

KINGSROSE MINING LIMITED

Quarterly Report for the Period Ended 31 March 2020

Strong quarter increases cash and bullion to A\$35.9m

FY20 production guidance maintained at 25,000-29,000oz; AISC guidance reduced to US\$800-US\$1,000/oz

HIGHLIGHTS

<u>Consolidated Production Summary</u>		<u>Sep 19 Qtr.</u> <u>Actual</u>	<u>Dec 19 Qtr.</u> <u>Actual</u>	<u>Mar 20 Qtr.</u> <u>Actual</u>	<u>Mar 20 Qtr.</u> <u>Guidance</u>
Mined Ounces	Au oz	10,214	13,221	4,880	4,455
Gold Produced	Au oz	6,049	10,950	7,290	6,780
Silver Produced	Ag oz	31,892	85,006	44,974	35,320
Cash Costs (C1)	US\$/oz	720	374	501	846
All in Sustaining Costs	US\$/oz	863	504	643	1,095

- March quarter gold sales of 5,658oz at an average gold price of A\$2,465/oz (US\$1,609/oz), generating A\$13.9m in revenue.
- Cash and bullion of A\$35.9m at March 31, 2020 (December 31, 2019: A\$26.5m).
- Strong cash generation despite Talang Santo pit wall slip resulting in mining being suspended for one month.
- Gold production in the nine months to March 31, 2020 totals 24,290oz at AISC of US\$635/oz.
- Mining finished April 19, 2020; Processing of stockpiles scheduled to continue until end July 2020.
- Production guidance for the year to June 30, 2020 is maintained at 25,000-29,000oz; AISC guidance reduced to US\$800 – US\$1,000/oz (previously US\$930 – US\$1,130/oz).
- A series of health and safety measures were implemented across the Company during the quarter in response to the COVID-19 pandemic.
- To date, the Company has experienced no confirmed cases of COVID-19 and the pandemic has not materially impacted production.
- In April, non-essential site works were curtailed, including the Phase 2 Talang Santo drilling programme, (see ASX Announcement dated April 9, 2020) due to the COVID-19 pandemic.

EXECUTIVE SUMMARY

Kingsrose Mining (ASX: KRM) (“Kingsrose” or the “Company”) is pleased to report on another strong quarter during which production exceeded forecasts, generating substantial free cashflow.

This strong performance culminated in Kingsrose finishing the quarter with A\$35.9 million in cash and bullion, up from A\$26.5 million on December 31, 2019.

Production during the quarter came from mining at the Talang Santo open pit and stockpiles from the Way Linggo open pit, where mining ceased in December 2019.

The strong result came despite mining at the Talang Santo open pit being suspended for one month following the wall slip in February 2020.

A full safety and geotechnical review were undertaken, and limited mining resumed in March 2020 for a month with an estimated 1,400 ounces to be mined by the end of April 2020.

The mill has operated at capacity since August 2019 and production from the Way Linggo and Talang Santo stockpiles is forecast to continue through July 2020.

To date, the Company’s production has not been materially impacted by government-regulated COVID-19 restrictions. However, the Talang Santo Phase 2 drilling programme has been suspended as a result of the Indonesian travel restrictions due to the COVID-19 pandemic, which are making it increasingly difficult to adequately supervise this work.

This deeper drilling program, which is 50 per cent complete, is aimed at assessing the potential for a return to underground mining.

Kingsrose Managing Director Karen O’Neill said: *“Kingsrose has now met its operational and financial targets for several successive quarters, which has put the Company in a strong financial position and well-placed to weather the impacts of COVID-19.”*

“With \$36m in cash and bullion at the end of March and production set to continue until July, Kingsrose is very well positioned to assess its options for a return to underground mining at Talang Santo and explore the wider potential of its highly prospective land holding at Way Linggo.”

“The Company’s number one priority is the health, safety and wellbeing of its employees, contractors and local communities in which it operates. As part of this commitment, Kingsrose has suspended all non-essential activities and minimised the number of staff on site to concentrate on production.”

