

Quarterly Report for the Period Ended 31 March 2019

Increased production, lower unit costs, higher revenue

HIGHLIGHTS

- Third successive quarter of increased production, lower unit costs and higher revenue.
 - Total production of 5,471 ounces of gold for the quarter (December quarter (Q2): 3,556).
 - Cash costs of US\$1,036/oz (Q2: US\$1,380/oz), with all-in sustaining costs of US\$1,190/oz (Q2: US\$1,637/oz).
 - Gold sales of 5,401 ounces (Q2: 3,440 ounces) at an average gold price of A\$1,821/oz (US\$1,305) generating A\$9.8m (Q2: A\$5.9m) in revenue.
- EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) for the March quarter of A\$530,683.
- Cash and bullion of A\$9.2m at 31 March 2019 (Q2: A\$9.4m) after investing in development including Way Linggo and Talang Santo pit cutbacks.
- Way Linggo continued to deliver consistently this quarter from the Stage 4 cut-back while waste stripping continued for stage 5.
- This quarter was the first full quarter of Talang Santo ore production and it performed as expected. Surface drilling is being undertaken at Talang Santo in the June quarter to inform near term production and the 2019/2020 plan.
- Exploration diamond drilling continued through the quarter. A total 1,524 meters of diamond drilling was completed at the Rawa Gabus prospect during this quarter.

EXECUTIVE SUMMARY

Operations

Kingsrose continued to increase mine production and lower associated unit costs during the quarter, with efficiencies achieved keeping the mill at higher utilisation. The Way Linggo pit and the Talang Santo open pits produced consistently in line with expectations.

Kingsrose CEO Stuart Bodey said *“Production at both the Way Linggo and Talang Santo pits was in line with expectation, enabling us to record quarter on quarter improvement.”*

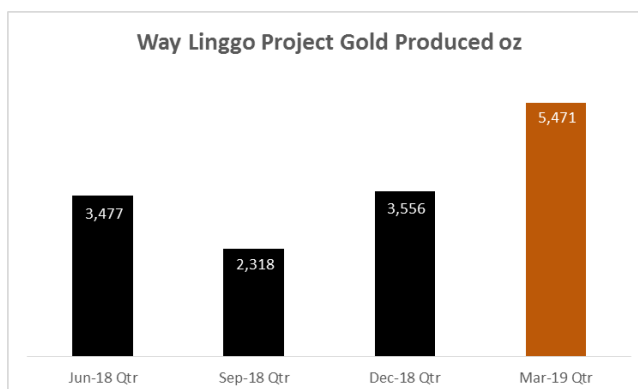
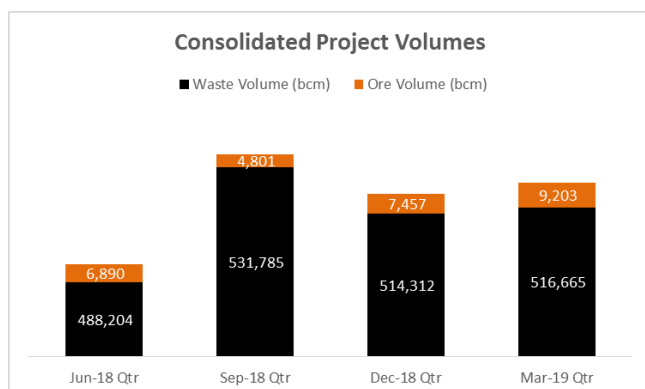
“With the Talang Santo ore body now exposed, we are in the process of mobilising five diamond drill rigs to rapidly complete an aggressive drilling programme. This will help in near-term ore interpretation and mine planning. It will also improve confidence in the in-pit resource definition as well as confirm resource extensions to the east and west of the current pit boundary.”

Operations Overview

The March quarter saw another stepped improvement in gold produced from the first half of the year as the team found its rhythm in the Talang Santo pit and Way Linggo continued to deliver from the stage 4 cut back.

