KINGSROSE
MINING LIMITED

HALF YEAR FINANCIAL REPORT
31 DECEMBER 2020

CONTENTS

CORPORATE DIRECTORY

Directors

Michael Andrews	Non-Executive Chairman
John Carlile	Non-Executive Director
Tim Coughlin	Non-Executive Director
Daryl Corp	Non-Executive Director
Andrew Cooke	Non-Executive Director

Company Secretary

Joanna Kiernan

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Auditors

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Share Registry

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Stock Exchange Listing

Australian Securities Exchange (ASX: KRM)

Australian Business Number

49 112 389 910

DIRECTORS' REPORT

The Directors of Kingsrose Mining Limited ("Kingsrose" or the "Company") present their report for the half year ended 31 December 2020.

DIRECTORS

The names of the Company's directors in office during the half year and until the date of this report are set out below.

Michael Andrews	Non-Executive Chairman
John Carlile	Non-Executive Director
Tim Coughlin	Non-Executive Director (appointed 19 November 2020)
Daryl Corp	Non-Executive Director (appointed 19 November 2020)
Andrew Cooke	Non-Executive Director (appointed 19 November 2020)
John Morris	Non-Executive Director (ceased 2 October 2020)
Peter Lester	Non-Executive Director (ceased 19 November 2020)
Karen O'Neill	Managing Director (ceased 31 December 2020)

Directors were in office for the entire period unless otherwise stated.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the reporting period were:

- Production of gold and silver from the Way Linggo Mine and the Talang Santo Mine at the Way Linggo Project in South Sumatra, Indonesia (these two mines were under care and maintenance as at 31 December 2020); and
- Exploration and evaluation of gold and silver deposits at the Way Linggo Project.

MINE OPERATIONS REVIEW

The Company holds an 85% interest in the Way Linggo Project in South Sumatra, Indonesia. The Project, which is held under a 4th generation Contract of Work and its amendment (CoW) with the Indonesian Government, is located on the mineral rich Trans-Sumatran Fault, part of the Pacific Rim of Fire. Kingsrose holds its interest through its 85% owned subsidiary, PT Natarang Mining (PTNM), owner and operator of the Way Linggo Project.

During the half year ended 31 December 2020 the Group produced a total of 3,105 ounces of gold and 21,660 ounces of silver. A total of 6,528 ounces of gold was sold at an average gold price of A$2,609/oz (US$1,886/oz) and A$17,029,735 in revenue was realised. The cash operating costs[1] for the period were US$882/oz and the all-in sustaining costs of production[2] were US$1,180/oz.

With the completion of mining in April 2020, processing of stockpiles and mineralised waste occurred during the period concluding in September 2020, with the final gold sale occurring in November 2020. Subsequently, the processing plant was decommissioned, and the mine site placed on care and maintenance.

With the conclusion of production from the Talang Santo and Way Linggo deposits, the Company is now focused on resource growth at Talang Santo and exploration within the wider contract of work for its near-term future growth strategy.

	Unit	31 December 2020 Six Months	31 December 2019 Six Months
Mine Production			
Way Linggo Mine			
Waste	bcm	-	404,345
Ore Mined	t	-	44,666
Mine Grade (Gold)	g/t	-	9.2
Mine Grade (Silver)	g/t	-	122
Talang Santo Mine			
Waste	bcm	-	1,079,388
Ore Mined	t	-	46,325
Mine Grade (Gold)	g/t	-	6.9
Mine Grade (Silver)	g/t	-	28
Total			
Waste	bcm	-	1,483,733
Ore Mined	t	-	90,991
Mine Grade (Gold)	g/t	-	8.0
Mine Grade (Silver)	g/t	-	74
Ore Processed			
Tonnes Milled	t	30,180	55,515
Head Grade (Gold)	g/t	3.4	9.9
Head Grade (Silver)	g/t	29	80
Recovery (Gold)	%	95.2	95.9
Recovery (Silver)	%	76.3	82.0
Ounces Produced (Gold)	oz	3,105	17,000
Ounces Produced (Silver)	oz	21,660	116,898
Costs of Production			
Cash Operating Costs (C1)[1]	US$/oz	822	469
All-In Sustaining Costs of Production (AISC)[2]	US$/oz	1,180	603

[1] Cash operating costs (C1) are mine production costs less by-product credits, adjusted for inventory movements.

[2] All-in sustaining costs of production (AISC) are cash operating costs plus royalties, capitalised mine development, sustaining capital expenditure and corporate costs.

Note: C1 and AISC are non-IFRS measures and unaudited. These measures are widely used 'industry standard' terms and are presented to provide meaningful information to assist users of the Group's financial information in understanding the results of the Group's operations.

