



KINGSROSE
MINING LIMITED

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Quarterly Report for the Period Ended December 31, 2020

Drilling Continues at Talang Santo as Kingsrose Refocuses on Exploration

Current resource expansion drilling at Talang Santo and regional exploration programme seen as key catalysts for growth

HIGHLIGHTS

- **Cash and bullion of A\$31.9m (including cash of A\$31.5m) at December 31, 2020 (September 30, 2020: A\$37.5m-including cash of A\$24.6m).**
- **Revenue from final gold sale A\$12.01m.**
- **Deep drilling at Talang Santo continued, with encouraging results announced post quarter end highlighting gold mineralisation continuing at depth.**
- **Aggressive regional exploration programme planned for 2021.**
- **Appointment of experienced mining executive's Dr Tim Coughlin, Daryl Corp and Andrew Cooke to the Board as Non-Executive Directors.**

EXECUTIVE SUMMARY

Kingsrose Mining (ASX: KRM) ("Kingsrose" or the "Company") is pleased to provide an update of its activities for the December 2020 quarter.

Production from processing of Talang Santo and Way Linggo ore concluded during the September quarter with the final gold sale occurring in November 2020 realising A\$12.01m in revenue. Subsequently, the processing plant was decommissioned, and the mine site placed on care and maintenance.

Kingsrose is now focused on exploration for its near-term future growth strategy targeting both resource expansion with continuation of the Talang Santo Phase 2 drilling programme during the quarter, as well as an aggressive regional exploration programme planned to start early in the March 2021 quarter. This will include drilling of near-mine targets and exploration of the significant number of prospects identified over the broader Contract of Work area.

Due to the Company's re-invigorated focus on exploration, several Board and Management changes occurred during the quarter with the resignations of Managing Director Karen O'Neill, founding Non-Executive Director John Morris and Non-Executive Director Peter Lester.

Dr Tim Coughlin, Daryl Corp and Andrew Cooke were appointed to the Board as Non-Executive Directors. Tim, Daryl and Andrew bring a wealth of technical and corporate experience to the Board, essential as the Company looks to embark on its next phase of growth.



SAFETY

Site experienced no lost time, restricted duty or medically treated injuries in the quarter. The 12-month moving average Lost Time Injury Frequency Rate (LTIFR) was 1.16 (September 2020 quarter: 0.67). The Total Recordable Injury Frequency Rate (TRIFR) for the site at the end of the quarter was 2.33 (September 2020 quarter: 2.69).

During the quarter, the detailed COVID-19 Management Protocol was rigorously adhered to. Key aspects of the safety rules included the reduction of site staff numbers to essential personnel only, extending rosters to minimise travel of personnel, rapid test and mandatory isolation protocols for all visitors and employees returning to site.

OPERATIONS

The mine site was placed on care and maintenance during the quarter. Geotechnical assessments were routinely undertaken during the quarter to ensure all mine areas were stable. Areas closely monitored include the tailings storage facility, completed open pits, radio tower and buildings at the Way Linggo camp and the water level in the Talang Santo pit.

PROCESSING

The decommissioning of the processing plant was completed during the quarter. The plant and all heavy equipment were placed under care and maintenance.

EXPLORATION

With the conclusion of production from the Talang Santo and Way Linggo deposits, exploration has become a critical component of the Company's strategy for building value. Drilling is currently underway to expand resources in the Talang Santo mine area.

The Company's Way Linggo project tenement remains highly prospective for low-sulphidation epithermal gold mineralisation and an aggressive exploration programme is planned for the up-coming 12 months and will include:

- Drilling near-mine targets to expand the resource base;
- Prospect-level exploration and drill testing of brownfields targets having potential to provide future open-pit and underground resources;
- Exploration of greenfields prospects assessed as having potential for substantial high-grade epithermal gold mineralisation.

In addition, considering the Company's substantial treasury, management intends to seek out and assess other mining project acquisition opportunities within Indonesia as well as in other Tier 1 jurisdictions.

TALANG SANTO DEEP DRILLING PROGRAMME

The Talang Santo Phase 2 Deep Drilling programme commenced in February 2020, however due to the Covid-19 pandemic drilling was suspended in May 2020 with eleven holes, totalling 4,441m, having been completed.

Drilling resumed in September 2020 with six drill holes, totalling 3,465m, completed and sampled during the December 2020 quarter. Assay results from these drillholes were received subsequent to quarter end and the Company presented results from these drillholes in its ASX announcement dated 21 January 2021.