Way Linggo Project - Production Summary Consolidated					
Mining	Units	Sep-18 Qtr	Dec-18 Qtr	Mar-19 Qtr	YTD 2018-19
<u>Talang Santo</u>					
Waste	bcm	-	128,038	180,855	308,893
Ore Mined	t	-	4,603	8,020	12,623
Mined Grade - Gold	g/t	-	6.4	7.8	7.3
Mined Grade - Silver	g/t	-	11	22	18
<u>Way Linggo</u>					
Waste	bcm	531,785	386,275	335,810	1,253,869
Ore Mined	t	11,283	12,318	13,839	37,440
Mined Grade - Gold	g/t	6.5	7.6	8.1	7.5
Mined Grade - Silver	g/t	80	106	102	97
<u>Total</u>					
Waste	bcm	531,785	514,312	516,665	1,562,762
Ore Mined	t	11,283	16,922	21,859	50,063
Mined Grade - Gold	g/t	6.5	7.3	8.0	7.4
Mined Grade - Silver	g/t	80	80	73	77
Processing	Units	Sep-18 Qtr	Dec-18 Qtr	Mar-19 Qtr	YTD 2018-19
Ore Milled	t	11,479	16,031	22,702	50,212
Head Grade - Gold	g/t	6.6	7.4	7.9	7.4
Head Grade - Silver	g/t	79	81	73	77
Recovery - Gold	%	95.6	92.9	95.3	94.6
Recovery - Silver	%	84.8	87.2	85.9	86.1
Gold Produced	oz	2,318	3,556	5,471	11,345
Silver Produced	oz	24,890	36,594	45,641	107,125
Way Linggo Project - Unit Costs Per Ounce Produced					
Costs of Production	Units	Sep-18 Qtr	Dec-18 Qtr	Mar-19 Qtr	YTD 2018-19
Cash Operating Cost (C1)	US\$/oz Au	2,200	1,380	1,036	1,382
All-in Sustaining Cash Costs (AISC)	US\$/oz Au	2,582	1,637	1,190	1,614

Waste stripping at Way Linggo reduced as planned from the first quarter's major cut back. Total volume mined remains consistent across the quarters though with the Talang Santo pit starting in November. With both pits now in production the unit costs are reducing closer to expectations.



Health and Safety

The Lost Time Injury Frequency Rate continued to reduce to its lowest rate to date as a result of the constant reinforcement of the safety environment on site. The 12-month moving average Lost Time Injury Frequency Rate is 0.62 (Q2: 0.66).

The 12-month moving average Total Recordable Injury Frequency Rate for the site at the end of the quarter is 4.35 (Q2: 4.29).

Exploration

Exploration diamond drilling continued through the quarter. A total of 1,524 metres of diamond drilling was completed at the Rawa Gabus prospect during this quarter.

The exploration team are collating the results of the program undertaken so far to plan further drill programs for the 2019/2020 financial year.

Field exploration at multiple sites was ongoing during this quarter. The work comprised of geology mapping, deep auger bedrock sampling, soil and rock sampling and in-house X-Ray Diffraction (XRD) analysis.

OPERATIONS

Way Linggo Open Pit



Mining continued to plan. Ore was recovered from stope pillars and other remnant material left behind by the previous underground mining operation. Waste stripping for the next cut back continued although was hampered with higher than average rainfall with 1,130mm of rain for the quarter compared to 890mm in the same period last year.

This quarter saw stabilisation works on the east wall of the stage 5 pit which resulted in an unplanned 20kbcm removed from the pit.

The Way Linggo open pit mined **13,839** ore tonnes at **8.1g/t Au** and **102g/t Ag** for the quarter. Total waste removed from the pit was **335,810 bcm**.

