	Expiry Date
Options	4,800,000	$0.26	18 November 2018
Options	3,000,000	$0.27	8 March 2019

SHARE PERFORMANCE RIGHTS ISSUED

The following share performance rights were issued during the financial year ended 30 June 2016:

Instrument	Number	Exercise Price	Expiry Date
Share Performance Rights	209,446	-	30 June 2018

SECURITIES LAPSED OR CANCELLED

The following securities lapsed during the financial year ended 30 June 2016:

Instrument	Number Under Option	Exercise Price	Expiry Date
Employee Options	500,000	$1.53	5 July 2015
Employee Options	500,000	$0.43	11 August 2015
Employee Options	4,000,000	$0.55	15 September 2015
Employee Options	1,500,000	$0.55	28 January 2015
Employee Options	500,000	$0.47	7 April 2016
Employee Options	1,850,000	$0.55	7 April 2016
Unlisted Options	500,000	$0.55	7 April 2016

The following securities were cancelled during the financial year ended 30 June 2016:

Instrument	Number Under Option	Exercise Price	Expiry Date
Employee Options	500,000	$0.39	30 June 2016
Employee Options	500,000	$0.41	2 January 2017
Share Performance Rights	507,467	-	30 June 2017

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

The Directors of the Company are not aware of any material breach of environmental legislation while conducting their operations in Indonesia during the 2016 reporting period.

EMPLOYEES

The Group had 713 full-time employees as at 30 June 2016 (2015: 730).

INSURANCE OF OFFICERS

During the financial year, the Company paid a premium of $18,000 (2015: $18,000) to insure the Directors and Officers of the Company and its controlled entities. The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity as officers of entities in the Group except where the liability arises out of conduct involving a lack of good faith.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

REMUNERATION REPORT (AUDITED)

INTRODUCTION

This report for the year ended 30 June 2016 outlines the remuneration arrangements of the Group in accordance with the requirements of the *Corporation Act 2001* and its regulations. This information has been audited as required by section 308(3C) of the *Corporations Act 2001*.

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

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

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

Name	Position
Non-Executive Directors	
John Morris (assumed Executive role on 15 January 2016)	Non-Executive Chairman
J. William Phillips (assumed Executive role on 29 April 2016)	Non-Executive Director
Andrew Spinks	Non-Executive Director
Douglas Kirwin (commenced 2 May 2016)	Non-Executive Director
Executives	
John Morris (commenced 15 January 2016)	Executive Chairman
J. William Phillips (commenced 29 April 2016, ceased 22 June 2016)	Executive Director - Mining
Scott Huffadine (ceased 15 January 2016)	Managing Director
Matthew Smith	Chief Financial Officer
Yohanes Parapat	PTNM President Director
Paul Androvic (commenced 10 September 2015)	PTNM General Manager
Ashley McAleese (ceased 25 October 2015)	PTNM Operations Manager

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

REMUNERATION GOVERNANCE

During the reporting period, the Board suspended the Remuneration Committee due to the reduced size of the Board. It was deemed appropriate for remuneration matters to be discussed during meetings of the full Board, with Directors excluded from individual discussions as required. The Board will continue to assess the Company's circumstances, and reinstate the Remuneration Committee when deemed appropriate.

The Board (operating under the formal charter of the Remuneration Committee), is responsible for reviewing and recommending the remuneration arrangements for the Executive and Non-Executive Directors and KMP each year and ensuring that the Group's remuneration structures are aligned with the long term interests of the Company and its shareholders. This includes an annual remuneration review of base salary, short term incentives (STIs) and any long term incentives (LTIs) including the appropriateness of performance hurdles and total payments proposed, superannuation, termination payments and service contracts.

Additional information regarding the role and function of the Remuneration Committee, which has now been assumed by the Board, can be found within the Corporate Governance Section of the Company's website.

REMUNERATION CONSULTANTS

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

REMUNERATION OVERVIEW & STRATEGY

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

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

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

During the reporting period, a review of the Company's remuneration framework, including an extensive peer benchmarking exercise was undertaken which resulted in the establishment of a new LTI structure. As part of this, the Company adopted a shareholder approved Option and Share Rights Plan ('OSRP' or 'the Plan') in November 2015. The OSRP is designed to offer executives each year a mix of options and share performance rights, subject to achievement of internal performance and total shareholder return outcomes achieved progressively over a three year vesting period.

In light of the Company's operational performance, the Board resolved to suspend any further equity grants to KMP and further resolved that no KMP would receive a short term incentive bonus or receive an increase in their fixed remuneration until the operational and share price performance of the Company improved.

Furthermore, both John Morris and J. William Phillips assumed Executive Director roles during the reporting period, however there was no change to their remuneration despite the increase in their respective roles and responsibilities.

EXECUTIVE REMUNERATION FRAMEWORK

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

Fixed Remuneration

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

Performance Linked Remuneration

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

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

Short Term Incentives

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

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

Short Term Incentive Bonus

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

Employee Options

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

Long Term Incentives

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

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

The quantum of share performance rights to be awarded to Executives is determined by the Board and generally does not exceed 50% of the total fixed remuneration for the Managing Director, 25% of total fixed remuneration for KMP's or any other employee deemed eligible by the Board.

For earnings and movements in shareholder wealth for the past five years up to and including the current financial year, please refer to the net profit after tax and earnings per share information set out in the table under the Financial Review section of the Review of Operations.

EXECUTIVE REMUNERATION FY 2016

The table below represents the total remuneration (both fixed and variable) paid or payable to Executives of the Group during the 2016 financial year:

				Short-Term	Post Employment	Termination Payments	Shared-Based Payments	Total	Proportion of Remuneration Performance Related
		Salary & Fees $	Non-Monetary Benefits $	Consulting Fees $	Superannuation $	$	Options & Rights[8] $	$	%
Executive Directors									
John	2016	68,852	-	-	6,541	-	-	75,393	-
Morris[1]	2015	-	-	-	-	-	-	-	-
J. William	2016	-	-	36,900	-	-	-	36,900	-
Phillips[2]	2015	-	-	-	-	-	-	-	-
Scott	2016	243,177	4,754	-	15,642	-	(38,898)	224,675	-
Huffadine[3]	2015	350,000	4,287	-	18,783	-	(15,423)	357,647	11%
Other Executives									
Matthew	2016	264,421	779	-	24,151	-	28,446	317,797	9%
Smith	2015	260,000	719	-	18,783	-	19,264	298,766	6%
Herryansjah[4]	2016	-	-	-	-	-	-	-	-
	2015	149,361	8,575	-	-	-	-	157,936	-
Yohanes	2016	354,883	20,370	-	-	-	37,000	412,253	9%
Parapat[5]	2015	132,357	7,599	-	-	-	-	139,956	-
Paul	2016	256,075	434	-	24,327	-	58,093	338,929	17%
Androvic[6]	2015	-	-	-	-	-	-	-	-
Ashley	2016	136,254	36,717	-	-	54,922	-	227,893	-
McAleese[7]	2015	286,773	111,892	-	-	-	28,109	426,774	7%
Total	**2016**	**1,323,662**	**63,054**	**36,900**	**70,661**	**54,922**	**84,641**	**1,633,840**	
Total	**2015**	**1,178,491**	**133,072**	**-**	**37,566**	**-**	**31,950**	**1,381,079**	

[1] Mr Morris, formerly Non-Executive Chairman assumed the role of Executive Chairman for an interim period following the departure of Managing Director, Mr Huffadine. Total remuneration received as the Non-Executive Chairman is set out in the Non-Executive Director Remuneration section of the Remuneration Report.

[2] Mr Phillips was a Non-Executive Director until he was appointed to the role of Executive Director – Mining on 29 April 2016. Mr Phillips tendered his resignation on 22 June 2016. Total remuneration received as a Non-Executive Director is set out in the Non-Executive Director Remuneration section of the Remuneration Report.

[3] Mr Huffadine resigned on 15 January 2016. The share performance rights on issue were cancelled upon his departure and the share-based payments amortisation expense that has been recognised for these rights was reversed.

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

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

[6] Mr Androvic was appointed on 10 September 2015.

[7] Mr McAleese resigned on 25 October 2015.

[8] Details of performance conditions for the options and share performance rights are outlined in the Executive Remuneration Framework section of the Remuneration Report. The amount included as remuneration relating to options and share performance rights is not related to or indicative of the benefit (if any) that the individual may ultimately realise. The fair value of these options and share performance rights as at their date of grant was determined in accordance with AASB 2 *Share-Based Payment* applying valuation models. Details of the assumptions underlying the valuations are set out in Note 24 to the Financial Statements.

EXECUTIVE CONTRACTS

A summary of the key terms of each Executive contract in FY 2016 is set out below.

John Morris
Non-Executive Chairman (Ceased 15 January 2016), Executive Chairman (Commenced 15 January 2016)

- Appointed as Non-Executive Chairman on 17 August 2007 with no fixed term and in accordance with the Company's Constitution;
- No changes to Mr Morris' Non-Executive Director Agreement were made when he assumed the role as Executive Chairman for an interim period; and
- Annual director's fee of $150,000 per annum plus statutory superannuation.

J. William Phillips
Non-Executive Director (Ceased 29 April 2016), Executive Director (Commenced 29 April 2016, Ceased 22 June 2016)

- Three year consultancy agreement commencing 29 October 2013;
- Monthly fee of $20,500; and
- Two months' notice of termination required by either party.

Scott Huffadine
Managing Director (Ceased 15 January 2016)

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

Matthew Smith
Chief Financial Officer

- Three year term commencing 28 January 2014;
- Base salary of $264,421 (2015: $260,000) per annum plus statutory superannuation;
- Life insurance policy; and
- Three months' notice of termination required by either party except in the event of summary dismissal.

Yohanes Parapat
President Director PTNM (commenced 1 January 2015)

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

Paul Androvic
General Manager, Way Linggo Project (Commenced 10 September 2015)

- Initial 6 month term commencing 10 September 2015 which was extended for a further 18 months on 8 March 2016;
- Initial base salary of $300,000 per annum commencing 10 September 2015 which was increased to $350,000 per annum on 8 March 2016;
- Statutory superannuation;
- Life insurance policy; and
- Two months' notice of termination required by either party except in the event of summary dismissal.

Ashley McAleese
Operations Manager PTNM (Ceased 25 October 2015)

- 15 month term commencing 30 June 2015 until 15 September 2016;
- Base salary of US$240,000 per annum, housing allowance of US$48,000 per annum, education allowance of US$15,000 per child per annum;
- Life insurance policy and travel and medical insurance covering his family; and
- Two months' notice of termination required by either party except in the event of summary dismissal.

Short Term Incentives

No bonus payments were made during the period.

During the period, a total of 2,500,000 options were issued to Executives.

