



KINGSROSE
MINING LIMITED

ASX Announcement
11 October 2017

September Quarter Operations Update

Turnaround at Way Linggo Project continues with increased production and foundations laid for further growth

- **Production at the Way Linggo Project totalled 8,791 ounces in September quarter, 74% increase on June 2017 quarter**
- **Way Linggo open pit mine continuing to deliver high-grade, low-cost gold and silver**
- **Final cutback of Way Linggo open pit approved by Indonesian Mines Department**
- **Potential to expand the current open pit at Way Linggo beyond the currently-planned cutback**
- **Study underway on establishing an open pit to access substantial high-grade ore remaining in the upper levels at the Talang Santo Mine**
- **Scoping Study underway to re-engineer Talang Santo underground mine**
- **Exploration program underway to develop pipeline of near-term production targets**

Kingsrose Mining (ASX: KRM) is pleased to advise that the turnaround at its 85%-owned Way Linggo Project in Indonesia continues to gain pace, with production increasing and strong progress made on several potential growth options.

Total production for the September 2017 Quarter was 8,791 ounces of gold, representing a 74% increase on the June 2017 Quarter.

The increase in production continues to be driven by the Way Linggo open pit mine, which is now consistently producing high-grade, low-cost gold and silver.

In addition, the final pit cutback at Way Linggo was approved by the Indonesian Mines Department. The application for the Pinjam Paki (borrow and use forestry permit) is expected to be approved in February 2018 in line with Kingsrose's development timetable.

Open pit activities at the Way Linggo Mine have involved a series of staged cutbacks aimed at safely recovering pillars and remnant ore located above the 1 Level of the original Way Linggo underground mine. As a result, Way Linggo is generating strong cashflow for the Company, as highlighted by its performance during the September



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2017 Quarter, when it produced 24,224 tonnes at 9.1 g/t Au at a cash cost of just US\$311. The approval of the pit cutback means Kingsrose will continue to generate solid production and cashflow from this mine.

To ensure Kingsrose capitalises on this outstanding opportunity, it is undertaking a study to explore the possibility of further expanding the existing open pit beyond the currently planned cutback to recover the ore body down to the 3 Level.

At the Talang Santo mine, production has continued to be adversely impacted by the inflow of groundwater into the mine and poor ground conditions. There has also been a reduction in mineable areas as a result of delays in developing the mine to access the lower levels. This combination of factors has rendered the Mine uneconomic in its current guise and as a result, the Company will progressively suspend underground operations from the middle of this month.

Kingsrose is firmly of the view that significant potential remains at Talang Santo and therefore it has commenced a scoping study to consider options to re-engineer the current underground mine. This would involve modern mechanised underground mining methods which would result in far greater rates of production and lower costs. The initial results of the study are encouraging and the study is expected to be completed by the end of October 2017.

In addition, the Company has commenced a study into the suitability of an ore sorter for the Talang Santo Mine. Test work is underway to establish if the Talang Santo ore body is amenable to this technology. The ore sorter has the potential to significantly increase the already-high grades from Talang Santo and reduce dilution from any future mining operations.

In parallel with the underground scoping study, Kingsrose is in the process of completing a feasibility study on an open pit operation at Talang Santo, where, similar to the Way Linggo Mine, there is a significant high-grade portion of the Resource remaining in the upper levels of the Mine. This was unable to be extracted via the current underground mining method.

Kingsrose is working to accelerate the open pit studies for Talang Santo and intends to seek the required regulatory approvals from the Indonesian Mines Department. At this stage, it is anticipated that the relevant open pit approvals will be received during the September 2018 quarter.

Accessing the remnant Resource at Talang Santo via an open cut presents an excellent cash generation opportunity and will allow the Company to direct funds towards expanding the currently known resource at Talang Santo via additional exploration and drilling and also progress exploration on the wider Project area.

Kingsrose Chief Executive officer Paul Jago said the Company was undergoing a substantial transformation aimed at maximising free cashflow and securing a sustainable, long-term future.

“With the reconstruction now completed, we have an immense opportunity to capitalise on these high-grade orebodies,” Mr Jago said.

“Our focus is on maximising free cashflow by adopting modern mining methods which will improve safety and working conditions, lower costs and enable us to mine as much of the high-grade ore as possible.

“We ultimately aim to establish two production sources using the appropriate combination of open cut and underground methods while pursuing the highly promising exploration potential of the broader Way Linggo Project.”

With the completion of the operational review and the development of a clear operating strategy for the Way Linggo Project underpinning the future growth of the Company, Kingsrose will now seek to satisfy the outstanding conditions required by ASX to facilitate trading of the Company’s securities on the ASX. The Company will continue to keep Shareholders updated as to the progress.

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