Way Linggo Open Pit Development

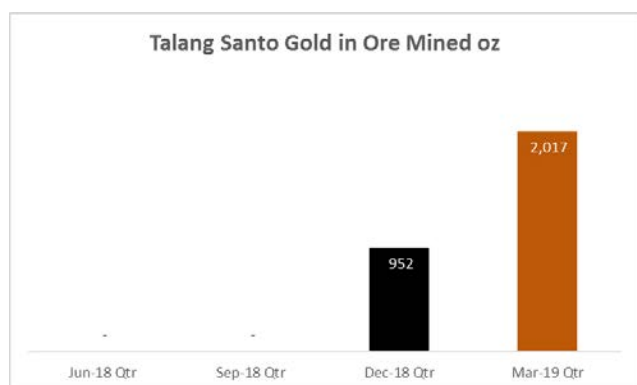
The notional Stage 6 cut back was assessed during the quarter. The scheduled strip ratio resulting in a back end weighted revenue stream, and prospective wall stability issues, led to the decision to shelve the plan. Instead an alternative option is being finalised where Way Linggo Stage 5 is taken deeper, utilising steeper wall angles, in the lower fresh rock reaches of the pit. This lowers the strip ratio compared to the original Stage 6 design and makes this extension more economically attractive. This plan is currently being optimised and should be available in May 2019.

Stage 5 has a planned 20,000 gold ounces and the extension discussed above should add an additional 4,000 gold ounces.



Figure 1: Way Linggo Open Pit March 2019, looking south

Talang Santo Open Pit



Mining progressed at the Talang Santo Open Pit with a focus on stages 2 and 3, where planned strip ratios were lower, while a new mineral resource model was prepared. The new model is currently under review and is being used to create a new optimised pit shell and mining schedule. This will be completed in the June quarter.

The Talang Santo pit produced **8,020** ore tonnes at **7.8 g/t Au** and **22 g/t Ag** for the quarter. Total waste moved from the pit **180,855 bcm**.

Five diamond drill rigs are in the process of being mobilised to Talang Santo to rapidly complete an aggressive surface drilling program. This is focusing both within the current planned Talang Santo pit boundary as well as on potential near pit resource extensions. This drilling will be used to further refine the new ore model, for mine scheduling and to inform the 2019/2020 operational plans.



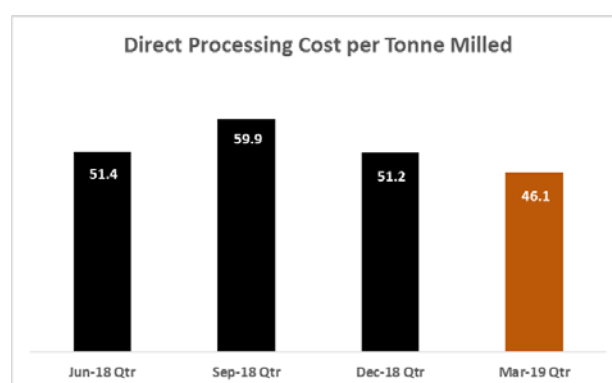
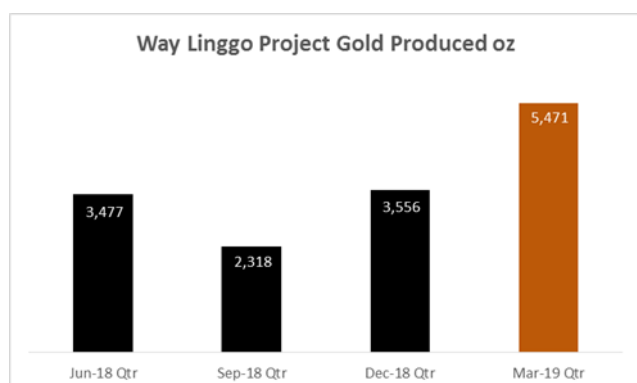
Figure 2: Talang Santo Stage 3 Pit March 2019

Processing

The plant throughput for the quarter was **22,702** dry tonnes at a head grade of **7.9g/t Au** and **73g/t Ag**. Gold recovery was back to expectation at **95.3%**, improved from previous quarter due to careful blending of throughput from both pits.

The plant operated at 70% of its capacity for the quarter, an increase of 25% on the December quarter. In the final quarter of the year the plant is planned to operate at more than 90% of its capacity.