Safety

The Group is committed to conducting its operations to the highest safety standards. A dedicated on-site team of Senior Management and Health and Safety Officers oversee a safe and responsible working environment, identifying and mitigating any potential health and safety risks and ensuring that regular health and safety training is provided to all employees.

There was one Lost Time Injury for the period. The 12-month moving average Lost Time Injury Frequency Rate stood at 1.16 as at 31 December 2020 (30 June 2020: 0.67).

The Total Recordable Injury Frequency Rate at 31 December 2020 was 2.33 (30 June 2020: 2.69).

COVID-19 Pandemic

In response to the COVID-19 pandemic, the primary focus during the period was to ensure the health and safety of the Company's employees, contractors and local communities whilst maintaining planned gold and silver production.

During the period, 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 testing and mandatory isolation protocols for all visitors and employees returning to site.

Processing

The plant exceeded expectations and mineralised waste processed was of a higher grade than anticipated.

The plant throughput for the period was 30,180 dry tonnes at a head grade of 3.4 g/t Au and 29 g/t Ag.

Following the completion of processing stockpiles and mineralised waste, the processing plant was decommissioned, and the plant and all heavy equipment were placed under care and maintenance.

Talang Santo Mineral Resource Estimate Upgrade

An update of the Talang Santo Mineral Resource estimate was completed for the 30 June 2020 financial year and reported in accordance with the JORC Code (2012) in September 2020. It was the first update of the Talang Santo Mineral Resource completed since 2015 and incorporated additional data from the Company's increased geological understanding and updated interpretations of the deposit gained through recent operating experience, mine to mill reconciliation, additional diamond drilling and mining depletion.

Talang Santo Mineral Resource – As at 30 June 2020

Category	Tonnes (kt)	Gold g/t Au	Au Ounces (koz)	Silver g/t Ag	Ag Ounces (koz)
Measured	-	-	-	-	-
Indicated	244	6.1	48	13	102
Inferred	606	4.7	92	13	250
Total	**850**	**5.1**	**140**	**13**	**352**

Note: Small discrepancies may have occurred due to rounding

Deep drilling recommenced at Talang Santo recommenced in September 2020 with initial results encouraging, demonstrating the potential to increase the current Mineral Resource estimate. Refer to the Exploration section of this report for additional details.

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 growth. Drilling recommenced in September 2020 to expand resources in the Talang Santo mine area.

The broader CoW area remains highly prospective for low sulphidation epithermal gold mineralisation and an aggressive regional exploration programme is being planned for the 2021 calendar year. This programme will include:

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

Talang Santo Deep Drilling Programme

In February 2020, a second phase of diamond drilling targeting beneath the Talang Santo Mine commenced with the aim of increasing confidence in the known resources and to identify extensions to known high grade mineralisation.

Due to the COVID-19 pandemic, this programme was suspended in May 2020, however recommenced in September 2020 with the completion of 6 drill holes totalling 3,465m completed and sampled during December 2020. Assay results from the drillholes were received subsequent to the period end and were announced by the Company on 21 January 2021.

Highlights 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)**

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.

Environmental Management

The Group continues to conduct its operations in a manner that minimises the environmental footprint of the Project area and in accordance with its obligations under the CoW, its Environmental license (AMDAL), prevailing local laws and environmental regulations.

In compliance with this, regular and comprehensive environmental impact assessments are conducted which form part of the Group's Environmental Management and Monitoring Plan. This Plan aims to identify, assess and minimise environmental risk at all stages of its operations as a fundamental part of the long-term environmental strategy.

The Company is not aware of any material breach of environmental legislation while conducting its operations in Indonesia during the period.

Environmental activities conducted during the period included reclamation, re-vegetation and conducting monitoring programs as well as assisting with sedimentation control, and waste management.

Community Engagement

The Group is committed to engaging and co-operating with the communities surrounding the Way Linggo Project and the wider Lampung province, and provides on-going support to various health, educational, cultural and economic initiatives.

During the period, resources were directed towards local community initiatives at numerous local villages including donations of food, sanitation items and personal protective equipment in response to the COVID-19 pandemic, road improvements and road construction between villages, assistance with restoring access to local villages following landslides, general agricultural assistance and various donations to local religious centres, health centres and student associations.

The Group's on-site workforce continued to be predominately comprised of local personnel with approximately 95% of the on-site employees were from the nearby Lampung Province, while more than 99% of employees are Indonesian locals.