OPERATIONS OVERVIEW

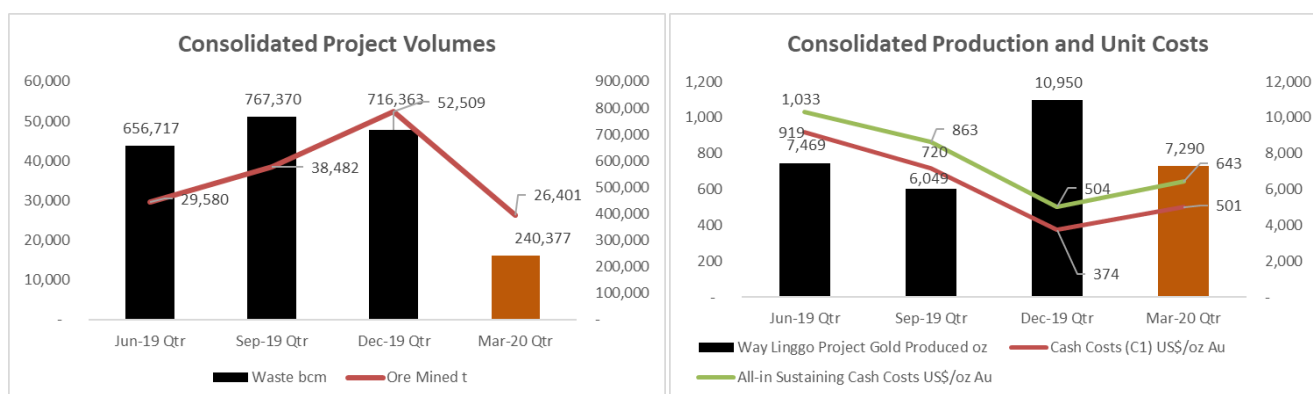
Mining in the March quarter was at the Talang Santo open pit, with mining at the Way Linggo open pit finishing in December 2019. Productivity was strong despite the wall slip in February 2020 which interrupted activities in the Talang Santo pit for a month. A total of **251k bcm** ore and waste moved (FY2020 Q2: 734k bcm). The gold in ore mined totalled **4,880 ounces** (FY2020 Q2: 13,221 ounces). Production from both Talang Santo and Way Linggo open pits stockpiles produced **7,290 gold ounces** and **44,974 silver ounces** (FY2020 Q2: 10,950 Au oz and 85,006 Ag oz).



KINGSROSE
MINING LIMITED

The processing plant ran at capacity for the quarter utilising stockpiles and ore mined. The plant has consistently pushed higher than forecast throughput rates and achieved higher recovery from higher than planned grade. Higher grade material is being prioritised through the plant, with low grade and mineralised waste being left to be processed at the end.

Consolidated unit cash costs and all in sustaining costs increased compared to last quarter due to lower overall ore tonnes mined from a single ore source, Talang Santo, following completion of the Way Linggo pit.



MINE PRODUCTION	Units	Sep-19 Qtr	Dec-19 Qtr	Mar-20 Qtr	YTD 2019-20
Talang Santo Open Pit					
Waste	bcm	489,803	589,585	240,377	1,319,765
Ore Mined	t	25,040	21,285	26,401	72,726
Mined Grade - Gold	g/t	7.3	6.4	5.7	6.5
Mined Grade - Silver	g/t	26	32	19	25
Way Linggo Open Pit					
Waste	bcm	277,567	126,778	-	404,345
Ore Mined	t	13,441	31,224	-	44,666
Mined Grade - Gold	g/t	10.0	8.8	-	9.2
Mined Grade - Silver	g/t	117	124	-	122
Total Mining					
Waste	bcm	767,370	716,363	240,377	1,724,110
Ore Mined	t	38,482	52,509	26,401	117,392
Gold in Ore Mined	oz	10,214	13,221	4,880	28,314
Silver in Ore Mined	oz	71,014	146,267	15,972	233,253
Processing					
Ore Milled	t	21,277	34,237	32,487	88,002
Head Grade - Gold	g/t	9.2	10.4	7.3	9.0
Head Grade - Silver	g/t	56	95	59	72
Recovery - Gold	%	96.6	95.4	95.1	95.6
Recovery - Silver	%	83.0	81.3	72.6	78.5
Gold Produced	oz	6,049	10,950	7,290	24,290
Silver Produced	oz	31,892	85,006	44,974	161,871
COST OF PRODUCTION					
Cash Operating Costs (C1)	US\$/oz Au	720	374	501	499
All-in Sustaining Cash Costs (AISC)	US\$/oz Au	863	504	643	635

