



KINGSROSE
MINING LIMITED
ADMINISTRATORS APPOINTED

ASX Announcement
23 February 2017

Kingsrose makes significant progress on financial restructure and new operational strategy

- **Agreements to facilitate the restructure of Kingsrose's secured loan facilities involving a substantial debt-to-equity conversion once conditions are met**
- **Commencement of first phase of open cut mining at the Way Linggo Mine**
- **Short-term mine plan completed for Talang Santo; plan provides for access to lower level of the orebody**

The Administrators of Kingsrose Mining Limited (administrators appointed) (ASX:KRM) advise that significant progress has been made in relation to Kingsrose's financial arrangements and operations at the Way Linggo Project in Indonesia.

Debt Restructure

The Administrators, Michael Ryan and Ian Francis of FTI Consulting, have renegotiated the terms of Kingsrose's secured debt facilities. Kingsrose owes secured lenders Michael John Andrews (**MJA**), Great Golden Investment Limited (**GGIL**) and Beaurama Pty Ltd (**Beaurama**) a total of A\$9.6M million comprising outstanding principal and interest. (GGIL and Beaurama are entities controlled by former director Bill Phillips).

These agreements are conditional on Kingsrose raising no less than US\$4 million through an equity raising or alternative debt arrangements, with at least US\$1 million being by way of equity (or a convertible loan) within 3 months.

Under the revised agreements, MJA (A\$2.25M) and GGIL (A\$2.94M) have agreed to convert their debt to equity as part of a broader equity raising. The price at which the debt will convert to equity will be the weighted average price of Shares that Kingsrose agrees to issue under the equity raising.

Conversion of the debt to equity is conditional on any necessary shareholder approvals and the simultaneous conversion of any convertible loan forming part of the additional funding.

Beaurama (A\$4.4M) has agreed to release the existing security it has over the shares in the entity which holds Kingsrose's interest in the Way Linggo Project. It has also agreed that no further interest will accrue in relation to the Beaurama debt until July 2020. From July 2020, Beaurama has agreed to reduce the interest rate from 10.5% per annum to 5% per annum which Kingsrose will pay monthly in arrears. To the extent it has not been repaid earlier, the Beaurama debt will be deferred to a single payment due on 30 November 2023.



KINGSROSE
MINING LIMITED
ADMINISTRATORS APPOINTED

The Way Linggo Mine – Commencement of Open Cut Activities

Consultants, Mining One have reviewed the remnant resource at the original Way Linggo Mine. A plan has been developed to recover part of this resource via an open cut mine.

It is proposed that the open pit to exploit this near-surface remnant ore (above Level 1 of the underground workings) will be mined in four phases. Approvals have been obtained to commence work on the first phase, known as the Trench One Pit, immediately.



Figures 1 & 2: Commencement of open cut activities at the Way Linggo Mine

The Talang Santo Mine

The life of mine plan for Talang Santo is being finalised. While this is being completed, operations at Talang Santo are continuing (albeit at a reduced rate, at least for the short term), producing between 500 – 800 ounces of gold a month at an average grade of 6.7g/t Au.

At present, it is anticipated that changes to the mine plan and capital infrastructure will allow access to the lower levels of the ore body sooner than originally scheduled. Upon completion of the revised plan, an update to the market will be provided.

Funding Update

The Administrators are continuing to explore options for short-term funding.

-ENDS-

Enquiries:

Michael Ryan, Ian Francis and Eileen Chan

FTI Consulting

+61 8 9321 8533