FINANCIAL REVIEW

	31 December 2020 Six Months ($)	31 December 2019 Six Months ($)
Sales Revenue	18,382,761	41,295,853
(Loss)/Earnings Before Interest, Tax, Depreciation & Amortisation – EBITDA[3]	(5,085,224)	9,205,668
(Loss)/Earnings Before Interest & Tax – EBIT[4]	(5,881,623)	7,169,936
Net (Loss)/Profit After Tax	(5,917,228)	6,647,915
(Loss)/Earnings Per Share	(0.0083)	0.0093
	31 December 2020 ($)	**30 June 2020 ($)**
Total Assets	55,327,691	59,796,981
Net Assets	51,786,330	55,096,456

[3] EBITDA has been calculated by adding back interest, tax, depreciation and amortisation.

[4] EBIT has been calculated by adding back interest and tax.

Note: EBITDA and EBIT are non-IFRS measures and unaudited. These measures are used in order to provide more meaningful information for the users of the Group's financial information and to allow users to assess the Group's performance relative to other companies in the industry.

Income Statement

The Group recorded a net loss after tax for the half year ended 31 December 2020 of $5,917,228 (31 December 2019: net profit after tax $6,647,915), largely attributable to reduction in sales revenue and an unrealised foreign exchange loss recognised during the period.

Revenue

The Group recorded sales revenue of $18,382,761 during the half year ended 31 December 2020, relating to the sale of 6,528 ounces of gold and 43,704 ounces of silver at an average price of A$2,609/oz and A$31/oz respectively. Sales revenue was down 55% on the corresponding period in 2019, driven primarily by a reduction of 11,283 ounces of gold sold. This 63% reduction in gold sales volume was due to the completion of the production campaign at the end of September 2020. The reduction in gold sold was partially offset by a 21% increase in realised Australian gold price, which saw an average increase in revenue of A$454 per ounce of gold sold in comparison to the corresponding period in 2019.

Other Expenses

The Group recorded an unrealised net foreign exchange loss of $8,718,801 for the reporting period, significantly higher in comparison to the corresponding period in 2019. The loss arose mainly from the revaluation of its USD-denominated monetary assets and liabilities, driven by a stronger Australian dollar against the United States dollar during the period.

Financial Position

Assets

At reporting date, the Group's total current assets were $35,381,065, which were comparable to 30 June 2020.

Non-current assets of the Group stood at $19,946,626 at balance date, $3,028,676 lower than 30 June 2020, largely due to a decrease in exploration and evaluation assets as a result of the foreign exchange translation loss recorded. There was no change in the assets' balance in its underlying currency of US dollars.

Liabilities

At reporting date, the Group's total liabilities were $3,541,361, which represents an $1,159,164 decrease over the half year ended 31 December 2020. This was primarily driven by reduced activities on site.

These factors resulted in a decrease in total Group assets of $4,469,290 to a total of $55,327,691 and net assets of $3,310,126 to a total of $51,786,330.

Group Cash Flows and Liquidity

The Group generated net operating cash flows of $11,663,885 during the period.

At balance date, the Group held cash and cash equivalents of $31,500,885 (30 June 2020: $23,071,665) and had dore/bullion on hand of $360,301[5] (30 June 2020: $9,289,527)[6]. The Group's total cash and dore/bullion balance at 31 December 2020 was $31,861,186 (30 June 2020: $32,361,192).

[5] Dore/Bullion on hand at 31 December 2020 – 136oz Au and 803oz Ag calculated using LBMA spot price at 31 December 2020.
[6] Dore/Bullion on hand at 30 June 2020 – 3,388oz Au and 21,843oz Ag calculated using LBMA spot price at 30 June 2020.

CORPORATE

Board and Executive Management Changes

John Morris, a founding director of the Company, retired from the Board on 2 October 2020. Mr Morris has been on the Kingsrose Board since 2007 and played a key role in the formation and public listing of the Company as well as providing a significant leadership role over the years.

Peter Lester ceased being a Director on 19 November 2020 following his decision not to stand for re-election at the 2020 Annual General Meeting due to increasing work commitments in his other roles.

Following the resignation of Mr Morris and Mr Lester, Dr Tim Coughlin, Daryl Corp and Andrew Cooke were appointed to the Board as Non-Executive Directors on 19 November 2020. They bring a wealth of technical and corporate experience to the Board, essential as the Company embarks on its next phase of growth.

Karen O'Neill resigned as Managing Director and Company Secretary of the Company effective 31 December 2020. Dr Michael Andrew assumed the role of Executive Chairman before the Company finalised the appointment of Fabian Baker as the new Chief Executive Officer on 8 February 2021.

Joanna Kiernan was appointed Company Secretary on 31 December 2020.

