

ASX Announcement
24 January 2019

Way Linggo Project Update

Mining and processing underway at Talang Santo Open Pit

Key Points

- **Strong start to mining at the new Talang Santo open pit, which will drive Kingsrose's production and cashflow**
- **High-grade mineralisation encountered 1m from surface**
- **Outstanding near-surface mineralisation has prompted Kingsrose to undertake extensive grade control trenching in the areas of the pit design**
- **Results of grade control trenching to be used to re-model the resource, which will in turn underpin the pit expansion and studies on the resumption of underground mining at Talang Santo**
- **Studies underway to determine the extent to which clay caused drilling results around Talang Santo to under-estimate the extent of the mineralisation; This work could have significant positive implications for resource modelling and mine planning**
- **Compelling near-mine exploration targets identified**

Kingsrose Mining Limited (ASX: KRM) ("Kingsrose" or the "Company") is pleased to announce that mining and processing of ore has commenced at its Talang Santo open pit gold-silver mine following approval of the AMDAL (Environmental Impact Assessment) by the Indonesian Ministry of Environment and Forestry.

Stage 1 pit waste pre-stripping commenced in early November and high-grade mineralisation has been just 1 metre below the surface. This confirms the Mawi and Hanging Wall quartz veins encountered in the old underground workings continue to near-surface.

The identification of this mineralisation is significant because it was previously interpreted that the top of the orebody started 20m below surface. At 31 December 2018, the total ore mined from the Talang Santo pit was 4,603 tonnes at 6.4g/t Au and 11g/t Ag.



In light of this identification of ore at surface, an extensive grade control trenching program is underway to identify the extent of the near-surface mineralisation within the current pit design. **Figure 1** shows the results of recent grade control sampling of these veins in the Stage 1 pit confirming near surface high gold grades (including individual channel samples up to 69.4 g/t Au) as well as the location of the five planned pit stages.

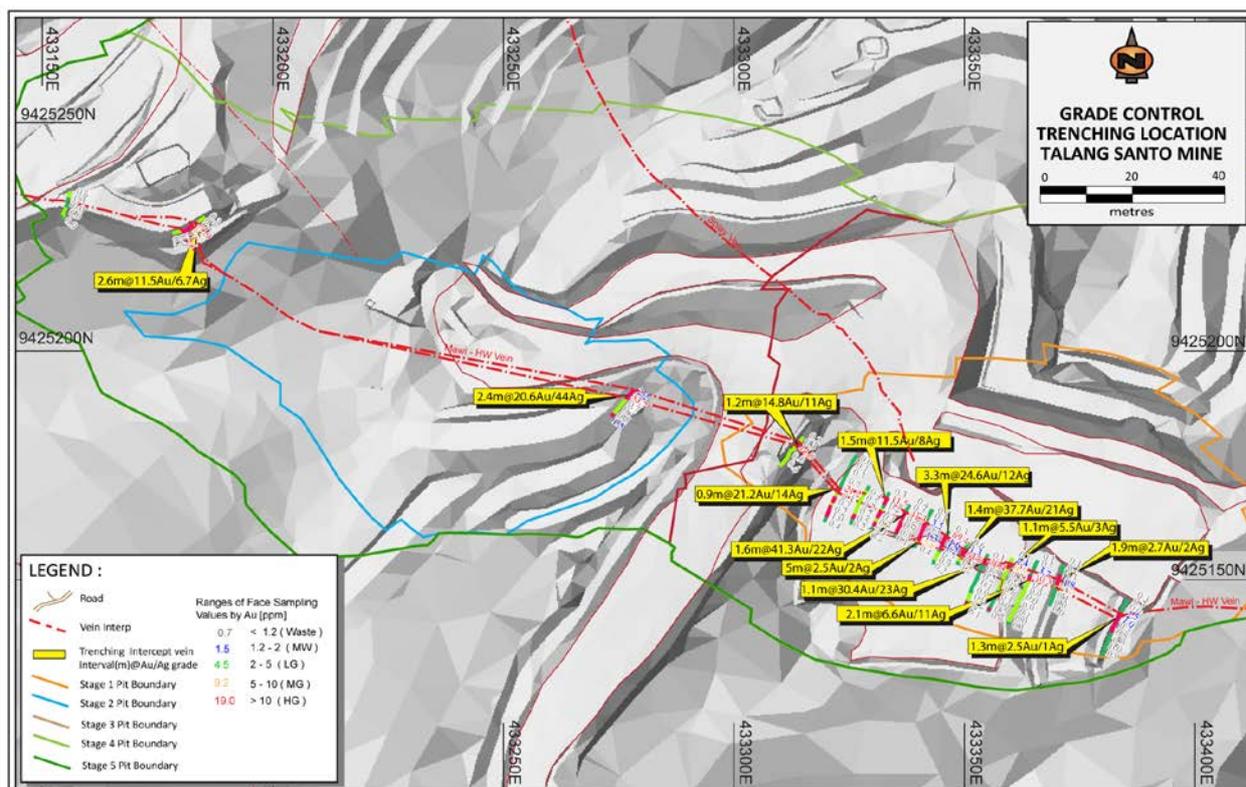


Figure 1 | Stage 1 Grade Control trenching results from Talang Santo.