Options Granted, Vested and Lapsed During the Year (Consolidated)

	Number Granted	Grant Date	Fair Value at Grant Date	Exercise Price	Vesting Date	Expiry Date	No. Vested During the Year	No. Lapsed During the Year	Value of Options Granted During the Year[1] $	Value of Options Exercised During the Year $
Executives										
Yohanes Parapat	500,000	18-Nov-15	$0.074	$0.26	18-Nov-15	18-Nov-18	500,000	-	37,000	-
	-	7-Apr-14	$0.057	$0.55	7-Apr-14	7-Apr-16	-	500,000	-	-
Paul Androvic	1,000,000	8-Mar-16	$0.124	$0.27	8-Mar-17	8-Mar-19	-	-	124,000	-
	1,000,000	8-Mar-16	$0.124	$0.27	8-Mar-18	8-Mar-19	-	-	124,000	-
Ashley McAleese	-	2-Jan-14	$0.097	$0.39	1-Jul-14	30-Jun-16	-	500,000	-	-
	-	2-Jan-14	$0.109	$0.41	2-Jan-15	2-Jan-17	-	500,000	-	-

[1] Determined at date of grant in accordance with AASB 2. For details on the valuation of the options, including models and assumptions used, please refer to Note 24 to the Financial Statements.

Long Term Incentives

During the period, a total of 209,446 share performance rights (SPR) were issued to an Executive.

The share performance rights issued during the period will not vest (and the underlying shares will not be issued) unless performance conditions have been satisfied. The performance condition attached to these rights will be measured by comparing the Company's TSR with that of a comparator group of companies from 1 July 2015 to 30 June 2018.

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

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

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

Kingsrose TSR Rank	Percentage of Share Performance Rights that Vest
Below 50th percentile	Nil
50th percentile	50%
51st to 74th percentile	50% plus an additional 1% for each percentile ranking above the 50th percentile
75th percentile or higher	100%

Share Performance Rights Granted, Vested and Lapsed During the Year (Consolidated)

	Number Granted	Grant Date	Fair Value at Grant Date	Exercise Price	Vesting Date	Expiry Date	No. Vested During the Year	No. Lapsed During the Year	Value of Rights Granted During the Year[1] $	Value of Rights Exercised During the Year $
Executives										
Scott Huffadine	-	13-Nov-14	$0.28	-	30-Jun-17	30-Jun-17	-	417,914	-	-
Matthew Smith	209,446	18-Nov-15	$0.13	-	30-Jun-18	30-Jun-18	-	-	27,228	-

[1] Determined at date of grant in accordance with AASB 2. For details on the valuation of the share performance rights, including models and assumptions used, please refer to Note 24 to the Financial Statements.

NON-EXECUTIVE DIRECTOR REMUNERATION

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

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

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

		Short-Term			Post Employment	Share-Based Payments	Total	Proportion of Remuneration Performance Related
		Salary & Fees $	Non-Monetary Benefits $	Consulting Fees $	Superannuation $	Options & Rights[4] $	$	%
Non-Executive Directors								
John Morris[1]	2016	81,148	-	-	7,709	-	88,857	-
	2015	150,000	-	-	14,250	-	164,250	-
J. William Phillips[2]	2016	-	-	203,633	-	-	203,633	-
	2015	-	-	246,000	-	-	246,000	-
Andrew Spinks	2016	30,000	-	-	2,850	-	32,850	-
	2015	30,000	-	-	2,850	-	32,850	-
Douglas Kirwin[3]	2016	-	-	7,610	-	-	7,610	-
	2015	-	-	-	-	-	-	-
Total	**2016**	**111,148**	**-**	**211,243**	**10,559**	**-**	**332,950**	
Total	**2015**	**180,000**	**-**	**246,000**	**17,100**	**-**	**443,100**	

[1] Mr Morris, formerly Non-Executive Chairman assumed the role of Executive Chairman for an interim period following the departure of Managing Director, Mr Huffadine. Total remuneration received as the Executive Chairman is set out in the Executive Remuneration section of the Remuneration Report.

[2] Mr Phillips was a Non-Executive Director until he was appointed to the role of Executive Director – Mining on 29 April 2016. Mr Phillips tendered his resignation on 22 June 2016. Total remuneration received as the Executive Director - Mining is set out in the Executive Remuneration section of the Remuneration Report.

[3] Mr Kirwin was appointed on 2 May 2016.

[4] Details of performance conditions for the options and share performance rights are outlined in the Executive Remuneration Framework section of the Remuneration Report. The amount included as remuneration relating to options and share performance rights is not related to or indicative of the benefit (if any) that the individual may ultimately realise. The fair value of these options and share performance rights as at their date of grant was determined in accordance with AASB 2 *Share-Based Payment* applying valuation models. Details of the assumptions underlying the valuations are set out in Note 24 to the Financial Statements.

EQUITY INSTRUMENTS HELD BY KMP

Ordinary Shares

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

	Balance at 1 July 2015	Granted as Remuneration	On Exercise of Options /Share Performance Rights	Net Change Other[1]	Balance at 30 June 2016
Executive Directors					
John Morris	7,600,000	-	-	2,000,000	9,600,000
J. William Phillips	22,168,508	-	-	(22,168,508)	-
Scott Huffadine	58,880	-	-	(58,880)	-
Non-Executive Directors					
Andrew Spinks	-	-	-	-	-
Douglas Kirwin	-	-	-	-	-
Other KMP					
Matthew Smith	25,000	-	-	-	25,000
Yohanes Parapat	-	-	-	-	-
Paul Androvic	-	-	-	-	-
Ashley McAleese	-	-	-	-	-
Total	**29,852,388**	**-**	**-**	**(20,227,388)**	**9,625,000**

[1] Represents change by virtue of shares acquired via an off-market transaction or resignation and therefore the total number of shares held has been removed from the holdings of Key Management Personnel.

Options

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

	Balance at 1 July 2015	Granted as Remuneration	Options Exercised	Net Change Other[1]	Balance at 30 June 2016	Not Vested and Not Exercisable	Vested and Exercisable
Executive Directors							
John Morris	-	-	-	-	-	-	-
J. William Philips	-	-	-	-	-	-	-
Scott Huffadine	3,000,000	-	-	(3,000,000)	-	-	-
Non-Executive Directors							
Andrew Spinks	1,000,000	-	-	(500,000)	500,000	-	500,000
Douglas Kirwin	-	-	-	1,000,000	1,000,000	1,000,000	-
Other KMP							
Matthew Smith	1,500,000	-		(1,500,000)	-	-	-
Yohanes Parapat	500,000	500,000	-	(500,000)	500,000	-	500,000
Paul Androvic	-	2,000,000	-	-	2,000,000	2,000,000	-
Ashley McAleese	1,000,000	-		(1,000,000)	-	-	-
Total	**7,000,000**	**2,500,000**	**-**	**(5,500,000)**	**4,000,000**	**3,000,000**	**1,000,000**

[1] Represents change by virtue of lapse, amount held at date of appointment or resignation and therefore the total number of shares held has been removed from the holdings of Key Management Personnel.

Share Performance Rights

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

	Balance at 1 July 2015	Granted as Remunera-tion	Rights Exercised	Rights Cancelled	Balance at 30 June 2016	Not Vested	Vested
Executive Directors							
John Morris	-	-	-	-	-	-	-
J. William Phillips	-	-	-	-	-	-	-
Scott Huffadine	417,914	-	-	(417,914)	-	-	-
Non-Executive Directors							
Andrew Spinks	-	-	-	-	-	-	-
Douglas Kirwin	-	-	-	-	-	-	-
Other KMP							
Matthew Smith	206,967	209,446	-	-	416,413	416,413	-
Yohanes Parapat	-	-	-	-	-	-	-
Paul Androvic	-	-	-	-	-	-	-
Ashley McAleese	-	-	-	-	-	-	-
Total	**624,881**	**209,446**	**-**	**(417,914)**	**416,413**	**416,413**	**-**

Shares Issued on Exercise of Options and Share Performance Rights

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

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

Loans from Key Management Personnel including their Personally Related Entities

	Balance at 1 July 2015 $	Additions / (Repayments) $	Net Change Other[1] $	Balance at 30 June 2016 $
Beaurama Pty Ltd	5,000,000	(750,000)	(4,250,000)	-
Great Golden Investment Limited	3,255,208	(524,540)	(2,730,668)	-
Total	**8,255,208**	**(1,274,540)**	**(6,980,668)**	**-**

[1] Represents change by virtue of cessation as a member of KMP and therefore the loan balances have been removed from the loans from Key Management Personnel.

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

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

Beaurama Pty Ltd

On 30 April 2013, a $5,000,000 financing facility with Beaurama Pty Ltd, an entity controlled by former Executive Director – Mining Mr Phillips (retired on 22 June 2016), was fully drawn down. During the year, the Company repaid three monthly instalments totalling $750,000. The repayment profile of the loan was restructured during the year, the key terms of the loan were as follows:

Key Terms of Loan	
Interest rate	10.5% per annum, payable monthly in arrears
Repayment	From October 2016 to February 2018 in seventeen instalments of $250,000 each. The Company can elect to repay any outstanding funds early.
Security	First ranking security with Great Golden Investment Limited and Michael John Andrews over all the issued shares in the Company's Australian subsidiaries that hold the (85%) ownership of the Way Linggo Project.

Mr Phillips ceased being a member of KMP on 22 June 2016 and the loans outstanding were no longer classified as loans from KMP from that date. Subsequent to balance date, the repayment terms of the loan were further restructured. Refer to the Subsequent Events section of the Directors' Report for details.

Great Golden Investment Limited

On 30 January 2015, a US$2,500,000 loan was assigned to Great Golden Investment Limited, an entity controlled by former Executive Director - Mining Mr Phillips (retired on 22 June 2016). During the year, the Company repaid three monthly instalments totalling US$375,000 ($524,540). The repayment profile of the loan was restructured during the year, the key terms of the loan were as follows:

Key Terms of Loan	
Interest rate	10% plus 1-month LIBOR plus withholding tax per annum, payable monthly in arrears
Repayment	From October 2016 to February 2018 in seventeen instalments of US$125,000 each. The Company can elect to repay any outstanding funds early.
Security	First ranking security with Beaurama Pty Ltd and Michael John Andrews over all the issued shares in the Company's Australian subsidiaries that hold the (85%) ownership of the Way Linggo Project.

Mr Phillips ceased being a member of KMP on 22 June 2016 and the loans outstanding were no longer classified as loans from KMP from that date. Subsequent to balance date, the repayment terms of the loan were further restructured. Refer to the Subsequent Events section of the Directors' Report for details.

Consulting Services

J. William Phillips

The Company was charged $240,533 during the year for consulting fees by Philquest Holding Corporation (an entity associated with Mr Phillips) for professional services provided to the Group. The fees were paid at a fixed rate of $20,500 per month in accordance with the Consultancy Agreement entered into on 29 October 2013. Mr Phillips ceased being a member of KMP on 22 June 2016 and at that date $15,033 was owing to Philquest Holding Corporation.

Douglas Kirwin

The Company was charged $7,610 during the year for consulting fees by Mr Kirwin for professional services provided to the Group. The fees were paid at normal commercial rates. At 30 June 2016, $7,610 was owing to Mr Kirwin.

Amounts Recognised at Balance Date

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

	2016 $
Liabilities	
Current Liabilities	7,610
Non-Current Liabilities	-
Total Liabilities	**7,610**
Expenses	
Administrative Expenses	248,143
Finance Costs	804,648
Total Expenses	**1,052,791**

End of Remuneration Report.