EVENTS AFTER REPORTING DATE

- In January 2021, PTNM received VAT refunds totalling $3 million in relation to its monthly VAT returns for the period October 2018 to December 2019. This was disclosed as current other receivables in the consolidated statement of financial position at 31 December 2020.
- On 8 February 2021, 5,000,000 unlisted options and 5,000,000 performance rights were issued to the Chief Executive Officer under the Company's Incentive Option and Performance Rights Plan as part of his remuneration package for joining the Company. Details of the options and performance rights are as follows:
  - 1,000,000 options were issued at exercise price of 5.9 cents each, vesting on date of grant of the options on 8 February 2021 and expiring on 8 February 2026;
  - 1,000,000 options were issued at exercise price of 5.9 cents each, vesting on 8 August 2021 and expiring on 8 February 2026;
  - 1,000,000 options were issued at exercise price of 5.9 cents each, vesting on 8 February 2022 and expiring on 8 February 2026;
  - 1,000,000 options were issued at exercise price of 5.9 cents each, vesting on 8 August 2022 and expiring on 8 February 2026;
  - 1,000,000 options were issued at exercise price of 5.9 cents each, vesting on 8 February 2023 and expiring on 8 February 2026;
  - 1,500,000 performance rights were issued at Nil exercise price, vesting immediately if the Company's share price on ASX exceeds 6 cents on five consecutive ASX trading days and an expiry date of 30 June 2022;
  - 1,000,000 performance rights were issued at Nil exercise price, vesting immediately if the Company's share price on ASX exceeds 8 cents on five consecutive ASX trading days and an expiry date of 30 June 2022;
  - 1,500,000 performance rights were issued at Nil exercise price, vesting immediately if the Company's share price on ASX exceeds 15 cents on five consecutive ASX trading days and an expiry date of 30 June 2023; and
  - 1,000,000 performance rights were issued at Nil exercise price, vesting immediately if the Company's share price on ASX exceeds 20 cents on five consecutive ASX trading days and an expiry date of 30 June 2023.

Other than the above, there are no other material subsequent events after the balance date.

The information in this report that related to the Talang Santo JORC Mineral Resource was first reported by the Company in compliance with the 2012 edition of the JORC code in an ASX Announcement dated 17 September 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 Mineral Resource contacted in the ASX Announcement dated 17 September 2020 continues to apply and have not materially changed.

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.

AUDITOR'S INDEPENDENCE DECLARATION

Ernst and Young's independence declaration is set out on page 11 and forms part of the Directors' Report for the half year ended 31 December 2020.

Signed in accordance with a resolution of the Directors.

Michael Andrews
Chairman
15 March 2021

Caution Regarding Forward Looking Statements and Forward Looking Information

The information contained in the Directors' Report contains forward looking statements and forward looking information, which are based on assumptions and judgements of management regarding future events and results. Such forward looking statements and forward looking information involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward looking statements. Such factors include, among others, the actual market prices of gold, the actual results of current exploration, the availability of debt and equity financing, the volatility in global financial markets, the actual results of future mining, processing and development activities, receipt of regulatory approvals as and when required and changes in project parameters as plans continue to be evaluated.

Except as required by law or regulation (including ASX Listing Rules), Kingsrose Mining Limited undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.

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Auditor's independence declaration to the Directors of Kingsrose Mining Limited

As lead auditor for the review of the half-year financial report of Kingsrose Mining Limited for the half-year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Kingsrose Mining Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Teale

Philip Teale
Partner
Perth
15 March 2021

CONSOLIDATED INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Note	31 December 2020 $	31 December 2019 $
Continuing operations			
Revenue	3(a)	**18,382,761**	41,295,853
Total revenue		**18,382,761**	41,295,853
Cost of sales	3(b)	**(11,657,391)**	(21,245,966)
Gross profit		**6,725,370**	20,049,887
Other income	3(c)	**106,936**	32,330
Administration expenses	3(d)	**(1,906,196)**	(1,303,529)
Other expenses	3(e)	**(10,780,339)**	(11,595,182)
Finance costs	3(f)	**(48,881)**	(53,258)
(Loss)/Profit before income tax		**(5,903,110)**	7,130,248
Income tax expense		**(14,118)**	(482,333)
Net (loss)/profit for the period		**(5,917,228)**	6,647,915
(Loss)/Profit for the period is attributable to:			
Owners of the parent		**(5,910,383)**	6,630,767
Non-controlling interest		**(6,845)**	17,148
		(5,917,228)	6,647,915

	Cents	Cents
Earnings per share attributable to the ordinary equity holders of the parent:		
Basic (loss)/earnings per share – cents per share	**(0.83)**	0.93
Diluted (loss)/earnings per share – cents per share	**(0.83)**	0.93