The increased utilisation of the plant shows improved unit costs.



COMMUNITY AND THE ENVIRONMENT

Community

The aim of Community Relations and Empowerment team is to create a harmonious relationship between the community, our company and all stakeholders and to assist in increasing the community self-reliance in areas including health, education, agriculture and forestry.

During the quarter significant resources were directed towards local community initiatives, these include but are not limited to:

- Education: donation of floor mats to the Block 9 Kindergarten; Kindergarten teacher training in Bandar Lampung; assisting in constructing clean water infrastructure for an Elementary school;
- Health: donation of nutritious food for toddlers in a health centre; donation of uniform for healthcare employees in Blok 10;
- Employment: prioritizing local community members for contractor recruitment in Projects, Geophysics Survey works and working in the canteen;
- Economic Independence: assisting with small businesses for women in Blok 10; assistance with small brown sugar community business;
- Various donations for community celebrations and festivals;
- Environmental: assisting the community in maintaining the seedling nursery in Talang Toha and Talang Topa;
- Road maintenance around Talang Toha and assisting Satgas to handle a natural disaster in Blok 10.



Figure 3: Donation of food for toddlers



Figure 4: Supporting small sugar community venture



Figure 5: Donation of musical instruments



Figure 6: Road Maintenance around Talang Toha

Environment

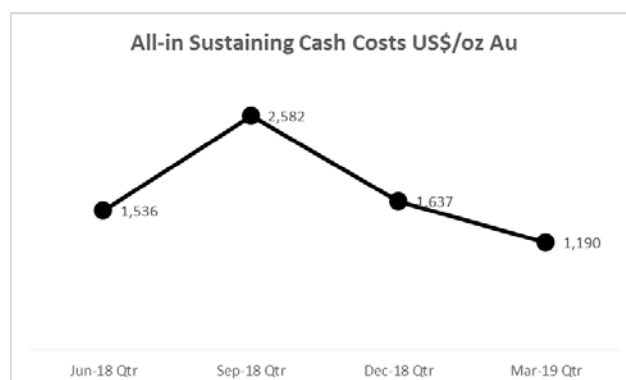
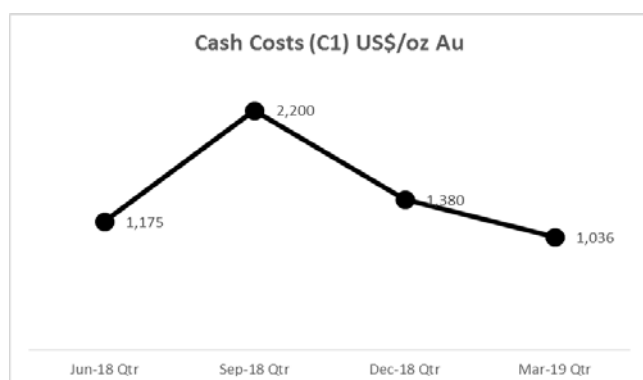
The site practises continuous rehabilitation and revegetation to minimise its environmental impact. Environmental activities carried out this quarter include:

- Monitoring of waste water, sediment ponds and the tailings storage facility; no concerns in the quarter.
- Reclamation and revegetation.
- Monitoring of waste management including temporary storage of hazardous and toxic material.
- Maintenance and renewal of the Way Linggo Nursery to assist in the revegetation programs.
- Repairs to damaged sediment ponds due to the heavy rains.

CORPORATE AND FINANCE

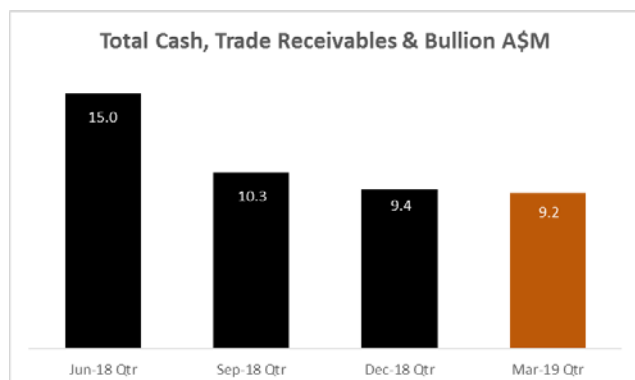
During the quarter the Company sold 5,401 ounces of gold (Q2: 3,440 ounces) at an average gold price of A\$1,821, US\$1,305 (Q2: A\$1,715, US\$1,236) per ounce and realised A\$9.8m (Q2: A\$5.9m) in revenue.