AUDITOR'S INDEPENDENCE DECLARATION AND NON-AUDIT SERVICES

The auditor's independence declaration for the year ended 30 June 2016 is on page 34. This declaration forms part of the Directors' Report.

NON-AUDIT SERVICES

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

Details of amounts paid or payable to the auditor for non-audit services provided during the year are detailed in Note 28 of the financial statements.

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

JMorris

John Morris
Chairman
8 September 2016

Building a better
working world

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Auditor's Independence Declaration to the Directors of Kingsrose Mining Limited

As lead auditor for the audit of Kingsrose Mining Limited for the financial year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Kingsrose Mining Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

D S Lewsen
Partner
8 September 2016

Consolidated Income Statement
for the Year Ended 30 June 2016

		2016	2015
	Note	$	$
Continuing operations			
Sale of goods	4(a)	**31,633,847**	33,198,589
Other revenue	4(a)	**340,257**	259,217
Total revenue		**31,974,104**	33,457,806
Cost of sales	4(b)	**(30,764,114)**	(24,864,348)
Gross profit		**1,209,990**	8,593,458
Other income	4(c)	**1,972,987**	13,675,042
Administration expenses	4(d)	**(4,428,843)**	(4,318,224)
Other expenses	4(e)	**(127,807)**	(481,874)
Finance costs	4(f)	**(1,279,758)**	(1,338,480)
(Loss)/Profit from continuing operations before income tax		**(2,653,431)**	16,129,922
Income tax benefit/(expense)	5(a)	**696,190**	(5,644,415)
Net (loss)/profit for the year		**(1,957,241)**	10,485,507
(Loss)/Profit for the year is attributable to:			
Owners of the parent		**(1,569,834)**	8,910,906
Non-controlling interest		**(387,407)**	1,574,601
		(1,957,241)	10,485,507
(Loss)/Earnings per share attributable to the ordinary equity holders of the parent:		**Cents**	Cents
Basic (loss)/earnings per share – cents per share	6	**(0.44)**	2.48
Diluted (loss)/earnings per share – cents per share	6	**(0.44)**	2.48

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

Consolidated Statement Of Comprehensive Income
for the Year Ended 30 June 2016

	2016	2015
	$	$
Net (loss)/profit for the year	**(1,957,241)**	10,485,507
Other comprehensive income/(loss)		
Items that may be reclassified to profit and loss in subsequent periods		
Foreign currency translations	**934,951**	1,980,446
Income tax effect	**-**	-
	934,951	1,980,446
Items that may not be reclassified to profit and loss in subsequent periods		
Foreign currency translations	**167,804**	511,660
Actuarial gains on defined benefits obligation	**58,850**	110,568
Income tax effect	**(20,598)**	(38,699)
	206,056	583,529
Other comprehensive income/(loss) for the year, net of tax	**1,141,007**	2,563,975
Total comprehensive income/(loss) for the year	**(816,234)**	13,049,482
Total comprehensive income/(loss) for the year is attributable to :		
Owners of the parent	**(602,369)**	10,952,441
Non-controlling interest	**(213,865)**	2,097,041
	(816,234)	13,049,482

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

Consolidated Statement Of Financial Position

As at 30 June 2016

	Note	2016 $	2015 $
Current Assets			
Cash and cash equivalents	8	**1,507,749**	9,517,239
Trade and other receivables	9	**5,148,758**	1,554,570
Inventories	10	**5,862,167**	5,756,434
Income tax receivable	5(d)	**-**	206,815
Other		**263,017**	217,670
Total Current Assets		**12,781,691**	17,252,728
Non-Current Assets			
Trade and other receivables	9	**5,927,665**	8,821,445
Plant and equipment	11	**8,256,109**	8,977,426
Mine properties and development	12	**35,834,679**	33,253,142
Exploration and evaluation assets	14	**30,467,371**	27,873,561
Deferred tax assets	5(e)	**10,825,941**	9,423,367
Total Non-Current Assets		**91,311,765**	88,348,941
TOTAL ASSETS		**104,093,456**	105,601,669
Current Liabilities			
Trade and other payables	15	**5,227,756**	5,145,476
Interest-bearing liabilities	16	**5,502,264**	7,427,242
Provisions	17	**259,872**	309,796
Total Current Liabilities		**10,989,892**	12,882,514
Non-Current Liabilities			
Interest-bearing liabilities	16	**4,835,080**	4,821,465
Provisions	17	**2,449,425**	1,670,038
Deferred tax liabilities	5(e)	**12,005**	27,915
Total Non-Current Liabilities		**7,296,510**	6,519,418
TOTAL LIABILITIES		**18,286,402**	19,401,932
NET ASSETS		**85,807,054**	86,199,737
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	18	**84,867,375**	84,867,375
Reserves	19	**6,770,234**	5,411,732
Accumulated losses		**(11,152,444)**	(9,615,124)
		80,485,165	80,663,983
Non-controlling interest	20(b)	**5,321,889**	5,535,754
TOTAL EQUITY		**85,807,054**	86,199,737

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

Consolidated Statement Of Cash Flows
for the Year Ended 30 June 2016

	Note	2016 $	2015 $
Cash flows from operating activities			
Receipts from customers		**31,633,847**	33,198,589
Payment to suppliers and employees		**(28,995,148)**	(24,787,240)
VAT refund received		**1,540,175**	327,583
Interest received		**16,620**	68,742
Interest and other finance costs paid		**(1,227,691)**	(1,436,927)
Income tax (paid)/refund received		**(282,415)**	2,379,352
Net cash flows from operating activities	22(a)	**2,685,388**	9,750,099
Cash flows from investing activities			
Payments for plant and equipment		**(339,512)**	(874,277)
Proceeds from sale of plant and equipment		**3,799**	3,630
Payment for mine properties and development		**(6,491,863)**	(4,423,572)
Payment for exploration and evaluation expenditure		**(1,513,883)**	(1,226,371)
Net cash flows used in investing activities		**(8,341,459)**	(6,520,590)
Cash flows from financing activities			
Repayment of hire purchase		**(604,748)**	(808,751)
Repayment of borrowings		**(1,799,080)**	-
Loan to KMP/non-controlling interest		**-**	(2,403,846)
Equity contribution from KMP/non-controlling interest to the share capital of subsidiary		**-**	2,403,846
Net cash flows used in financing activities		**(2,403,828)**	(808,751)
Net (decrease)/increase in cash and cash equivalents		**(8,059,899)**	2,420,758
Cash and cash equivalents at beginning of the year		**9,517,239**	6,661,056
Effects of exchange rate changes on cash and cash equivalents held		**50,409**	435,425
Cash and cash equivalents at end of the year	8	**1,507,749**	9,517,239

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

	Issued Capital	Share-Based Payments Reserve	General Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Subtotal	Non-Controlling Interest	Total
At 1 July 2014	**84,867,375**	**7,616,023**	**83,407**	**(4,308,429)**	**(18,587,119)**	**69,671,257**	**1,034,867**	**70,706,124**
Net profit for the year	-	-	-	-	8,910,906	8,910,906	1,574,601	10,485,507
Other comprehensive income for the year	-	-	-	1,980,446	61,089	2,041,535	522,440	2,563,975
Total comprehensive income for the year	-	-	-	1,980,446	8,971,995	10,952,441	2,097,041	13,049,482
Transactions with owners in their capacity as owners:								
Share-based payments	-	40,285	-	-	-	40,285	-	40,285
Contribution from non-controlling interest to the increase in share capital of subsidiary	-	-	-	-	-	-	2,403,846	2,403,846
At 30 June 2015	**84,867,375**	**7,656,308**	**83,407**	**(2,327,983)**	**(9,615,124)**	**80,663,983**	**5,535,754**	**86,199,737**
Net loss for the year	-	-	-	-	(1,569,834)	(1,569,834)	(387,407)	(1,957,241)
Other comprehensive income for the year	-	-	-	934,951	32,514	967,465	173,542	1,141,007
Total comprehensive income/(loss) for the year	-	-	-	934,951	(1,537,320)	(602,369)	(213,865)	(816,234)
Transactions with owners in their capacity as owners:								
Share-based payments	-	423,551	-	-	-	423,551	-	423,551
At 30 June 2016	**84,867,375**	**8,079,859**	**83,407**	**(1,393,032)**	**(11,152,444)**	**80,485,165**	**5,321,889**	**85,807,054**

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

Notes To The Financial Statements
for the Year Ended 30 June 2016

1. CORPORATE INFORMATION

The financial report of Kingsrose Mining Limited ("Kingsrose" or the "Company") and its controlled entities (the "Group") for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the Directors on 8 September 2016.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

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

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

Going concern

This financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

During the year ended 30 June 2016, the Group incurred a net loss after tax of $1,957,241. At 30 June 2016, the Group had cash and cash equivalents of $1,507,749, net assets of $85,807,054 and a working capital surplus of $1,791,799.

The Directors have considered the funding and operational status of the business in arriving at their assessment of going concern and believe that the going concern basis of preparation is appropriate based upon:

- Successful completion of a two-tranche share placement, raising a total of $9,007,224 in gross proceeds of which $6,455,007 was received in July 2016;
- Successful restructure of the Company's loan facilities in July 2016, which the Company has an in-principle agreement with the lenders for repayment between July 2017 and November 2018;
- Successful implementation of the new mine planning and scheduling methods which are expected to facilitate an increase in mining productivity and return the operation to profitability;
- The receipt of VAT refunds, materially within expectation, recognised within current receivables of $4,727,180 at 30 June 2016;
- The Group's ability to raise funds from external sources to meet ongoing working capital and mine development requirements; and
- The Group's ability to manage the timing of cash flows to meet the obligation of the business as and when they fall due.

Should the Group not achieve the matters set out above, there is uncertainty whether the Group would continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

The financial report does not include adjustments relating to the recoverability and classification of the recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Compliance with IFRS

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

(b) New accounting standards and interpretations

(i) Changes in accounting policies and disclosures

Since 1 July 2015, the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2015. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group.

- AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*
- AASB 2015-3 *Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality*

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2016 are outlined in the following table.

Reference	Title	Summary	Application date of standard	Application date for Group	Impact on Group financial report
AASB 9	Financial Instruments	A finalised version of AASB 9 which contains accounting requirements for financial instruments, replacing AASB 139 *Financial Instruments: Recognition and Measurement*. The Standard contains requirements in the areas of classification and measurement, impairment, hedge accounting and derecognition.	1 January 2018	1 July 2018	The impact on adoption of this Standard has not been fully assessed by the Group.
AASB 15	Revenue from Contracts with Customers	AASB 15 provides a single, principles based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.	1 January 2018	1 July 2018	The impact on adoption of this Standard has not been fully assessed by the Group.
AASB 2014-4	Amendments to AASB 116 and AASB 138 - Clarification of Acceptable Methods of Depreciation and Amortisation	This Standard clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.	1 January 2016	1 July 2016	No significant impact.
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	This Standard provides clarification amendments to AASB 5, AASB 7, AASB 119 and AASB 134.	1 January 2016	1 July 2016	No significant impact.
AASB 2015-2	Amendments to Australian Accounting	This Standard makes amendments to AASB 101 *Presentation of Financial Statements* to further encourage companies to apply professional	1 January 2016	1 July 2016	No significant impact.