The above consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	31 December 2020	31 December 2019
	$	$
Net (loss)/profit for the period	**(5,917,228)**	6,647,915
Other comprehensive (loss)/income		
Items that may be reclassified subsequently to profit or loss in subsequent periods		
Foreign currency translations attributable to parent entity interest	**2,645,126**	(175,915)
Income tax effect	**-**	-
	2,645,126	(175,915)
Items that may not be reclassified subsequently to profit or loss in subsequent periods		
Foreign currency translations attributable to non-controlling interest	**6,012**	(513)
Re-measurement adjustments on defined benefit obligations	**(37,638)**	293,011
Income tax effect	**14,119**	(73,253)
	(17,507)	219,245
Other comprehensive (loss)/income for the period, net of tax	**2,627,619**	43,330
Total comprehensive (loss)/income for the period	**(3,289,609)**	6,691,245
Total comprehensive (loss)/income for the period is attributable to:		
Owners of the parent	**(3,288,705)**	6,673,950
Non-controlling interest	**(904)**	17,295
	(3,289,609)	6,691,245

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	31 December 2020 $	30 June 2020 $
Current Assets			
Cash and cash equivalents	5	**31,500,885**	23,071,665
Trade and other receivables	6	**3,156,470**	4,019,351
Inventories	7	**283,072**	9,083,929
Other		**440,638**	646,734
Total Current Assets		**35,381,065**	36,821,679
Non-Current Assets			
Trade and other receivables	6	**1,774,861**	1,794,601
Plant and equipment		**568,483**	1,421,433
Mine properties and development	8	**4,405,423**	4,947,974
Exploration and evaluation assets	9	**13,197,859**	14,811,294
Total Non-Current Assets		**19,946,626**	22,975,302
TOTAL ASSETS		**55,327,691**	59,796,981
Current Liabilities			
Trade and other payables		**1,565,802**	2,280,565
Interest-bearing liabilities		**36,323**	83,744
Income tax payable		**183,541**	452,908
Employee entitlements and other provisions		**198,937**	287,159
Total Current Liabilities		**1,984,603**	3,104,376
Non-Current Liabilities			
Interest-bearing liabilities		**-**	7,084
Employee entitlements and other provisions		**1,556,758**	1,589,065
Total Non-Current Liabilities		**1,556,758**	1,596,149
TOTAL LIABILITIES		**3,541,361**	4,700,525
NET ASSETS		**51,786,330**	55,096,456
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity		**105,688,558**	105,688,558
Reserves		**9,342,070**	6,717,461
Accumulated losses		**(65,007,548)**	(59,073,717)
		50,023,080	53,332,302
Non-controlling interest		**1,763,250**	1,764,154
TOTAL EQUITY		**51,786,330**	55,096,456

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Note	31 December 2020 $	31 December 2019 $
Cash flows from operating activities			
Receipts from customers		**18,382,761**	41,295,853
Payment to suppliers and employees		**(6,805,948)**	(24,675,497)
VAT refund received		**418,198**	871,412
Interest received		**27,401**	4,597
Interest and other finance costs paid		**(5,084)**	(22,706)
Income tax paid		**(353,443)**	(406,457)
Net cash flows from operating activities		**11,663,885**	17,067,202
Cash flows from investing activities			
Payments for plant and equipment		**(11,409)**	(599,702)
Proceeds from sale of plant and equipment		**29,542**	1,130
Payments for exploration and evaluation expenditure		**-**	(803,997)
Net cash flows used in investing activities		**18,133**	(1,402,569)
Cash flows from financing activities			
Repayment of lease liabilities		**(43,630)**	(42,750)
Net cash flows used in financing activities		**(43,630)**	(42,750)
Net increase in cash and cash equivalents		**11,638,388**	15,621,883
Cash and cash equivalents at beginning of the period		**23,071,665**	4,314,202
Effects of exchange rate changes on cash and cash equivalents held		**(3,209,168)**	162,217
Cash and cash equivalents at end of the period		**31,500,885**	19,981,502