As well as the grade control trenching that is currently underway within the pit boundaries, a trenching program is in progress on the vein system to the west, illustrated in Figure 2. As previously announced on 30 October 2018, drilling intersected high-grade mineralisation close to surface and this trenching program will identify the extent of the mineralisation at surface and the extension west of the planned pit.

The extension of the mineral resource into this area is important for the understanding of the Talang Santo deposit and will lead to remodelling of the current mineral resource. This will be used to optimise the Talang Santo open pit expansion, taking into account other factors reported here, and assess the potential to resume underground operations at Talang Santo.

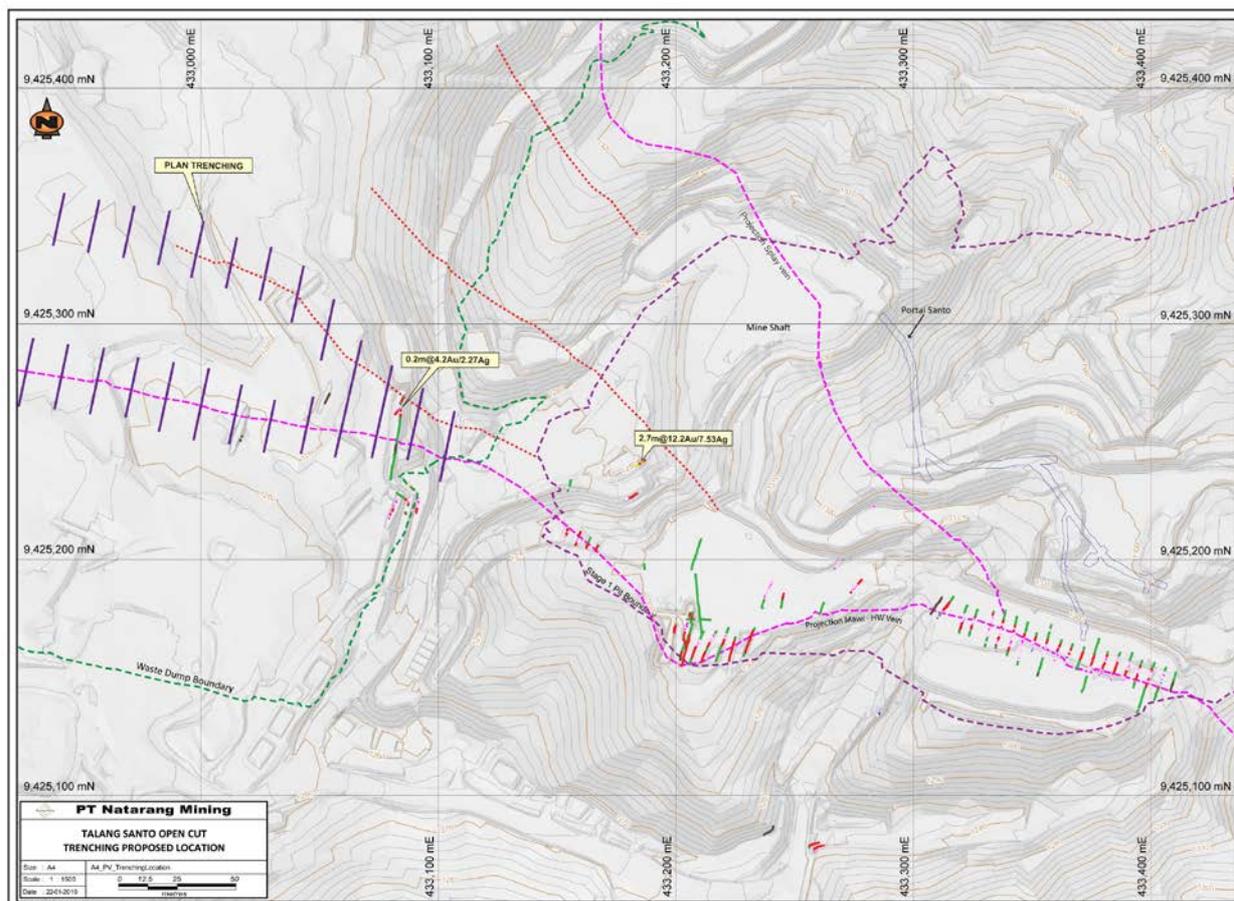


Figure 2 | Grade Control Trenching Program in Progress for Talang Santo, External to the Current Pit Design.