Reference	Title	Summary	Application date of standard	Application date for Group	Impact on Group financial report
	Standards – Disclosure Initiative: Amendments to AASB 101	judgement in determining what information to disclose in the financial statements. The amendments also clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.			
AASB 16	Leases	AASB 16 provides a new lessee accounting model which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. AASB 16 contains disclosure requirements for lessees.	1 January 2019	1 July 2019	The impact on adoption of this Standard has not been fully assessed by the Group.
2016-1	Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Loss [AASB 112]	This Standard amends AASB 112 *Income Taxes* (July 2004) and AASB 112 *Income Taxes* (August 2015) to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.	1 January 2017	1 July 2017	The impact on adoption of this Standard has not been fully assessed by the Group.
2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	This Standard amends AASB 107 *Statement of Cash Flows* (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	1 January 2017	1 July 2017	The impact on adoption of this Standard has not been fully assessed by the Group.
IFRS 2 (Amendments)	Classifications and Measurement of Share-Based Payment Transactions [Amendments to IFRS 2]	This Standard amends IFRS 2 *Share-Based Payment*, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations and modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.	1 January 2018	1 July 2018	The impact on adoption of this Standard has not been fully assessed by the Group.

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

(c) Principles of consolidation

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Principles of consolidation (continued)

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

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

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

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

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

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

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

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

(e) Revenue recognition

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

Sale of goods

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

Interest revenue

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Cash and cash equivalents

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

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

(g) Trade and other receivables

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

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

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

(h) Inventories

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

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

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

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

(i) Other financial assets

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

Impairment

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Property, plant and equipment

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

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

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

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

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

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

Derecognition

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

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

(k) Mine properties and development

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

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

(l) Exploration and evaluation assets

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

(i) such costs are expected to be recouped through successful development and exploration of the area of interest or, by its sale; or

(ii) exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable Ore Reserves, Mineral Resources and active operations in relation to the area are continued.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Exploration and evaluation assets (continued)

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

(m) Impairment of non-current assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Any impairment losses are recognised in the income statement.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The future cash flows are based on:

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

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

(n) Trade and other payables

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

(o) Interest-bearing liabilities

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

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

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

Borrowing costs

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Employee benefits

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

Short-term benefits

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

Long-term benefits

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

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

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

Defined contribution superannuation plan

Contributions to defined contribution superannuation plans are expensed when incurred.

Share-based payments

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Leases

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

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

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

(r) Income tax and other taxes

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

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

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

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

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

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

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

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Income tax and other taxes (continued)

the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

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

Other taxes

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

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

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

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

(s) Provisions

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

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

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

(t) Provisions for decommissioning and restoration costs

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Contributed equity

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

(v) Earnings/(loss) per share

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

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

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

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

(w) Operating segments

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

(x) Significant accounting judgements, estimates and assumptions

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

(i) Impairment of assets

The recoverable amount of a cash-generating unit (CGU) is determined as the higher of value in use and fair value less costs of disposal.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Significant accounting judgements, estimates and assumptions (continued)

(ii) Provisions for decommissioning and restoration costs

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

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

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

(iii) Share-based payments

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

(y) Comparatives

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

3. OPERATING SEGMENTS

Identification of reportable segments

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

Types of products

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

Accounting policies

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

Major customers

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

	2016		**2015**	
	Revenue	**% of External Revenue**	Revenue	% of External Revenue
	$	**%**	$	%
Customer A	**31,633,847**	**100**	33,198,589	100

3. OPERATING SEGMENTS (continued)

	Year ended 30 June 2016				Year ended 30 June 2015			
	Gold & Silver	Total Segment	Unallocated Items	Total	Gold & Silver	Total Segment	Unallocated Items	Total
	$	$	$	$	$	$	$	$
Revenue								
External sales – gold (a)	**30,794,392**	**30,794,392**	**-**	**30,794,392**	32,096,040	32,096,040	-	32,096,040
External sales – silver (a)	**839,455**	**839,455**	**-**	**839,455**	1,102,549	1,102,549	-	1,102,549
Total segment revenue	**31,633,847**	**31,633,847**	**-**	**31,633,847**	33,198,589	33,198,589	-	33,198,589
Interest revenue	**-**	**-**	**340,257**	**340,257**	-	-	259,217	259,217
Total revenue	**31,633,847**	**31,633,847**	**340,257**	**31,974,104**	33,198,589	33,198,589	259,217	33,457,806
Segment profit/(loss) before income tax	**941,682**	**941,682**	**-**	**941,682**	20,349,324	20,349,324	-	20,349,324
Interest revenue	**-**	**-**	**340,257**	**340,257**	-	-	259,217	259,217
Corporate costs	**-**	**-**	**(2,763,943)**	**(2,763,943)**	-	-	(3,243,343)	(3,243,343)
Finance costs	**-**	**-**	**(1,171,427)**	**(1,171,427)**	-	-	(1,235,276)	(1,235,276)
Profit/(loss) before income tax	**941,682**	**941,682**	**(3,595,113)**	**(2,653,431)**	20,349,324	20,349,324	(4,219,402)	16,129,922
Income tax (expense)/benefit	**1,138,137**	**1,138,137**	**(441,947)**	**696,190**	(4,820,936)	(4,820,936)	(823,479)	(5,644,415)
Net profit/(loss) for the year	**2,079,819**	**2,079,819**	**(4,037,060)**	**(1,957,241)**	15,528,388	15,528,388	(5,042,881)	10,485,507
Depreciation and amortisation	**6,912,296**	**6,912,296**	**26,131**	**6,938,427**	5,006,208	5,006,208	29,909	5,036,117

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

	2016	2015
	$	$
Australia	**31,633,847**	33,198,589
Total external sales revenue	**31,633,847**	33,198,589

3. OPERATING SEGMENTS (continued)

	As at 30 June 2016			As at 30 June 2015		
	Gold & Silver	**Unallocated Items**	**Total**	Gold & Silver	Unallocated Items	Total
	$	**$**	**$**	$	$	
Segment operating assets	**92,555,015**	**-**	**92,555,015**	91,207,552	-	91,207,552
Unallocated assets	**-**	**712,500**	**712,500**	-	4,970,750	4,970,750
Deferred tax assets	**10,825,941**	**-**	**10,825,941**	9,423,367	-	9,423,367
Total assets	**103,380,956**	**712,500**	**104,093,456**	100,630,919	4,970,750	105,601,669
Mine development, exploration and capital expenditure	**8,711,151**	**-**	**8,711,151**	6,977,934	65,137	7,043,071
Segment operating liabilities	**(7,866,022)**	**-**	**(7,866,022)**	(7,356,951)	-	(7,356,951)
Unallocated liabilities	**-**	**(10,408,375)**	**(10,408,375)**	-	(12,017,066)	(12,017,066)
Deferred tax liabilities	**-**	**(12,005)**	**(12,005)**	-	(27,915)	(27,915)
Total liabilities	**(7,866,022)**	**(10,420,380)**	**(18,286,402)**	(7,356,951)	(12,044,981)	(19,401,932)

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

	2016	2015
	$	$
Australia	**36,189**	63,034
Indonesia	**91,275,576**	88,285,907
Total non-current assets	**91,311,765**	88,348,941

4. REVENUE AND EXPENSES

		2016	2015
		$	$
(a)	**Revenue**		
	Sale of goods		
	Gold	**30,794,392**	32,096,040
	Silver	**839,455**	1,102,549
		31,633,847	33,198,589
	Other revenue		
	Interest	**340,257**	259,217
	Total revenue	**31,974,104**	33,457,806
(b)	**Cost of sales**		
	Mine production costs	**23,072,259**	20,620,457
	Royalties	**632,677**	663,974
	Depreciation	**1,558,825**	1,892,802
	Amortisation	**5,346,635**	3,105,341
	Inventory movements	**153,718**	(1,418,226)
	Total cost of sales	**30,764,114**	24,864,348
(c)	**Other income**		
	Gain on disposal of plant and equipment	**3,085**	3,059
	Net gain on foreign exchange	**1,944,562**	13,671,983
	Sundry income	**25,340**	-
	Total other income	**1,972,987**	13,675,042
(d)	**Administration expenses**		
	Corporate costs	**3,972,325**	4,239,965
	Depreciation	**32,967**	37,974
	Share-based payments	**423,551**	40,285
	Total administration expenses	**4,428,843**	4,318,224
(e)	**Other expenses**		
	Mine development expenditure written off	**127,807**	451,546
	Sundry expenses	**-**	30,328
	Total other expenses	**127,807**	481,874

4. REVENUE AND EXPENSES (continued)

		2016	2015
		$	$
(f)	**Finance costs**		
	Borrowing costs	**61,306**	38,118
	Interest on loans - related parties	**804,648**	1,062,542
	- other	**343,870**	150,540
	Finance charges payable under finance leases	**38,295**	59,970
		1,248,119	1,311,170
	Unwinding of discount on rehabilitation provision	**31,639**	27,310
	Total finance costs	**1,279,758**	1,338,480
(g)	**Depreciation and amortisation**		
	Plant and equipment	**1,591,792**	1,930,776
	Mine properties	**5,346,635**	3,105,341
	Total depreciation and amortisation	**6,938,427**	5,036,117
	Included in:		
	Cost of sales	**6,905,460**	4,998,143
	Administration expenses	**32,967**	37,974
		6,938,427	5,036,117
(h)	**Employee benefits expense**		
	Wages and salaries	**10,611,845**	8,991,651
	Defined contribution superannuation expense	**160,709**	121,623
	Defined benefit expense	**445,680**	343,603
	Share-based payments	**423,551**	40,285
	Other employee benefits	**834,831**	709,460
	Total employee benefits expense	**12,476,616**	10,206,622
	Included in:		
	Cost of sales	**10,241,959**	7,524,229
	Administration expenses	**2,234,657**	2,682,393
		12,476,616	10,206,622

5. INCOME TAX

		2016	2015
		$	$
(a)	**Income tax (benefit)/expense**		
	Income Statement		
	Current income tax		
	Current income tax charge	**457,857**	535,280
	Deferred income tax		
	Relating to origination and reversal of temporary differences	**(1,243,089)**	5,605,670
	Under/(Over) provision in prior year	**89,042**	(496,535)
	Income tax (benefit)/expense reported in the Income Statement	**(696,190)**	5,644,415
(b)	**Amounts charged directly to other comprehensive income**		
	Statement of Other Comprehensive Income		
	Deferred tax related to items recognised in other comprehensive income:		
	Actuarial gains on defined benefits obligation	**20,598**	38,699
	Income tax expense reported in other comprehensive income	**20,598**	38,699

(c) Numerical reconciliation of accounting (loss)/profit to tax (benefit)/expense