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Issued Capital	Share-Based Payments Reserve	General Reserve	Foreign Currency Translation Reserve	Other Capital Reserve	Accumulated Losses	Owners of the Parent	Non-Controlling Interest	Total
	$	$	$	$	$	$	$	$	$
At 1 July 2020	**105,688,558**	**8,441,717**	**97,832**	**(5,224,578)**	**3,402,490**	**(59,073,717)**	**53,332,302**	**1,764,154**	**55,096,456**
Net loss for the period	-	-	-	-	-	**(5,910,383)**	**(5,910,383)**	**(6,845)**	**(5,917,228)**
Other comprehensive income/(loss) for the period	-	-	-	**2,645,126**	-	**(23,448)**	**2,621,678**	**5,941**	**2,627,619**
Total comprehensive income/(loss) for the period	-	-	-	**2,645,126**	-	**(5,933,831)**	**(3,288,705)**	**(904)**	**(3,289,609)**
Transactions with owners in their capacity as owners:									
Share-based payments	-	**(20,517)**	-	-	-	-	**(20,517)**	-	**(20,517)**
At 31 December 2020	**105,688,558**	**8,421,200**	**97,832**	**(2,579,452)**	**3,402,490**	**(65,007,548)**	**50,023,080**	**1,763,250**	**51,786,330**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Issued Capital	Share-Based Payments Reserve	General Reserve	Foreign Currency Translation Reserve	Other Capital Reserve	Accumulated Losses	Owners of the Parent	Non-Controlling Interest	Total
	$	$	$	$	$	$	$	$	$
At 1 July 2019	105,688,558	8,425,430	97,832	(3,950,178)	3,402,490	(78,778,403)	34,885,729	1,712,735	36,598,464
Net profit for the period	-	-	-	-	-	**6,630,767**	**6,630,767**	**17,148**	**6,647,915**
Other comprehensive income/(loss) for the period	-	-	-	**(175,915)**	-	**219,098**	**43,183**	**147**	**43,330**
Total comprehensive income/(loss) for the period	-	-	-	(175,915)	-	6,849,865	6,673,950	17,295	6,691,245
Transactions with owners in their capacity as owners:									
Share-based payments	-	**8,415**	-	-	-	-	**8,415**	-	**8,415**
At 31 December 2019	105,688,558	8,433,845	97,832	(4,126,093)	3,402,490	(71,928,538)	41,568,094	1,730,030	43,298,124

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

NOTE NUMBER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. CORPORATE INFORMATION

This half year financial report of Kingsrose Mining Limited ("Kingsrose" or the "Company") and its controlled entities (the "Group") for the half year ended 31 December 2020 was authorised for issue in accordance with a resolution of the directors on 15 March 2021.

Kingsrose is a for-profit company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX: KRM).

The nature of the operations and principal activities of the Group are described in the Directors' Report.

The address of the registered office of the Company is 8/150 Hay Street, Subiaco WA 6008.

The Group's corporate structure is:

		Equity Interest Held	
Company	**Place of Incorporation**	**As at 31 December 2020**	As at 31 December 2019
		%	%
MM Gold Pty Ltd	Australia	**100**	100
Natarang Offshore Pty Ltd	Australia	**100**	100
PT Natarang Mining (PTNM) *	Indonesia	**85****	85**
Kingsrose Tanggamus Pty Ltd	Australia	**100**	100

* Holder of the Contract of Work for the Way Linggo Project
** This represents the legal ownership in PTNM. The Company's interest in PTNM is adjusted to 99.7% in the financial statements due to the accounting treatment for the limited recourse loan transactions with the minority shareholder of PTNM.

Information on other related party transactions of the Group is provided in Note 11.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

(a) Basis of preparation

This half year financial report for the interim period ended 31 December 2020 is a general purpose condensed financial report for the half year ended 31 December 2020 prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

It is recommended that the half year financial report should be read in conjunction with the annual financial report of Kingsrose as at 30 June 2020 and considered together with any public announcements made by the Company during the half year ended 31 December 2020 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001* and the ASX listing rules.

Except as disclosed below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

(b) Going concern

During the half year ended 31 December 2020, the Group recorded a net loss for the period of $5,917,228, generated cash from operations of $11,663,885 and had net working capital of $33,396,462. The Group has prepared a 12-month cash flow forecast which indicates adequate cash flows to sustain operations and as a result the financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

(c) New accounting standards and interpretations adopted

The Group has adopted all Accounting Standards and Interpretations effective from 1 July 2020.

New and amended Accounting Standards and Interpretations applied for the first time from 1 July 2020 did not have a significant impact on the consolidated financial statements of the Group.

(d) Amended accounting standards and interpretations issued but not yet effective