Mapping and channel sampling within the developing Talang Santo pit are enhancing the understanding of the mineral resource and has allowed adjustment to the interpretation and modelling of these veins.

The current mineral reserve, based on underground surveying and geological information, represented one narrow continuous vein system, while our present understanding shows the Mawi - Hanging Wall Veins consisting of a package of brecciation and veining several metres wide showing distinct hanging wall and foot wall patterns of grade enrichment, which is not reflected in the original modelling.

Figure 3 shows where a temporary haul road for Talang Santo open pit intersected the Mawi - Hanging Wall mineralised vein package. This exposure contained significant mineralisation including:

- Trench 31: 0.5m @ 15.4 g/t Au
- Trench 18: 1.17m @ 14.8 g/t Au

These higher grade zones observed in the upper areas of the open pit are related to clay rich shears within the vein system, rather than massive quartz veining. It is most likely that these zones would have been destroyed and washed out during the core drilling processes explaining the lack of grade recovery observed from the diamond drilling in this area. Studies are underway to investigate the relationship



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between possible clay loss and grade estimation, and also to refine drilling techniques, which should have significant positive implications for future exploration, resource modelling and mine planning.

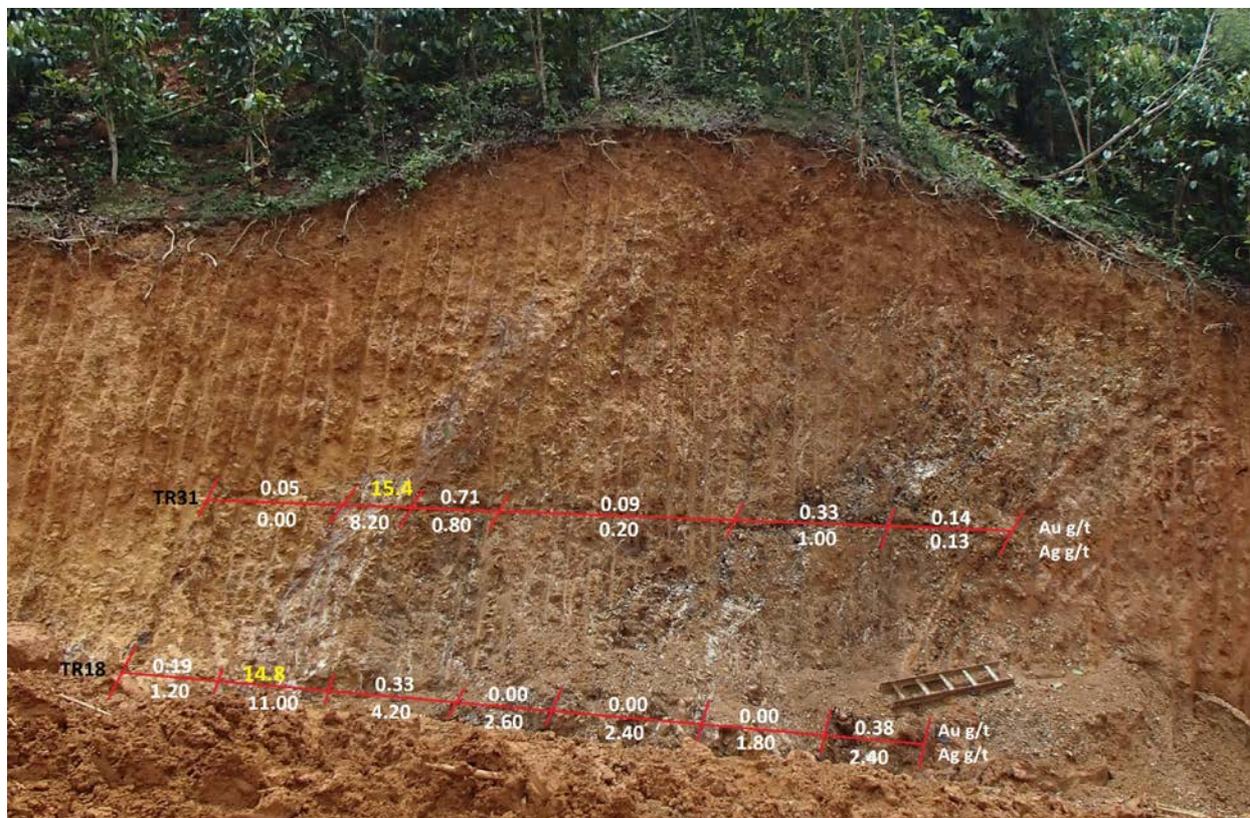


Figure 3 | Exposure of the Mawi Hanging Wall zone.