Highlights of assay results received, as previously reported, include:

DDH-586	7.80m @ 5.31 g/t Au from 248.2m (inc. 1.7m @ 10.5 g/t Au from 251.00m)
DDH-587	2.95m @ 9.23 g/t Au from 416.8m (inc. 1.2m @ 18.4 g/t Au from 418.20m)
DDH-588	6.45m @ 5.58 g/t Au from 485.9m (inc. 1.05m @ 16.1 g/t Au from 490.05m)
DDH-589	2.90 m @ 6.91 g/t Au from 505.1m (inc. 0.9m @ 12.4 g/t Au from 505.1m)
DDH-590	4.20m @ 11.98 g/t Au from 489.75m (inc. 1.25m @ 32.2 g/t Au from 490.55m)

Figure 1 shows the locations of drillhole intersections on the long section of the Talang Santo Main Vein, and Figure 2 shows a plan view of the drill hole traces.

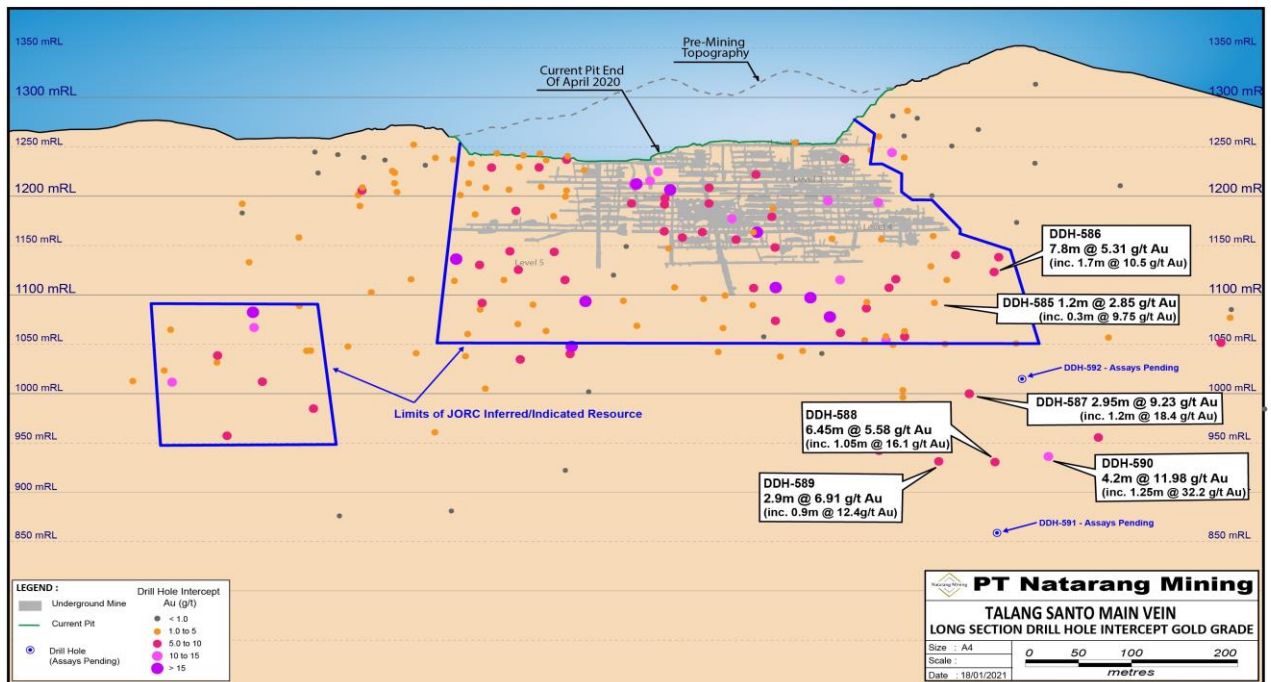


Figure 1. Talang Santo Long Section of Main Vein Showing Recent Drilling Intersections