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. REVENUE AND EXPENSES

		31 December 2020	31 December 2019
		$	$
(a)	**Revenue**		
	Revenue from contracts with customers		
	- Sale of gold	**17,029,735**	38,373,764
	- Sale of silver	**1,353,026**	2,922,089
	Total revenue from contracts with customers	**18,382,761**	41,295,853
	Timing of revenue recognition:		
	Goods transferred at a point in time	**18,382,761**	41,295,853
	Total revenue from contracts with customers	**18,382,761**	41,295,853
(b)	**Cost of sales**		
	Mine production costs	**2,440,248**	18,306,443
	Royalties	**895,972**	1,571,953
	Depreciation of plant and equipment	**793,451**	2,015,548
	Inventory movements	**7,527,720**	(647,978)
	Total cost of sales	**11,657,391**	21,245,966
(c)	**Other income**		
	Interest income	**27,394**	13,570
	Gain on disposal of plant and equipment	**29,542**	1,130
	Sundry income	**50,000**	17,630
	Total other income	**106,936**	32,330
(d)	**Administration expenses**		
	Corporate costs	**1,923,767**	1,274,928
	Depreciation of equipment	**2,946**	20,186
	Share-based payments	**(20,517)**	8,415
	Total administration expenses	**1,906,196**	1,303,529
(e)	**Other expenses**		
	Net loss on foreign exchange	**8,718,801**	187,370
	Exploration and evaluation assets written off	**-**	2,062,221
	Resource definition and extension costs	**903,274**	2,605,606
	Impairment loss on mine properties and development	**-**	5,989,774
	Re-measurement adjustments on VAT receivables	**(4,907)**	(73,789)
	Consumables written down / (back)	**559,327**	(19,023)
	Non-production mine site costs		
	- Termination / redundancy costs	**97,580**	827,626
	- Site care and maintenance	**496,130**	-
	Sundry expenses	**10,134**	15,397
	Total other expenses	**10,780,339**	11,595,182
(f)	**Finance costs**		
	Borrowing costs	**787**	11,549
	Finance charges payable under finance leases	**4,297**	11,157
		5,084	22,706
	Unwinding of discount on rehabilitation provision	**43,797**	30,552
	Total finance costs	**48,881**	53,258

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. DIVIDENDS PAID AND PROPOSED

No dividends have been paid, declared or recommended by the Company for the half year ended 31 December 2020.

5. CASH AND CASH EQUIVALENTS

	31 December 2020	30 June 2020
	$	$
Current		
Cash at bank and on hand	14,582,818	7,754,288
At-call deposits	16,918,067	15,317,377
	31,500,885	23,071,665

6. TRADE AND OTHER RECEIVABLES

	31 December 2020	30 June 2020
	$	$
Current		
Other receivables (a)	**3,156,470**	4,019,351
	3,156,470	4,019,351
Non-Current		
Other receivables (a)	**1,774,861**	1,794,601
	1,774,861	1,794,601

(a) Other receivables consist primarily of value added tax (VAT) recoverable from PTNM's operations that can be recovered between 1 to 24 months.

7. INVENTORIES

	31 December 2020	30 June 2020
	$	$
Current		
Ore stockpiles at cost at net realisable value	**-**	2,448,510
Gold in circuit at cost at net realisable value	**-**	182,418
Gold dore and bullion at cost or net realisable value	**46,371**	5,351,379
Consumables and spares at cost or net realisable value	**236,701**	1,101,622
	283,072	9,083,929

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. MINE PROPERTIES AND DEVELOPMENT

31 December 2020 Assessment

During the half year ended 31 December 2020, the Group assessed whether there are any indicators of impairment in relation to the Way Linggo Project cash generating unit (CGU). Upon identification of impairment indicator relating to the Company's market capitalisation relative to the Group's net assets, management performed an impairment assessment on the CGU, applying the fair value less costs of disposal basis using a discounted cash flow model over a 5-year period.

The assessment of the recoverable amount of the Way Linggo Project CGU has determined that no impairment is required at 31 December 2020.

The determination of the recoverable amount required the use of assumptions which impact the estimates associated with future cash flows. The table below summarises the key assumptions used in the carrying value assessments at 31 December 2020.

Assumptions		
Gold price (US$ per ounce)	$1,511-$1,684	Commodity prices are estimated with reference to external market forecasts.
Size and grade of ore bodies	Talang Santo Resource: 850,000t @ 5.1g/t Au and 13g/t Ag	
Projected operating and capital costs	The operating and capital cost assumptions are based on the Group's latest forecasts and CGU specific studies. These projections can include expected operating performance improvements reflecting the Group's objectives to maximise free cash flow, optimize and reduce operational activity and improve capital and labour productivity.	
Discount rate	10.9%	

31 December 2019 Assessment

During the half year ended 31 December 2019, the Group assessed whether there are any indicators of impairment in relation to the Way Linggo Project cash generating unit (CGU). Upon identification of impairment indicator relating to the Company's market capitalisation relative to the Group's net assets, management performed an impairment assessment on the CGU, applying the fair value less costs of disposal basis using a discounted cash flow model over a six-month period.

The impairment assessment resulted in an impairment charge of $5,989,774 (2018: Nil) allocated to Mine Properties and Development based on a determined recoverable amount of $14,440,789 for the CGU.

The determination of the recoverable amount required the use of assumptions which impact the estimates associated with future cash flows. The table below summarises the key assumptions used in the carrying value assessment at 31 December 2019.