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

		2016	2015
		$	$
	Accounting (loss)/profit before income tax	**(2,653,431)**	16,129,922
	At Australian statutory income tax rate of 30% (2015: 30%)	**(796,029)**	4,838,977
	Effect of higher tax rate in accordance with Contract of Work Agreement in Indonesia	**(186,048)**	618,804
	Under/(Over) provision in prior year	**89,042**	(496,535)
	Non-deductible expenses	**190,317**	204,587
	Foreign tax credit not utilised	**6,528**	478,582
	Aggregate income tax (benefit)/expense	**(696,190)**	5,644,415
(d)	**Current income tax assets**		
	At 1 July	**206,815**	2,707,027
	Charged to income	**(457,857)**	(535,280)
	Payments/(Refunds) - net	**282,416**	(2,379,352)
	Foreign exchange translation (loss)/gain	**(31,374)**	414,420
	At 30 June	**-**	206,815

5. INCOME TAX (continued)

(e) Recognised deferred tax assets and liabilities

	BALANCE SHEET	
	2016	2015
	$	$
Deferred tax at 30 June relates to the following:		
Deferred tax assets		
Provisions	**969,705**	711,673
Plant and equipment	**582,430**	756,069
Borrowing costs	**4,960**	12,509
Losses available for offset against future taxable income	**16,749,906**	14,331,491
Gross deferred tax assets	**18,307,001**	15,811,742
Deferred tax liabilities		
Accrued income	**(93)**	(272)
Mine properties and development	**(5,368,768)**	(4,479,908)
Finance leases	**(1,024,100)**	(800,480)
Unrealised foreign exchange movements	**(90,331)**	(125,857)
Gross deferred tax liabilities	**(6,483,292)**	(5,406,517)
Net deferred tax assets	**11,823,709**	10,405,225
Unrecognised deferred tax assets	**(1,009,773)**	(1,009,773)
Net deferred tax assets	**10,813,936**	9,395,452
Reconciliation of net deferred tax assets movement:		
At 1 July	**9,395,452**	12,246,107
Credited/(Charged) to income	**1,243,089**	(5,605,670)
(Under)/Over provision in prior year	**(89,042)**	496,535
Charged to other comprehensive income	**(20,598)**	(38,699)
Foreign exchange translation gain	**285,035**	2,297,179
At 30 June	**10,813,936**	9,395,452

Tax losses

The Group has tax losses that arose in Australia and Indonesia. Deferred tax assets have not been recognised in relation to the Australian tax losses of $3,365,910 (tax effected at 30%, $1,009,773) at 30 June 2016 and 30 June 2015. In view of the Group's Australian trading position, the Directors have not included the tax benefit in the Group's statement of financial position. A tax benefit will only be recognised to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered.

Unrecognised temporary differences

At 30 June 2016, there are no unrecognised temporary differences associated with the Group's investments in subsidiaries as the Group has no liability for additional taxation should unremitted earnings be remitted (2015: $Nil).

5. INCOME TAX (continued)

Tax consolidation

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

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

6. (LOSS)/EARNINGS PER SHARE

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

		2016	2015
		$	$
(a)	**(Loss)/Earnings per share**		
	The following reflects the income used in the calculation of basic and diluted (loss)/earnings per share computations:		
	Net (loss)/profit attributable to ordinary equity holders of the parent	**(1,569,834)**	8,910,906
		Shares	Shares
(b)	**Weighted average number of shares**		
	Weighted average number of ordinary shares for basic (loss)/earnings per share	**358,611,493**	358,611,493
	Effect of dilution:		
	Options and share performance rights	**-**	-
	Weighted average number of ordinary shares adjusted for the effect of dilution	**358,611,493**	358,611,493

(c) Information on the classification of securities

Options and share performance rights

Options and share performance rights granted to employees (including KMP) as described in Note 24 are considered to be potential ordinary shares and are included in the determination of diluted earnings per share to the extent they are dilutive.

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

Details of shares issued between the reporting date and the date of completion of these financial statements are described in Note 27.

7. DIVIDENDS PAID AND PROPOSED

No dividends have been paid, declared or recommended by the Company for the years ended 30 June 2016 and 30 June 2015.

8. CASH AND CASH EQUIVALENTS

	2016	2015
	$	$
Current		
Cash at bank and in hand	**1,507,749**	9,517,239

Subsequent to balance date, the Company secured firm commitments totalling $9 million under a two-tranche share placement at $0.12 per share. Refer to Note 27 for details.

Terms and conditions

Cash at bank earn interest at floating rates based on bank deposit rates.

9. TRADE AND OTHER RECEIVABLES

	2016	2015
	$	$
Current		
Other receivables (i)	**5,148,758**	1,554,570
Non-Current		
Other receivables (i)	**868,756**	4,217,793
Loans to non-controlling interest (ii)	**5,058,909**	4,603,652
	5,927,665	8,821,445

Terms and conditions

(i) Other receivables consist primarily of VAT refunds that are expected to be recovered within 3 to 20 months.

(ii) Balance consists of loans of US$3,450,000 (A$5,058,909) extended to Mr Herryansjah. The funds were used to subscribe for new shares in PTNM in order for Mr Herryansjah to retain his 15% interest pursuant to the governing Shareholder Agreement. The loans are unsecured, have no fixed term of repayment and are to be repaid by Mr Herryansjah via the Company's retention of 80% of his entitlement to PTNM dividends until the loans are repaid in full. Interest on the loan is charged at LIBOR plus 5% per annum. Interest not paid when due is capitalised and bears interest at the same rate as the loans.

10. INVENTORIES

	2016	2015
	$	$
Current		
Ore stockpiles at cost or net realisable value	**112,121**	58,070
Gold in circuit at cost or net realisable value	**201,818**	7,551
Gold dore and bullion at cost or net realisable value	**2,046,683**	2,362,700
Consumables and spares at cost	**3,501,545**	3,328,113
	5,862,167	5,756,434

During the year, $676,681 was recognised as an expense for inventories carried at net realisable value (2015: Nil). This is recognised in cost of sales.

11. PLANT AND EQUIPMENT

	2016	2015
	$	$
Non-Current		
Plant and Equipment		
Cost	**29,963,767**	27,068,259
Accumulated depreciation and impairment	**(22,456,841)**	(18,786,329)
Net carrying amount	**7,506,926**	8,281,930
Leased Equipment		
Cost	**723,505**	2,313,034
Accumulated depreciation	**(292,354)**	(1,753,069)
Net carrying amount	**431,151**	559,965
Capital Work in Progress		
Cost	**318,032**	135,531
Total Plant and Equipment	**8,256,109**	8,977,426
Movements in Plant and Equipment		
Plant and Equipment		
Carrying amount at 1 July	**8,281,930**	7,462,605
Additions	**158,155**	594,848
Transfer from leased equipment	**149,117**	16,890
Transfer from capital work in progress	**-**	326,667
Transfer from mine properties and development	**-**	37,529
Disposals	**(714)**	(142,741)
Depreciation charge	**(1,382,890)**	(1,624,118)
Foreign exchange translation gain	**301,328**	1,610,250
Carrying amount at 30 June	**7,506,926**	8,281,930
Leased Equipment		
Carrying amount at 1 July	**559,965**	353,409
Additions	**207,147**	439,620
Transfer to plant and equipment	**(149,117)**	(16,890)
Depreciation charge	**(208,902)**	(306,658)
Foreign exchange translation gain	**22,058**	90,484
Carrying amount at 30 June	**431,151**	559,965
Capital Work in Progress		
Carrying amount at 1 July	**135,531**	313,182
Additions	**181,358**	171,811
Transfer to plant and equipment	**-**	(326,667)
Transfer to mine properties and development	**-**	(73,284)
Foreign exchange translation gain	**1,143**	50,489
Carrying amount at 30 June	**318,032**	135,531

12. MINE PROPERTIES AND DEVELOPMENT

	2016	2015
	$	$
Non-Current		
Cost	**81,634,916**	72,606,380
Accumulated amortisation and impairment	**(45,800,237)**	(39,353,238)
	35,834,679	33,253,142
Movements in Mine Properties and Development		
Carrying amount at 1 July	**33,253,142**	26,247,795
Additions	**6,491,863**	4,610,421
Transfer from plant and equipment (net)	**-**	35,755
Expenditure written off	**(127,807)**	(451,545)
Amortisation charge	**(5,346,635)**	(3,105,341)
Change in rehabilitation provision	**478,017**	25,888
Foreign exchange translation gain	**1,086,099**	5,890,169
Carrying amount at 30 June	**35,834,679**	33,253,142

13. IMPAIRMENT TESTING OF NON-CURRENT ASSETS

Non-current assets are reviewed at each reporting period to determine whether there is an indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made.

The Group has identified one cash generating unit (CGU), the Way Linggo Project. The Way Linggo Project CGU comprises mine properties and development assets and associated plant and equipment.

The continued impact of water inflows to the Talang Santo Mine and the subsequent underperformance against forecast production, coupled with the Company's market capitalisation relative to the Group's net assets represented indicators of impairment at 30 June 2016. As a result, the Group assessed the recoverable amount of the Way Linggo Project CGU at 30 June 2016.

The following outlines the methodology, key assumptions and results from the impairment assessment undertaken at 30 June 2016.

(a) Methodology

The recoverable amount of the Way Linggo Project CGU has been estimated using its fair value less costs of disposal.

Fair value less costs of disposal is estimated based on discounted cash flows using market-based commodity price assumptions, estimated quantities of recoverable minerals, production rates, operating costs, overheads and capital requirements. The costs of disposal have been estimated based on prevailing market conditions.

The fair value less costs of disposal estimates are considered to be Level 3 fair value measurements as they are derived from valuation techniques that include inputs that are not based on observable market data. The Group considers the inputs and valuation approach to be consistent with the approach taken by market participants.

Estimates of quantities of recoverable minerals, production rates, operating costs, overheads and capital requirements are sourced from the Group's budget, including latest short-term forecasts and CGU specific studies.

Significant judgement and assumptions are required in determining estimates of fair value less costs of disposal. It should be noted that the fair values less costs of disposal calculations are subject to variability in key assumptions including, but not limited to, commodity prices, discount rates, production profile, resource recovery and operating and capital costs. A change in one or more of the assumptions used to estimate the fair value less costs of disposal could result in a change in the Way Linggo Project CGU's recoverable amount.

13. IMPAIRMENT TESTING OF NON-CURRENT ASSETS

(b) Key assumptions

The table below summarises the key assumptions used in the carrying value assessments at 30 June 2016.

Assumptions	2017-2021	Long Term (2022+)
Gold price (US$ per ounce)	US$1,252-US$1,291	US$1,279
Discount rate	8%	8%

Gold price

Gold prices are estimated with reference to a range of external market forecasts.

Discount rate

In determining the fair value less costs of disposal for the Way Linggo Project CGU, the future cash flows were discounted using rates based on the Group's estimated real after tax weighted average cost of capital, adjusted for risks specific to the CGU.

Production activity and operating and capital costs

Production activity and operating and capital cost assumptions are based on the Group's latest forecasts and CGU specific studies. These projections can include expected operating performance improvements reflecting the Group's objectives to maximise free cash flow, optimise and reduce operational activity and improve capital and labour productivity.

(c) Results

An impairment loss is recognised when the carrying value of the CGU exceeds its recoverable amount.

The assessment of the recoverable amount of the Way Linggo Project CGU has determined that no impairment is required at 30 June 2016.