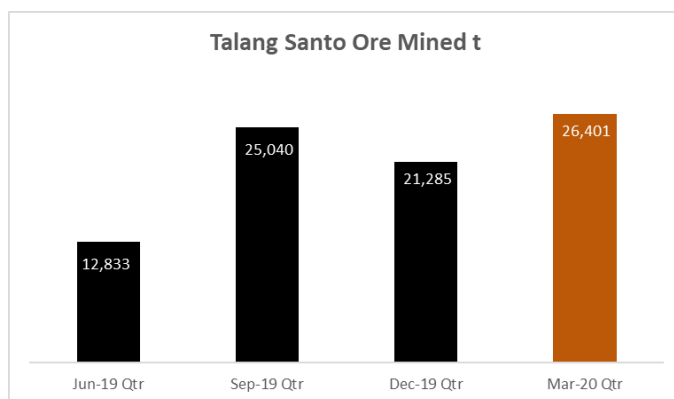
SAFETY

Site experienced two production loss incidents and one first aid incident. The 12-month moving average Lost Time Injury Frequency Rate (LTIFR) was **1.16** (FY2020 Q2: 1.12). The total recordable injury frequency rate (TRIFR) for the site at the end of the quarter was **2.90** (FY2020 Q2: 3.36).

During the quarter, a detailed Corona Virus Management Protocol was implemented. Some of the key aspects of the safety rules put in place have been to reduce site staff numbers to include essential personnel only, extending rotation and rosters to minimise travelling of personnel and medical controls implemented by site medical team.

MINING

Talang Santo Open Pit Mine



The Talang Santo pit produced **26,401** ore tonnes at **5.7 g/t Au** and **19 g/t Ag** (FY2020 Q2: 21,285 t at 6.4 g/t Au and 32 g/t Ag) for the quarter. Total waste moved from the pit was **240,377 bcm** (FY2020 Q2: 589,585 bcm).

The slip that took place on February 17, 2020 resulted in mining placed on standby for a month. Resumption of mining activities occurred mid March, after a safety and geotechnical review, with a limited plan to mine a further 1,200 – 1,500 ounces from the base of the pit.



Figure 1: Talang Santo open pit looking east

The Talang Santo open pit was completed on April 19, 2020 and gold production from stockpiled ore will continue to the end of July 2020.

A study for a potential further cutback in the Talang Santo open pit has been completed. However, with revised design and increased strip ratio as a safety mitigation after the February 2020 wall slippage, the economics on the pit were marginal. As a result it is not planned to proceed with this cutback at this stage.

Talang Santo In-Fill Deep Drilling Programme

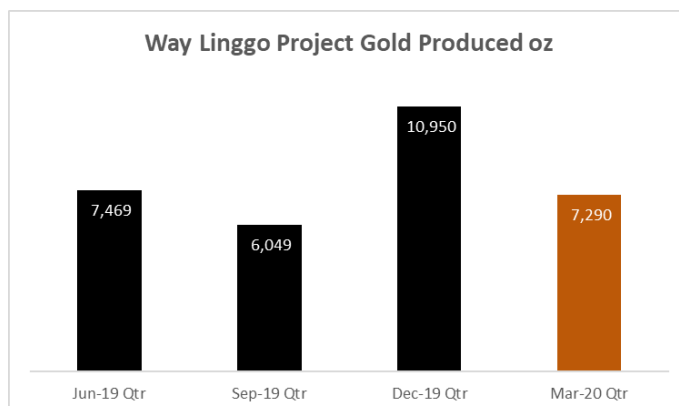
At the end of February 2020, a second phase of deep diamond drilling beneath the Talang Santo Mine began aiming to:

- Increase confidence in the known resources as a basis for the indicated mineral resource estimate, which will in turn be central to the underground feasibility study, and
- Identify extensions to known high grade mineralisation to be targeted for future resource expansion.

In April 2020, the Company announced (refer to ASX Announcement dated April 9, 2020) that the Phase 2 drilling programme has been suspended as part of the Company's response to the COVID-19 pandemic. Indonesian travel restrictions are making it increasingly difficult to adequately supervise the drilling. The drilling program is 50% complete.

The positive outcome of this and subsequent drill programmes, in conjunction with a full assessment of appropriate underground mining methodologies, will enable Kingsrose to determine the potential for future underground mining at Talang Santo. The outcome of this assessment will be delayed until the pandemic is under control in Indonesia and travel restrictions are lifted.

PROCESSING



The plant throughput for the quarter was **32,487** dry tonnes (FY2020 Q2: 34,237 t) at a head grade of **7.3 g/t Au** and **59 g/t Ag** (FY2020 Q2: 10.4 g/t Au and 95 g/t Ag). Gold recovery was marginally above forecast at **95.1%** (FY2020 Q2: 95.4%). Gold production for the quarter was **7,290** ounces (FY2020 Q2: 10,950 ounces) and silver production **44,974** ounces (FY2020 Q2: 85,006 ounces).