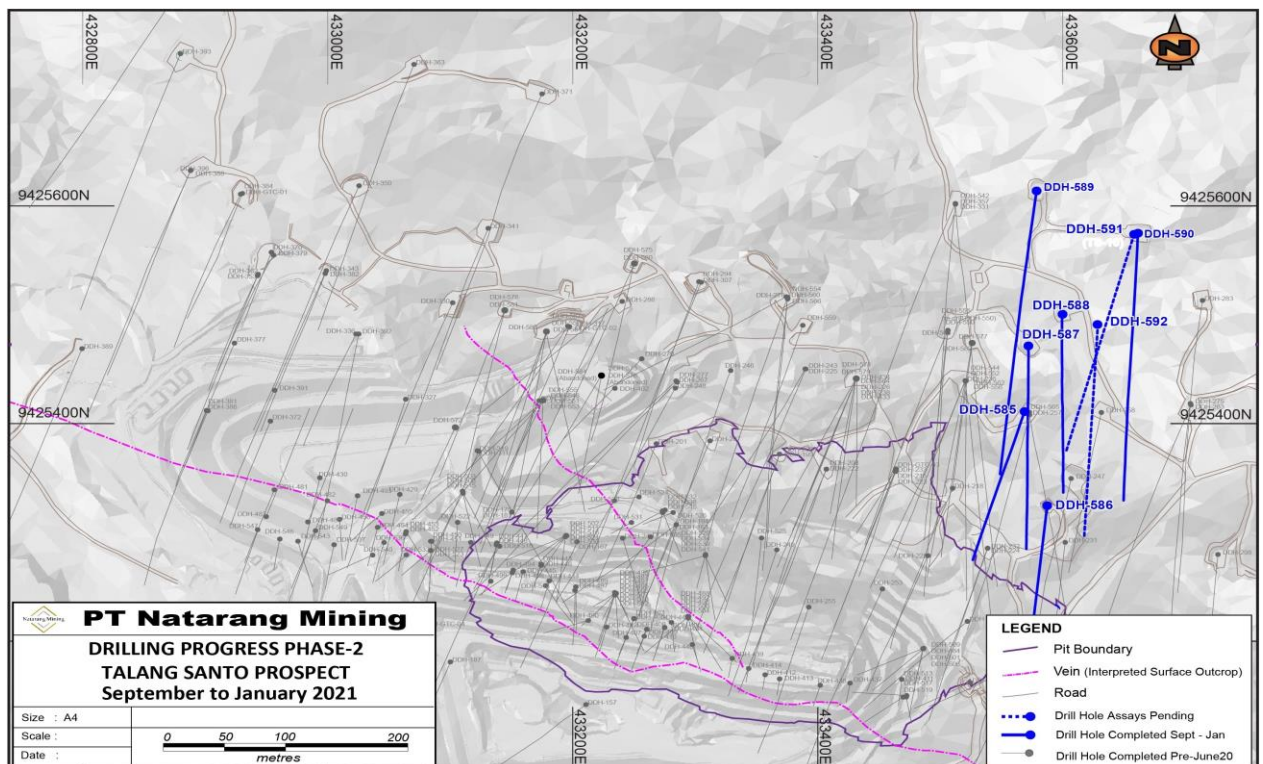


Figure 2. Map of Talang Santo Showing Location of Recent Drill Holes

The drill results are encouraging in that they confirm that high-grade gold mineralisation in the Main (Mawi) Vein extends to depth at least 200 metres below the underground mine workings, and at least 100 metres below the lower boundary of the current reported Mineral Resource estimate.



During the quarter, a total of 3,081 metres were drilled incurring costs of A\$808,029.

COMMUNITY AND THE ENVIRONMENT

Community

During the quarter, resources were directed towards local community initiatives to assist in increasing self-reliance in numerous areas including health, education, agriculture and forestry. Projects included monitoring of medical herb plant programs, road improvements and road construction between villages, assistance with restoring access to local villages following landslides and general agricultural assistance.

Environment

The site practises continuous rehabilitation and revegetation to minimise its environmental impact. During the quarter a significant number of trees were planted in several reclamation areas with a major focus on rehabilitation of the waste dumps at Way Linggo and Talang Santo as well as the Tailings Storage Facility Stage 2 wall. Environmental monitoring of sedimentation ponds, the tailings storage facility and ground water was ongoing in line with statutory requirements.

GOLD SALES

During the quarter the Company sold **4,501 ounces** of gold at an average gold price of **A\$2,669/oz** (US\$1,938/oz) and realised **A\$12.01M** in revenue. (September 2020 quarter: 2,026 ounces at an average gold price of A\$2,475/oz (US\$1,771/oz).

The final shipment from site to the Indonesian refinery occurred on October 8, 2020.

CORPORATE

During the quarter, the Company announced a number of changes to its Board and Management (see ASX Announcement October 5, 2020).

Karen O'Neill resigned as Managing Director and Company Secretary of the Company effective 31 December 2020. Dr Michael Andrews was appointed as Executive Chairman while the Company finalises the appointment of a new Chief Executive Officer, expected to be made during the March 2021 quarter.

Joanna Kiernan was appointed Company Secretary.

Founding Non-Executive Director John Morris and Non-Executive Director Peter Lester resigned from the Board.