Sensitivity Analysis

Any variation in the key assumptions used to determine the fair value less costs of disposal would result in a change of the estimated recoverable amount. If the variation in assumption had a negative impact on recoverable amount it could indicate a requirement for impairment to non-current assets.

It is estimated that the following reasonably possible changes in the key assumptions would have the following approximate impact on the recoverable amount of the Way Linggo Project CGU in its functional currency at 30 June 2016.

Assumptions	Way Linggo Project US$
5% increase/decrease in gold price	5,809,000
0.5% increase/decrease in discount rate	470,000
5% increase/decrease in the assumed operating costs	3,750,000

14. EXPLORATION AND EVALUATION ASSETS

	2016	2015
	$	$
Non-Current		
At cost	**30,467,371**	27,873,561
Movements in Exploration and Evaluation Assets		
Carrying amount at 1 July	**27,873,561**	21,635,399
Additions	**1,672,628**	1,226,371
Foreign exchange translation gain	**921,182**	5,011,791
Carrying amount at 30 June	**30,467,371**	27,873,561

15. TRADE AND OTHER PAYABLES

	2016	2015
	$	$
Current		
Trade creditors	**3,770,739**	3,681,543
Accruals	**1,065,823**	1,078,881
Sundry creditors	**391,194**	385,052
	5,227,756	5,145,476

Terms and conditions

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

16. INTEREST-BEARING LIABILITIES

	2016	2015
	$	$
Current		
Finance lease liabilities		
- US$2 million corporate facility (i)	**-**	286,366
- Other (ii)	**222,369**	234,626
Loans		
- Related parties (iii)	**3,764,948**	4,953,125
- Other (iv)	**1,514,947**	1,953,125
	5,502,264	7,427,242
Non-Current		
Finance lease liabilities		
- Other (ii)	**141,840**	217,299
Loans		
- Related parties (iii)	**3,346,620**	3,302,083
- Other (iv)	**1,346,620**	1,302,083
	4,835,080	4,821,465

Terms and conditions

(i) In 2012, PTNM entered into a finance lease arrangement via a US$2,000,000 corporate facility agreement. The finance leases were repayable in monthly instalments over 36 months with the final instalments paid in March 2016. The leases were secured by the assets leased and a corporate guarantee from Kingsrose. A total amount of US$1,510,360 (A$1,628,420) of the facility was utilised and interest was charged at an average rate of 6.38% per annum during the year (2015: 6.16%).

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

(iii) The loans from related parties are secured and interest-bearing. Further details are set out in Note 25(b)(iii).

(iv) Loan – other consists of a loan from Michael John Andrews. During the year, the Company repaid three monthly instalments totalling US$375,000 (A$524,540). The repayment profile of the loan was restructured during the year, the key terms of the loan at balance date are as follows:

	2016	2015
Balance	US$2,125,000 (A$2,861,567)	US$2,500,000 (A$3,255,208)
Interest rate	10% plus 1-month LIBOR plus withholding tax per annum, payable monthly in arrears	
Repayment	From October 2016 to February 2018 in seventeen instalments of US$125,000 each. The Company can elect to repay any outstanding funds early.	From July 2015 to February 2017 in twenty instalments of US$125,000 each. The Company can elect to repay any outstanding funds early.
Security	First ranking security with Beaurama Pty Ltd and Great Golden Investment Limited over all the issued shares in the Company's Australian subsidiaries that hold the (85%) ownership of the Way Linggo Project.	

Subsequent to balance date, the repayment terms of the loan were further restructured. In addition the lender agreed to reduce a portion of the loan balance via a share subscription. Refer to Note 27 for further details.

17. PROVISIONS

	2016	2015
	$	$
Current		
Employee entitlements	**259,872**	309,796
Non-Current		
Employee entitlements (a)	**1,728,021**	1,321,071
Rehabilitation (b)	**721,404**	348,967
	2,449,425	1,670,038

The nature of the provisions is described in Note 2(p) and 2(t).

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

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

	2016	2015
Discount rate	8.5% per annum	8.5% per annum
Future salary increase	6.0% per annum	6.0% per annum
Normal retirement age	60 years of age	60 years of age
Mortality	Indonesia Mortality Table 2011 (TM III)	Indonesia Mortality Table 2011 (TM III)

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

	2016	2015
	$	$
Benefit Liability		
Present value of defined benefit obligation - unfunded	**1,697,243**	1,296,396
Movements in Benefit Liability		
At 1 July	**1,296,396**	947,402
Net benefits expense	**445,680**	343,603
Credited directed to equity	**(58,850)**	(110,568)
Benefits paid	**(39,106)**	(885)
Foreign exchange translation loss	**53,123**	116,844
At 30 June	**1,697,243**	1,296,396
Net Benefit Expense		
Current service cost	**324,213**	259,532
Interest cost	**121,467**	84,071
	445,680	343,603

17. PROVISIONS (continued)

A quantitative sensitivity analysis for significant assumptions at 30 June 2016 is shown below:

	Discount Rate		Future Salary Increase		Life Expectancy	
	1% increase $	1% decrease $	1% increase $	1% decrease $	Increase by 1 year $	Decrease by 1 year $
Increase/(decrease) in defined benefit obligation	(135,076)	156,247	173,654	(151,540)	1,211	(1,114)

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

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

	2016	2015
	$	$
Within 1 year	**332,970**	269,170
1 – 5 years	**584,824**	451,160
6 – 10 years	**1,708,104**	1,359,860
After 10 years*	**20,297,304**	18,493,468
	22,923,202	20,573,658

* The expected payment after 10 years represents future undiscounted amount of benefits payable assuming all employees who reach retirement age (60 years) more than 10 years from balance date, remain in continuous employment with PTNM until retirement.

The average duration of the defined benefit obligation at the end of the reporting period is 19.6 years (2015: 19.1 years).

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

	2016	2015
	$	$
Movements in Rehabilitation Provision		
At 1 July	**348,967**	317,902
Provisions recognised – net	**478,017**	25,888
Utilised during the year	**(82,117)**	(90,786)
Unwinding of discount	**31,639**	27,310
Foreign exchange translation (gain)/loss	**(55,102)**	68,653
At 30 June	**721,404**	348,967

18. CONTRIBUTED EQUITY

	2016	2016	2015	2015
	$	**Number**	$	Number
Ordinary Shares				
Issued and fully paid	**84,867,375**	**358,611,493**	84,867,375	358,611,493

There were no movements in ordinary shares on issue for the years ended 30 June 2016 and 30 June 2015.

Terms and conditions

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

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

Escrow restrictions

There are no escrow restrictions on securities in the Company.

Options and share performance rights on issue

The total number of options on issue as at 30 June 2016 was 11,300,000 (2015: 13,850,000).

The total number of share performance rights on issue at 30 June 2016 was 416,413 (2015: 714,434).

19. RESERVES

Nature and purpose of reserves

Share-based payments reserve

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

General reserve

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

Foreign currency translation reserve

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

20. INFORMATION RELATING TO SUBSIDIARIES

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

		Equity Interest	
Entity	Place of Incorporation	2016	2015
MM Gold Pty Ltd	Australia (WA)	100%	100%
Natarang Offshore Pty Ltd	Australia (WA)	100%	100%
PT Natarang Mining	Indonesia (JAK)	85%	85%
Kingsrose Tanggamus Pty Ltd	Australia (WA)	100%	100%

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

PTNM is the subsidiary in the Group that has material non-controlling interest. PTNM's principal place of business is in Indonesia. At 30 June 2016, the proportion of equity interest held by non-controlling interest was 15% (2015: 15%).

	2016	2015
	$	$
Accumulated balances of material non-controlling interest	**5,321,889**	5,535,754
(Loss)/Profit allocated to material non-controlling interest	**(387,407)**	1,574,601

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

Summarised income statement	2016	2015
	$	$
Revenue	**31,640,788**	33,215,876
Cost of sales	**(30,554,933)**	(24,613,815)
Other income	**1,563,487**	13,682,603
Administrative expenses	**(1,499,476)**	(1,204,160)
Other expenses	**(127,807)**	(478,243)
Finance costs	**(4,742,907)**	(5,283,986)
(Loss)/Profit from continuing operations before income tax	**(3,720,848)**	15,318,275
Income tax	**1,138,137**	(4,820,936)
(Loss)/Profit for the year from continuing operations after income tax	**(2,582,711)**	10,497,339
Total comprehensive (loss)/income	**(1,425,765)**	13,980,275
Attributable to non-controlling interest	**(213,865)**	2,097,041
Dividend paid to non-controlling interest	**-**	-

20. INFORMATION RELATING TO SUBSIDIARIES (continued)

Summarised statement of financial position	2016	2015
	$	$
Current Assets	**12,105,370**	12,345,002
Non-Current Assets	**85,885,784**	83,142,191
Current Liabilities	**(65,277,253)**	(62,029,409)
Non-Current Liabilities	**(2,560,487)**	(1,862,661)
Total equity	**30,153,414**	31,595,123
Attributable to:		
Owners of the parent	**24,831,525**	26,059,369
Non-controlling interest	**5,321,889**	5,535,754

Summarised cash flow information	2016	2015
	$	$
Operating	**5,924,827**	14,260,922
Investing	**(8,342,200)**	(6,455,452)
Financing	**(1,588,950)**	(4,318,393)
Net (decrease)/increase in cash and cash equivalents	**(4,006,323)**	3,487,077

21. PARENT ENTITY DISCLOSURES

	2016	2015
	$	$
Current Assets	**2,690,216**	5,792,054
Non-Current Assets	**94,484,294**	92,640,621
Total Assets	**97,174,510**	98,432,675
Current Liabilities	**(5,931,164)**	(7,635,031)
Non-Current Liabilities	**(4,566,690)**	(4,532,744)
Total Liabilities	**(10,497,854)**	(12,167,775)
Net Assets	**86,676,656**	86,264,900
Issued Capital	**84,867,375**	84,867,375
Accumulated Losses	**(6,270,578)**	(6,258,783)
Share-Based Payments Reserve	**8,079,859**	7,656,308
Total Shareholder's Equity	**86,676,656**	86,264,900
Loss of the parent entity	**(11,794)**	(759,773)
Total comprehensive loss of the parent entity	**(11,794)**	(759,773)

Kingsrose has guaranteed the discharge by its subsidiary, PTNM of its financial obligations under the following:

- US$2 million corporate facility disclosed in Note 16. During the year the finance lease liabilities relating to this facility were fully repaid. The facility and corporate guarantee were in the process of being released at balance date; and
- US$700,000 corporate facility obtained in April 2016 for the provision of bank guarantees to the Indonesian Mines Department in respect of rehabilitation obligations. The Company's liability under the guarantee for this facility is limited to US$400,000 (A$538,648).