High and medium grade ore has been prioritised in the plant over the last two quarters. In FY2020 Q3 all high and medium grade ore from Way Linggo and Talang

Santo having now been processed, leaving low grade ore and mineralised waste to be processed in FY2020 Q4.

EXPLORATION

Regional exploration drilling was put on hold while the priority in-fill resource drilling at Talang Santo was completed.

During the quarter expert consultants were engaged to conduct site visits and to review the geological data to provide input to future exploration programmes. Due to COVID-19 travel restrictions not all the reviews were completed. This will resume once the travel restrictions are lifted and it is deemed safe to travel to Indonesia again.

COMMUNITY AND THE ENVIRONMENT

Community

The Community Relations and Empowerment team focuses on creating a harmonious relationship between the community, the Company and stakeholders and to assist in increasing the community self-reliance in numerous areas including health, education, agriculture and forestry.

In March 2020, as recognition for its commitment to the local community, the Company was awarded the Service to Community Award from the Tangammas Local Government in South Sumatra, Indonesia. The Governor attended the award ceremony to say a personal thank you to the Company for its ongoing and consistent support to the local community.

During the quarter resources were directed towards local community initiatives at numerous local villages including road improvements and road construction between villages; and various donations to local religious centres, health centres, teacher training and student associations.



Figure 2: Primary school equipment donations



Figure 3: Free health checks to community mothers

Environment

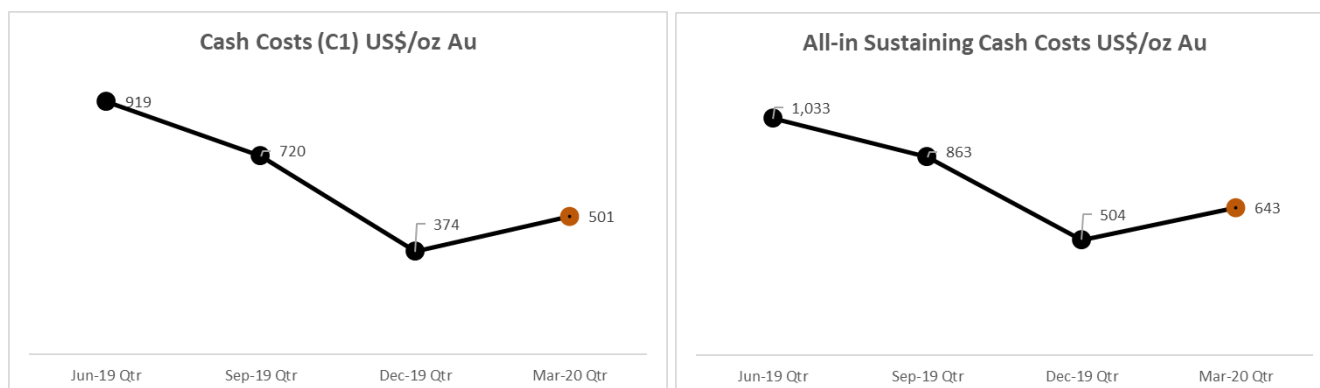
The site practises continuous rehabilitation and revegetation to minimise its environmental impact. During the quarter over 19,000 trees have been planted in several reclamation areas including waste dumps at Way Linggo and Talang Santo. Upkeep of nurseries to provide the saplings is ongoing as is the maintenance of the planted areas.

Environmental monitoring of sedimentation ponds, the tailings storage facility and ground water is ongoing in line with statutory requirements.

GOLD SALES AND COSTS OF PRODUCTION

During the quarter the Company sold **5,658 ounces** of gold at an average gold price of **A\$2,465/oz** (US\$1,609/oz) and realised **A\$13.95m** in revenue. (FY2020 Q2: 12,056 ounces at an average gold price of A\$2,179/oz (US\$1,491/oz)).

The cash costs of production for the quarter were **US\$501/oz** and all-in sustaining costs of production for the period were **US\$643/oz**. Costs have increased against the previous quarter due to the lower production achieved this quarter when compared to last.