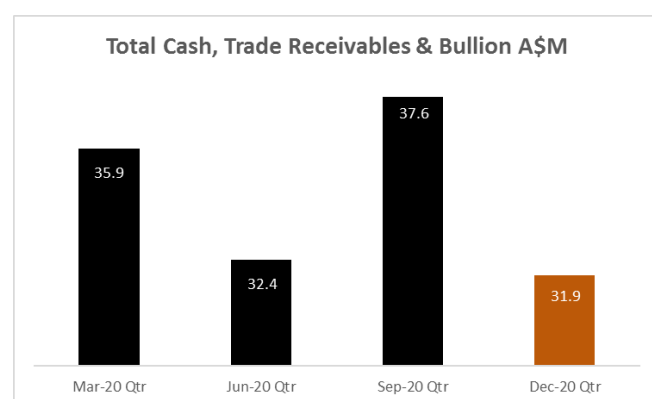
Following the resignations of Messer's Morris and Lester, Dr Tim Coughlin, Daryl Corp and Andrew Cooke were appointed to the Board as Non-Executive Directors. Tim, Daryl and Andrew bring a wealth of technical and corporate experience to the Board, essential as the Company looks to embark on its next phase of growth.



The following payments to Related Parties of the Company and their associates were made during the quarter:

Director Salaries and Non-Executive Director Fees	A\$ 126,000
Managing Director Termination payout (including leave entitlements)	A\$ 233,000
Drilling services provided by an entity associated with a director	A\$ 275,000
Total	A\$ 634,000

CASH AND BULLION ON HAND AS AT DECEMBER 31, 2020



Cash & Term Deposits	A\$31.50M
Bullion ¹	A\$ 0.36M
Total	A\$ 31.86M

¹ Bullion includes unrefined (filter cake, doré) and refined gold (at A\$2,455/oz) and silver (at A\$34/oz).

Cash & bullion decreased from A\$37.56m at September 30, 2020 to A\$31.86m at December 31, 2020 mainly due to payments made for the Group's operating activities during the quarter of A\$3.12m and an unrealised foreign exchange loss recognised on translation of the Group's USD-denominated cash balances due to the strengthening of AUD against USD during the quarter (refer to Appendix 5B for details). Note that the Group's functional currency and presentation currency is AUD

CAPITAL STRUCTURE

Ordinary Fully Paid Shares	730,007,352
Options	5,200,000 (various strike prices and expiry dates)

789,115 Performance Rights were cancelled during the quarter following the resignation of the Managing Director.



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

-ENDS-

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

For more information please contact:

Michael Andrews
Executive Chairman
+61 8 9381 5588
info@kingsrosemining.com.au

Paul Armstrong
Read Corporate
+61 8 9388 1474
paul@readcorporate.com.au

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

Competent Persons Statement

The information in this report that relates to Exploration Results was first reported by the Company in compliance with the 2012 edition of the JORC Code in an ASX announcement dated 21 January 2020. The Company confirms that it is not aware of any new information or data that materially affects the information included in the ASX release referred to above and it further confirms that all material assumptions and technical parameters underpinning the exploration results continues to apply and have not materially changed.

Appendix 5B

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

Name of entity

Kingsrore Mining Limited

ABN

49 112 389 910

Quarter ended ("current quarter")

31 December 2020

Consolidated statement of cash flows		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	13,023	18,383
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	(532)	(532)
	(c) production	(1,544)	(4,227)
	(d) staff costs	(693)	(1,042)
	(e) administration and corporate costs	(349)	(522)
1.3	Dividends received	-	-
1.4	Interest received	15	27
1.5	Interest and other costs of finance paid	(2)	(5)
1.6	Income taxes paid	(159)	(353)
1.7	Government grants and tax incentives	-	-
1.8	Other – Site care & maintenance costs	(486)	(486)
	– VAT refund received	-	418
1.9	Net cash from / (used in) operating activities	9,273	11,661
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(11)	(11)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

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

Consolidated statement of cash flows		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	2	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	(9)	19
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)	(13)	(40)
3.10	Net cash from / (used in) financing activities	(13)	(40)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	24,579	23,072
4.2	Net cash from / (used in) operating activities (item 1.9 above)	9,273	11,661
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(9)	19
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(13)	(40)
4.5	Effect of movement in exchange rates on cash held	(2,329)	(3,211)
4.6	Cash and cash equivalents at end of period	31,501	31,501

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	14,583	6,261
5.2	Call deposits	16,918	18,318
5.3	Bank overdrafts	-	-
5.4	Other	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	31,501	24,579

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	634
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Item 6.1 consists of:		
- Directors' salaries and fees A\$126K		
- Managing Director's termination payout (including unused annual leave entitlements) A\$233K		
- Drilling services provided by an entity associated with a director A\$275K		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. 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		-
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			

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)	9,273
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant cash inflows / (outgoings) (item 8.1 + item 8.2)	9,273
8.4	Cash and cash equivalents at quarter end (item 4.6)	31,501
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	31,501
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	N/A

Note: If the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

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

8.8.1 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

8.8.2 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

8.8.3 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

Note: Where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

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

Date: 29 January 2021

Authorised by:



Joanna Kiernan, Company Secretary