21. PARENT ENTITY DISCLOSURES (continued)

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

22. STATEMENT OF CASH FLOWS RECONCILIATION

	2016	2015
	$	$
(a) Reconciliation of net (loss)/profit after income tax to net cash flows from operating activities		
Net (loss)/profit after income tax	**(1,957,241)**	10,485,507
Adjustments for:		
Depreciation of plant and equipment	**1,591,792**	1,930,776
Amortisation of mine properties	**5,346,635**	3,105,341
Unrealised net foreign exchange gain	**(988,408)**	(6,788,113)
Share-based payments	**423,551**	40,285
(Gain)/Loss on disposal of plant and equipment	**(3,085)**	139,110
Mine expenditure written off	**127,807**	451,546
Change in assets and liabilities		
(Increase)/decrease in trade and other receivables	**(700,408)**	(4,992,185)
(Increase)/decrease in inventories	**(105,733)**	(2,646,937)
(Increase)/decrease in income tax receivables	**206,815**	2,677,280
(Increase)/decrease in other assets	**(45,348)**	(56,875)
(Increase)/decrease in deferred tax assets	**(1,402,574)**	2,822,740
Increase/(decrease) in trade and other payables	**(76,465)**	2,357,345
Increase/(decrease) in income tax payable	**-**	(177,068)
Increase/(decrease) in provisions	**283,960**	373,432
Increase/(decrease) in deferred tax liabilities	**(15,910)**	27,915
Net cash flows from operating activities	**2,685,388**	9,750,099
(b) Non-cash investing and financing activities		
Acquisition of assets by means of finance leases	**207,147**	510,191

23. FINANCIAL AND CAPITAL RISK MANAGEMENT

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

Objectives and Policies

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

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, commodity price risk, liquidity risk and credit risk. The Group uses different methods to measure and manage different types of risk to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and

23. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Objectives and Policies (continued)

assessments of market forecasts for interest rates, foreign exchange and commodity prices. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

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

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

(a) Interest rate risk

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

	2016	2015
	$	$
Financial Assets		
Cash and cash equivalents	**1,507,749**	9,517,239
Financial Liabilities		
Interest-bearing liabilities	**(5,723,135)**	(6,816,493)
Net exposure	**(4,215,386)**	2,700,746

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

At 30 June 2016, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit and other comprehensive income would have been affected as follows:

	Post-Tax Profit Higher/(Lower)		Other Comprehensive Income Higher/(Lower)	
	2016	2015	2016	2015
Judgements of reasonably possible movements:	$	$	$	$
+2% (200 basis points)	**(59,015)**	37,810	**-**	-
-2% (200 basis points)	**59,015**	(37,810)	**-**	-

(b) Foreign currency risk

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

23. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

(b) Foreign currency risk (continued)

At 30 June 2016, the Group had the following exposure to USD and IDR foreign currencies:

	2016	2015	2016	2015
	USD Denominated balances	USD Denominated balances	**IDR Denominated balances**	IDR Denominated balances
	A$	A$	**A$**	A$
Financial Assets				
Cash and cash equivalents	**588,853**	7,353,609	**725,860**	1,562,546
Other receivables	**4,645,839**	4,492,188	**-**	-
	5,234,692	11,845,797	**725,860**	1,562,546
Financial Liabilities				
Trade and other payables	**(952,021)**	(582,074)	**(3,323,459)**	(2,984,310)
Interest-bearing liabilities	**(5,955,184)**	(7,239,721)	**(135,588)**	(9,000)
	(6,907,205)	(7,821,795)	**(3,459,047)**	(2,993,310)
Net exposure	**(1,672,513)**	4,024,002	**(2,733,187)**	(1,430,764)

At 30 June 2016, had the Australian dollar moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

	Post-Tax Profit Higher/(Lower)		Other Comprehensive Income Higher/(Lower)	
	2016	2015	2016	2015
Judgements of reasonably possible movements:	**$**	$	**$**	$
A$/US$ +5%	**55,750**	(134,133)	**-**	-
A$/US$ -5%	**(61,619)**	148,253	**-**	-
A$/IDR +15%	**249,552**	130,635	**-**	-
A$/IDR -15%	**(337,629)**	(176,741)	**-**	-

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

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

(c) Commodity price risk

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

23. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

(d) Liquidity risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of external funding. The Group monitors on a regular basis rolling forecasts of liquidity on the basis of expected cash flow.

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

Maturity Analysis								
	2016				2015			
	Within 1 year	**1 to 5 years**	**After 5 years**	**Total**	Within 1 year	1 to 5 years	After 5 years	Total
	$	**$**	**$**	**$**	$	$	$	$
Financial Liabilities								
Trade and other payables	**(5,227,756)**	**-**	**-**	**(5,227,756)**	(5,145,476)	-	-	(5,145,476)
Interest-bearing liabilities								
- Finance lease liabilities	**(252,459)**	**(159,262)**	**-**	**(411,721)**	(557,140)	(230,350)	-	(787,490)
- Loans	**(6,196,510)**	**(4,890,860)**	**-**	**(11,087,370)**	(7,824,692)	(4,794,802)	-	(12,619,494)
	(11,676,725)	**(5,050,122)**	**-**	**(16,726,847)**	(13,527,308)	(5,025,152)	-	(18,552,460)

(e) Credit risk exposure

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

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

Cash

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

Trade Receivables

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

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

23. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

(f) Fair values

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

The fair values of the Group's cash and cash equivalents, trade and other receivables, and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the Group's interest-bearing loans are determined by using the discounted cash flow method, applying a discount rate that reflects the Company's borrowing rate at the end of the reporting period. The Group's own non-performance risk at 30 June 2016 was assessed to be insignificant. The fair values of the Group's interest-bearing loans approximate their carrying values. Fair values of the Group's fixed rate borrowings are determined by using discounted cash flow models that use market rates currently available for debt on similar terms, credit risk and remaining maturities. There were no changes during the year in the valuation techniques used by the Group to determine the Level 2 fair values.

(g) Capital management

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

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

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

	2016	2015
	$	$
Total borrowings*	**15,565,100**	17,394,183
Less: Cash and cash equivalents	**(1,507,749)**	(9,517,239)
Net debt	**14,057,351**	7,876,944
Total equity	**85,807,054**	86,199,737
Total capital	**99,864,405**	94,076,681
Gearing ratio	**16%**	9%

*Includes trade and other payables and interest-bearing liabilities

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

24. SHARE-BASED PAYMENTS

(a) Recognised share-based payment expenses

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

	2016	2015
	$	$
Options	**442,339**	(26,213)
Share performance rights	**(18,788)**	66,498
	423,551	40,285

24. SHARE-BASED PAYMENTS (continued)

(b) Option and Share Rights Plan

The Company has an Option and Share Rights Plan (OSRP or Plan) which was approved by shareholders at the Annual General Meeting on 12 November 2015. Under the Plan, the Company can issue Options or Share Performance Rights to Eligible Persons or their nominees for no cash consideration. The Options or Share Performance Rights granted under the Plan may be subject to various forfeiture conditions and/or performance conditions as determined by the Board.

(c) Movements in options during the year

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

	2016	2016	2015	2015
	Number	**WAEP**	Number	WAEP
Outstanding at the beginning of the year	**13,850,000**	**$0.56**	17,600,000	$0.91
Granted during the year	**7,800,000**	**$0.26**	-	-
Exercised during the year	**-**	**-**	-	-
Lapsed/cancelled during the year	**(10,350,000)**	**$0.57**	(3,750,000)	$1.51
Outstanding at the end of the year	**11,300,000**	**$0.35**	13,850,000	$0.56
Exercisable at the end of the year	**8,300,000**	**$0.38**	13,850,000	$0.56

- Weighted average share price – No options were exercised during the years ended 30 June 2016 and 30 June 2015.
- Weighted average remaining contractual life – The weighted average remaining contractual life for the options outstanding as at 30 June 2016 is 1.88 years (2015: 0.75 year).
- Range of exercise price – The range of exercise prices for the options outstanding at the end of the year is $0.26 to $0.55 (2015: $0.39 to $1.53).
- Weighted average fair value – The weighted average fair value of options granted during the year was $0.09 (2015: $0.06).
- Valuation model – The fair value of the options granted was estimated at the date of grant using a binomial pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the year ended 30 June 2016:

Grant date	18 November 2015	8 March 2016
Dividend yield	-	-
Share price at grant date	$0.195	$0.27
Exercise price	$0.26	$0.27
Expected volatility	67.1%	68.1%
Risk-free interest rate	2.1%	2.0%
Expiration period	3 years	3 years
Expiry date	18 November 2018	8 March 2019
Binomial valuation per option	$0.074	$0.124

- Modifications – The expiry dates of the options held by Mr McAleese, who ceased employment with the Group on 25 October 2015, were amended from 30 June 2016 and 2 January 2017 to 25 November 2015 on the date of his departure. There was no impact to the expense recognised for these options due to this change.

24. SHARE-BASED PAYMENTS (continued)

(d) Movements in share performance rights during the year

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

	2016	2015
	Number	Number
Outstanding at the beginning of the year	**714,434**	-
Granted during the year	**209,446**	714,434
Exercised during the year	**-**	-
Cancelled during the year	**(507,467)**	-
Outstanding at the end of the year	**416,413**	714,434
Exercisable at the end of the year	**-**	-

- Weighted average remaining contractual life – The weighted average remaining contractual life for the share performance rights outstanding as at 30 June 2016 is 1.5 years (2015: 2 years).
- Range of exercise price – The exercise price for the share performance rights outstanding at the end of the year is Nil (2015: Nil).
- Weighted average fair value – The weighted average fair value of share performance rights granted during the year was $0.13 (2015: $0.28).
- Valuation model – The fair value of the share performance rights was estimated at the date of grant using a Monte Carlo simulation model with the following assumptions for the year ended 30 June 2016:

Grant date	18 November 2015
Dividend yield	-
Share price at grant date	$0.195
Exercise price	-
Expected volatility	67.6%
Risk-free interest rate	2.1%
Expected life	3 years

The number of share performance rights to vest is subject to the satisfaction of the performance conditions, along with continued employment with the Company.

The performance condition for the 209,446 share performance rights granted during the year is determined by reference to the Company's total shareholder return (TSR) performance compared with the TSR performance of a group of comparable ASX listed gold mining companies (Peer Group) over the period from 1 July 2015 to 30 June 2018 (the Performance Period). The Company's TSR ranking within the Peer Group at the end of the Performance Period determines the number of performance rights that will vest on the following basis:

Kingsrose TSR Rank	Percentage of Share Performance Rights that Vest
Below 50th percentile	Nil
50th percentile	50%
51st to 74th percentile	50% plus an additional 1% for each percentile ranking above the 50th percentile
75th percentile or higher	100%

Share performance rights that do not vest will automatically lapse.

25. RELATED PARTY DISCLOSURES

(a) Interests in Subsidiaries

The information about the Group's structure including the details of the subsidiaries is set out in Note 20(a).

(b) Transactions with Related Parties

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

		Consulting Fees	Interest Charged	Amount Owed by/(to) Related Parties
		$	$	$
Consulting services from Directors (i)	**2016**	**248,143**	**-**	**(22,643)**
	2015	246,000	-	(20,500)
Loans to KMP (ii)	**2016**	**-**	**-**	**-**
	2015	-	197,582	-
Loans from KMP/other related parties (iii)	**2016**	**-**	**804,648**	**(7,111,568)**
	2015	-	1,062,542	(8,255,208)

(i) Consulting Services from Directors

The Company was charged $240,533 during the year for consulting fees by Philquest Holding Corporation (an entity associated with Mr Phillips) for professional services provided to the Group (2015: $246,000). The fees were paid at a fixed rate of $20,500 per month in accordance with the Consultancy Agreement entered into on 29 October 2013. At 30 June 2016, $15,033 was owing to Philquest Holding Corporation (2015: $20,500).