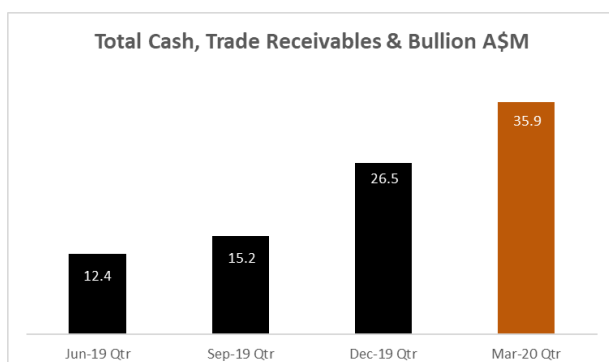
CORPORATE

The Company appointed Mr Peter Lester as a non-executive director from February 13, 2020. Mr Lester is a mining engineer with more than 40 years' experience with numerous resource companies. Mr Lester's previous executive positions include Executive General Manager –Corporate Development Newcrest Mining Ltd where he spent 3 years leading the Gosowong project in Indonesia from studies through permitting and design to start of construction; Executive General Manager–Corporate Development at Oxiana Ltd, where he played a lead role in several key acquisitions and Executive Director at Citadel Resource Group. More recently as a consultant, Mr Lester has provided services to the Martabe Gold Mine in Sumatra, Indonesia. Mr Lester has also managed several large IPOs in the resources sector, worked closely with exploration teams and has overseen project studies both in Australia and overseas.

GUIDANCE TO 30 JUNE 2020

Production Guidance for the 12-months to June 30, 2020 remains unchanged at **25,000-29,000oz** at a Cash Cost of **US\$730-US\$780/oz**. However, All-in Sustaining Costs of **US\$800 – US\$1,000/oz** have reduced (previously US\$930 – US\$1,130/oz).

CASH AND BULLION ON HAND AS AT 31 MARCH 2020



Cash & Term Deposits	A\$23.61M
Bullion ¹	A\$12.31M
Total	A\$35.92M

¹ Bullion includes unrefined (filter cake, dore) and refined gold (at A\$2,606/oz) and silver (at A\$23/oz).

CAPITAL STRUCTURE

Ordinary Fully Paid Shares	730,007,352
Options	6,200,000 (various strike prices and expiry dates)
Performance Rights	789,115

SUMMARY OF MINING TENEMENTS AND AREAS OF INTEREST

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

Competent Persons Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled under the supervision of Dr Michael Andrews, who is a Fellow of the Australasian Institute of Mining and Metallurgy and a Director and Substantial Shareholder of Kingsrose Mining Limited. Dr Andrews 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." Dr Andrews consents to the inclusion in this report of the matter based on his information in the form and context in which it appears.

-ENDS-

This Quarterly has been released with authority from the Board of Directors.

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For more information regarding the Company's activities, please visit our website www.kingsrosemining.com.au

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Kingsrose Mining Limited

ABN

49 112 389 910

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows		Current quarter	Year to date
		\$A'000	(9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	15,070	56,366
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	(1,570)	(2,555)
	(c) production	(10,940)	(33,280)
	(d) staff costs	(312)	(986)
	(e) administration and corporate costs	(433)	(985)
1.3	Dividends received	-	-
1.4	Interest received	41	46
1.5	Interest and other costs of finance paid	(10)	(33)
1.6	Income taxes paid	(654)	(1,060)
1.7	Government grants and tax incentives	-	-
1.8	Other (VAT refund received)	1,100	1,971
1.9	Net cash from / (used in) operating activities	2,292	19,484
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(302)	(892)
	(d) exploration & evaluation (if capitalised)	(168)	(1,106)
	(e) investments	-	-
	(f) other non-current assets	-	-

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter	Year to date
		\$A'000	(9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	29	30
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	(441)	(1,968)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Repayment of hire purchases)	(25)	(69)
3.10	Net cash from / (used in) financing activities	(25)	(69)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	19,980	4,314
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,292	19,484
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(441)	(1,968)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(25)	(69)
4.5	Effect of movement in exchange rates on cash held	1,803	1,848
4.6	Cash and cash equivalents at end of period	23,609	23,609

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	11,452	14,984
5.2	Call deposits	12,157	4,996
5.3	Bank overdrafts	-	-
5.4	Other	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	23,609	19,980

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	1,523
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Item 6.1 consists of:		
	- Drilling services provided by an entity associated with a director A\$1,523K	

7.	Financing facilities <i>Note: the term “facility” includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A’000	Amount drawn at quarter end \$A’000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end	<div></div> -	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
N/A			

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	2,292
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(168)
8.3	Total relevant cash inflows / (outgoings) (Item 8.1 + Item 8.2)	2,124
8.4	Cash and cash equivalents at quarter end (Item 4.6)	23,609
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	23,609
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	*

* Not applicable as the Group had a positive net cashflow for the quarter.

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 April 2020

Authorised by: 
 Karen O'Neill, Company Secretary