The previous underground mining method utilised hand-held equipment and 1.5m wide extraction zones that did not continuously and reliably extract the optimal structures. Mining generally followed quartz veins and potentially missed high grade clay shears adjacent to these quartz veins.

Figure 4 shows the current proposed pit design in green and the extensive underground workings where there is strong support that there is a significant amount of the Talang Santo deposit remains. Understanding the trench sampling at surface provides exciting prospectivity beyond the original Talang Santo plan.

The area shown in red immediately to the west of the underground workings is an compelling target for near mine exploration. Recent near surface drill intersections returned high grade intersections and the face sampling within only underground development drives on the Mawi - Hanging Wall Veins at 100 metres depth below surface also returned high gold grades.

Historically this area was not followed up due to a few widely spaced drill holes reporting low grade. With the recognition that historical drilling might have underestimated the grades, further exploration in this area could have significant implications for the extension of the open pit and underground mine potential.



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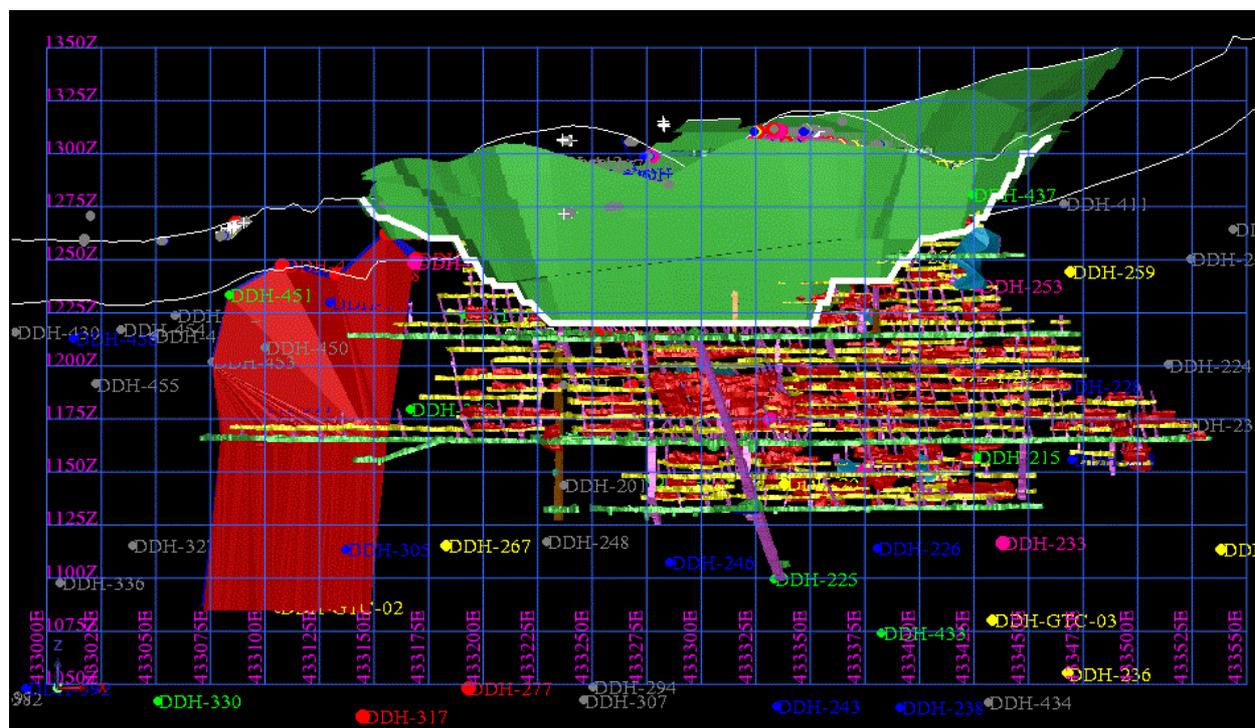


Figure 4 | Talang Santo Cross Section including historical underground works.

Kingsrose Managing Director, Paul Jago, said that the Talang Santo pit is already performing beyond expectations and, with a more informed interpretation expected as the pit deepens, the mine life may be extended well beyond its current estimate.

-ENDS-

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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. 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 is a Director and Substantial Shareholder of Kingsrose Mining Limited. 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.