The Company was charged $7,610 during the year for consulting fees by Mr Kirwin for professional services provided to the Group. The fees were paid at normal commercial rates. At 30 June 2016, $7,610 was owing to Mr Kirwin.

(ii) Loans to Key Management Personnel

On 30 December 2013 and 24 December 2014, loans of US$1,500,000 and US$1,950,000 were extended to Mr Herryansjah. The terms and conditions of the loans are detailed in Note 9(ii).

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

25. RELATED PARTY DISCLOSURES (continued)

(b) Transactions with Related Parties (continued)

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

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

Beaurama Pty Ltd

On 30 April 2013, a $5,000,000 financing facility with Beaurama Pty Ltd, an entity controlled by former Executive Director – Mining Mr Phillips (retired on 22 June 2016), was fully drawn down. During the year, the Company repaid three monthly instalments totalling $750,000. The repayment profile of the loan was restructured during the year, the key terms of the loan at balance date are as follows:

	2016	2015
Balance	$4,250,000	$5,000,000
Interest rate	10.5% per annum, payable monthly in arrears	
Repayment	From October 2016 to February 2018 in seventeen instalments of $250,000 each. The Company can elect to repay any outstanding funds early.	From July 2015 to February 2017 in twenty instalments of $250,000 each. The Company can elect to repay any outstanding funds early.
Security	First ranking security with Great Golden Investment Limited and Michael John Andrews over all the issued shares in the Company's Australian subsidiaries that hold the (85%) ownership of the Way Linggo Project.	

Subsequent to balance date, the repayment terms of the above loan were further restructured. Refer to Note 27 for further details.

Great Golden Investment Limited

On 30 January 2015, a loan of US$2,500,000 was assigned to Great Golden Investment Limited, an entity controlled by former Executive Director – Mining Mr Phillips (retired on 22 June 2016). During the year, the Company repaid three monthly instalments totalling US$375,000 (A$524,540). The repayment profile of the loan was restructured during the year, the key terms of the loan at balance date are as follows:

	2016	2015
Balance	US$2,125,000 (A$2,861,568)	US$2,500,000 (A$3,255,208)
Interest rate	10% plus 1-month LIBOR plus withholding tax per annum, payable monthly in arrears	
Repayment	From October 2016 to February 2018 in seventeen instalments of US$125,000 each. The Company can elect to repay any outstanding funds early.	From July 2015 to February 2017 in twenty instalments of US$125,000 each. The Company can elect to repay any outstanding funds early.
Security	First ranking security with Beaurama Pty Ltd and Michael John Andrews over all the issued shares in the Company's Australian subsidiaries that hold the (85%) ownership of the Way Linggo Project.	

Subsequent to balance date, the repayment terms of the above loan were further restructured. Refer to Note 27 for further details.

25. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of Key Management Personnel

	2016	2015
	$	$
Short-term benefits	**1,746,007**	1,737,563
Post-employment benefits	**81,220**	54,666
Termination benefits	**54,922**	-
Share-based payments	**84,641**	31,950
Total	**1,966,790**	1,824,179

Interests held by Key Management Personnel under the OSRP

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

Issue Date	Expiry Date	WAEP	2016	Expiry Date	WAEP	2015
			Number Outstanding			Number Outstanding
Options						
2016	2018-2019	$0.27	**3,500,000**	-	-	-
2014	2016	$0.44	**500,000**	2016-2017	$0.51	7,000,000
			4,000,000			7,000,000
Share Performance Rights						
2016	2018	-	**209,446**	-	-	-
2015	2017	-	**206,967**	2017	-	624,881
			416,413			624,881

Details of the OSRP are set out in Note 24.

26. COMMITMENTS AND CONTINGENCIES

(a) Royalties

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

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

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

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

26. COMMITMENTS AND CONTINGENCIES (continued)

(b) Divestment

The Company is obligated to offer for sale equity tranches in PTNM which if taken up would result in the Company's share of PTNM reducing down to 49% over a five year period in accordance with a divestment schedule outlined in PTNM's Contract of Work Agreement (CoW) with the Indonesian government. Each tranche is to be offered for sale at a fair market price to either an Indonesian government body or an Indonesian national. According to Article 24 of the CoW, the Company's next obligation to offer for sale 8% equity in PTNM would be during the 2016 calendar year (six years after the commencement of production).

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

(c) Leasing Commitments

Operating lease commitments – Group as lessee

The Group has entered into a commercial lease for property rental. This lease has an average life of one year.

	2016	2015
	$	$
Payable within one year	**44,021**	59,363
Total minimum lease payments	**44,021**	59,363

Finance lease commitments – Group as lessee

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

	2016	2015
	$	$
Payable within one year	**252,459**	557,140
Payable after one year but not more than five years	**159,262**	230,350
Total minimum lease payments	**411,721**	787,490
Less: Future finance charges	**(47,512)**	(49,199)
Present value of minimum lease payments	**364,209**	738,291
Included in the financial statements as interest-bearing liabilities (Note 16):		
Current	**222,369**	520,992
Non-current	**141,840**	217,299
	364,209	738,291

(d) Contingent Liabilities

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

26. COMMITMENTS AND CONTINGENCIES (continued)

(d) Contingent Liabilities (continued)

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

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

Accordingly, no provision has been recognised in the financial statements for this matter. At 30 June 2016, the contingent liability is equivalent to US$10,985,355 (30 June 2015: US$10,860,110).

27. SUBSEQUENT EVENTS

- In July 2016, the Company reached an in-principle agreement with its lenders to further defer repayment of the loan facilities to commence in July 2017.

- As announced to the market in July and August 2016, the Company has secured firm commitments totalling $9 million under a two-tranche share placement at $0.12 per share. Tranche one of the placement was completed on 27 July 2016 and comprised the issue of 53,791,723 fully paid ordinary shares, raising a total of $6,455,007. The shares were issued under the Company's available 15% capacity pursuant to the ASX Listing Rule 7.1. Tranche two of the placement comprises the issue of 21,268,479 shares to raise a further $2,552,217 and will be issued subject to shareholder approval at a General Meeting to be held on 14 September 2016.

- In July 2016, one of the Company's lenders, Michael John Andrews, agreed to reduce the amount outstanding under his loan facility via a share subscription. Pursuant to the agreement, the loan balance would be reduced by US$500,000 in return for the Company issuing shares at a deemed price of $0.12 per share, being the same issue price in the share placement. The issue of shares to Mr Andrews is subject to shareholder approval at a General Meeting to be held on 14 September 2016.

28. AUDITOR'S REMUNERATION

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

	2016	2015
	$	$
Amounts received or due and receivable by Ernst & Young (Australia) for:		
(i) An audit or review of the financial report of the entity and any other entity in the consolidated group	**105,250**	105,250
(ii) Tax services	**5,000**	16,500
	110,250	121,750
Amounts received or due and receivable by related practices of Ernst & Young (Australia) for:		
(i) An audit or review of the financial report of the entity and any other entity in the consolidated group	**81,259**	68,108
	81,259	68,108

Directors' Declaration

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

1. In the opinion of the Directors:

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

      (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

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

   (c) subject to the matters set out in Note 2 to the Financial Statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2016.

On behalf of the Board

J Morris

John Morris
Chairman
8 September 2016

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

Report on the financial report

We have audited the accompanying financial report of Kingsrose Mining Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

Independence

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

Independent Audit Report

Opinion

In our opinion:

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

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

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

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001* . Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Kingsrose Mining Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001* .

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2 in the financial report, which describes the principal conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Ernst & Young

Ernst & Young

D S Lewsen
Partner
Perth
8 September 2016

The following information as required by ASX Listing Rules is current as at 1 September 2016.

DISTRIBUTION OF EQUITY SECURITIES

There are 412,403,216 ordinary fully paid shares quoted on ASX. All ordinary shares carry one vote per share.

Size of Shareholding	Number of Holders	Number of Shares	% of Issued Capital
1 -1,000	429	229,316	0.06
1,001 – 5,000	1,118	3,537,881	0.86
5,001 – 10,000	689	5,672,077	1.38
10,001 – 100,000	1,303	45,082,710	10.93
100,001 and Over	279	357,881,232	86.78
Total	**3,818**	**412,403,216**	**100**

There are 1,161 shareholders holding less than a marketable parcel of shares in the Company.

The names of the twenty largest holders of ordinary fully paid shares are listed below:

Name	Number of Shares	# of Issued Capital
Citicorp Nominees Pty Limited	101,614,421	24.64
HSBC Custody Nominees (Australia) Limited	42,608,024	10.33
Great Golden Investment Ltd	21,800,000	5.29
Mr Michael John Andrews	15,500,000	3.76
JP Morgan Nominees Australia Limited	15,353,313	3.72
Pegasus Corp (Aust) Pty Ltd <Xingfa Ma Family A/C>	10,000,000	2.42
Lujeta Pty Ltd <The Margaret Account>	8,084,212	1.96
Bond Street Custodians Limited <CPCL – TU0022 A/C>	7,100,000	1.72
Goldcrest Corporation Pty Ltd	7,100,000	1.72
Peter Bowman Nominees Pty Ltd <Peter Bowman Family A/C>	6,500,000	1.58
Mr Seager Rex Harbour	5,069,037	1.23
Lujeta Pty Ltd <Margaret A/C>	4,175,788	1.01
Mr Rex Seager Harbour	4,166,666	1.01
Mr Luca Rotter & Ms Jane Louise Abbott	3,250,000	0.79
BNP Paribas Noms Pty Ltd <DRP>	3,051,692	0.74
Mr Richard Hubbard	2,756,107	0.67
Overachieve Pty Ltd <Overachieve A/C No 1>	2,300,000	0.56
Yandal Investments Pty Ltd	2,250,000	0.55
Pipe Link of Australia Pty Ltd <Pipelink of Aus P/L S/F A/C>	2,235,455	0.54
National Nominees Limited	2,167,905	0.53
Total	**267,082,620**	**64.77**

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders as disclosed in the substantial shareholding notices received by the Company are:

Name	Number of Shares	% of issued capital
Rex Harbour and Associates	54,729,940	13.27%
James William Phillips	22,168,508	5.29%

Shareholder Information

OPTIONS

10,800,000 unlisted options with various exercise prices and expiry dates are on issue. Options do not carry a right to vote.

Instrument	Number Under Option	Exercise Price	Expiry Date	Number of Holders
Employee Options	3,000,000	$0.55	13 January 2017	1
Employee Options	4,800,000	$0.26	18 November 2018	12
Employee Options	3,000,000	$0.27	8 March 2019	2
Total	**10,800,000**			**15**

RESTRICTED SECURITIES

Currently no securities are subject to either ASX imposed or voluntary restrictions.

ON MARKET BUY BACK

Current there is no on-market buy-back of the Company's securities.

KINGSROSE
MINING LIMITED

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