The cash costs (C1) of production for the quarter were US\$1,036 per ounce (Q2: US\$1,380), and all in sustaining costs of production for the period were US\$1,190 per ounce (Q2: US\$1,637). Overall unit costs have improved due to increased ore production and associated efficiencies. This is the first quarter with a positive earnings before interest and tax.



The outlook for the last quarter of the financial year is 5,500 – 5,800 ounces at an average cash cost (C1) per ounce of US\$980 – US\$1,100.

Cash and Bullion on Hand as at 31 March 2019



Cash & Term Deposits	A\$ 5.4m
Bullion ¹	A\$ 3.8m
Total	A\$ 9.2m

¹ Bullion includes unrefined (filter cake, dore) and refined gold (at A\$1,828/ounce) and silver (at A\$21/ounce).

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 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-

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

Rule 5.5

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013, 01/09/2016

Entity Kingsrose Mining Limited		Quarter ended:	
ABN 49 112 389 910		31 March 2019	
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	10,741	23,494
1.2	Payments for:		
	(a) exploration and evaluation	(231)	(722)
	(b) development	-	-
	(c) production	(10,416)	(24,856)
	(d) staff costs	(473)	(1,164)
	(e) administration and corporate costs	(396)	(1,262)
1.3	Dividends received	-	-
1.4	Interest received	5	56
1.5	Interest and other costs of finance paid	(12)	(38)
1.6	Income taxes paid	(133)	(712)
1.7	Research and development refunds	-	-
1.8	Other (VAT refund received)	654	1,136
1.9	Net cash from / (used in) operating activities	(261)	(4,068)
2.	Cash flows from investing activities		
2.1	Payment to acquire:		
	(a) property, plant and equipment	(120)	(743)
	(b) tenements	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	41
	(b) tenements	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Loans to other entities	-	-
2.4	Dividends received	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	(120)	(702)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
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)	(27)	(88)
3.10	Net cash from / (used in) financing activities	(27)	(88)

Appendix 5B
Mining exploration entity quarterly report

	Current quarter \$A'000	Year to date (6 months) \$A'000
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	5,779	10,068
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(261)	(4,068)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(120)	(702)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(27)	(88)
4.5 Effect of movement in exchange rates on cash held	2	163
4.6 Cash and cash equivalents at end of period	5,373	5,373

5. Reconciliation of cash and cash equivalents

Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,673	4,779
5.2	Call deposits	700	1,000
5.3	Bank overdraft	-	-
5.4	Other	-	-
Cash and cash equivalents at end of quarter (item 4.6 above)		5,373	5,779

6. Payments to directors of the entity and their associates

	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	141
6.2 Aggregate amount of loans to these parties included in item 2.3	-
6.3 Explanation necessary to understand the transactions included in item 6.1 and 6.2	
N/A	

7. Payments to related entities of the entity and their associates

	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	-
6.2 Aggregate amount of loans to these parties included in item 2.3	-
6.3 Explanation necessary to understand the transactions included in item 7.1 and 7.2	
N/A	

8. Financing facilities available

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

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

N/A

9. Estimated cash outflows for next quarter

	\$A'000
9.1 Exploration and evaluation	424
9.2 Development	-
9.3 Production	10,914
9.4 Staff costs	431
9.5 Administration and corporate costs	213
9.6 Other	-
9.7 Total estimated cash outflows	11,982

10. Changes in interests in mining tenements

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

Compliance statement

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



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Karen O'Neill
Company Secretary
30 April 2019

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