Assumptions		
Gold price (US$ per ounce)	$1,483-$1,500	Commodity prices are estimated with reference to external market forecasts.
Size and grade of ore bodies	Talang Santo Resource: 1,179,000t @ 7.3g/t Au and 21g/t Ag	
Projected operating and capital costs	The operating and capital cost assumptions are based on the Group's forecasts and CGU specific studies. These projections can include expected operating performance improvements reflecting the Group's objectives to maximise free cash flow, optimize and reduce operational activity and improve capital and labour productivity.	
Discount rate	11.5%	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. EXPLORATION AND EVALUATION ASSETS

	31 December 2020 $	30 June 2020 $
Non-Current		
At cost	**13,197,859**	14,811,294
Movements in Exploration and Evaluation Assets:		
Opening balance	**14,811,294**	16,507,318
Additions	**-**	-
Write off (i)	**-**	(2,103,086)
Foreign exchange translation (loss)/gain	**(1,613,435)**	407,062
Closing balance	**13,197,859**	14,811,294

(i) At each reporting date, the Group undertakes an assessment of the carrying amount of its exploration and evaluation assets. During the half year ended 31 December 2020, the Group has not identified any indicator of impairment on is exploration and evaluation assets.

For the previous half year ended 31 December 2019, a write off of $2,103,086 was recognised in the income statement in relation to an area of interest where no future exploration and evaluation activities are expected.

10. SHARE-BASED PAYMENTS

The expense arising from share-based payment transactions recognised for employee services received during the period is as follows:

	31 December 2020 $	31 December 2019 $
Options	**-**	3,244
Share performance rights	**(20,517)**	5,171
	(20,517)	8,415

During the half year ended 31 December 2020, the 789,115 share performance rights granted to the Managing Director, Ms O'Neill on 26 November 2018 were cancelled upon her departure on 31 December 2020 and the expense relating to these rights that has been recognised in the income statement was reversed.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. RELATED PARTY DISCLOSURES

Drilling Services
PT Promincon Indonesia, an entity related to Dr Andrews (Non-Executive Chairman), received $627,597 fees for drilling services provided to the Company's subsidiary, PTNM during the period (2019: $1,700,686). These fees are payable at normal commercial terms. At 31 December 2020, $350,252 was owing to PT Promincon Indonesia (30 June 2020: $Nil).

Consulting Services
During the half year ended 31 December 2020, the Company paid $9,000 for consulting fees to Vintage94 Pty Ltd, an entity related to Mr Lester (Non-Executive Director) (2019: Nil). The fees were paid at normal commercial terms. No amount was owing to Vintage94 Pty Ltd at 31 December 2020 and 30 June 2020.

In the prior period, the Company paid $4,383 for consulting fees to Jem Resources Limited, an entity related to Mr Carlile (Non-Executive Director), for professional services provided to the Group outside his normal Board duties. The fees were paid at a fixed rate of US$1,000 per day in accordance with the consultancy agreement entered into on 15 March 2019. No amount was owing to Jem Resources Limited at 31 December 2020 and 30 June 2020.

12. COMMITMENTS AND CONTINGENT LIABILITIES

Divestment
The Company is obligated to offer for sale equity tranches in PTNM which if taken up would result in the Company's share of PTNM reducing down to 49% over a ten-year period in accordance with a divestment schedule outlined in PTNM's CoW with the Government of Indonesian (GOI). Each tranche is to be offered for sale at a fair market price to either an Indonesian government body or an Indonesian national.

On 29 June 2020, PTNM submitted a letter to the Indonesian Mines Department requesting a 12-month deferral of the next tranche of 7% equity in PTNM and previous 29% tranche not taken up by the GOI (cumulatively 36%) to be offered for sale by 30 June 2020 in accordance with the divestment schedule in the CoW. During the half-year ended 31 December 2020, the request for the 12-month deferral was rejected by the Indonesian Mine Department. On 16 November 2020, PTNM submitted its offer for sale of 36% equity in PTNM to the Indonesian Mines Department. A response from the Indonesian Mines Department has not been received at the date of this report.

The 36% equity tranche is the final tranche required to be offered for sale under the Company's divestment obligations. In accordance with the Indonesian regulations, if the offer is not taken up, the 36% equity tranche in PTNM is required to be revalued annually and re-offered to the Indonesian government body or Indonesian national every year.

Other than the above, there have been no other significant changes to commitments and contingent liabilities since the last reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. EVENTS AFTER REPORTING DATE

- In January 2021, PTNM received VAT refunds totalling $3 million in relation to its monthly VAT returns for the period October 2018 to December 2019. This was disclosed as current other receivables in the consolidated statement of financial position at 31 December 2020.
- On 8 February 2021, 5,000,000 unlisted options and 5,000,000 performance rights were issued to the Chief Executive Officer under the Company's Incentive Option and Performance Rights Plan as part of his remuneration package for joining the Company. Details of the options and performance rights are as follows:
  - 1,000,000 options were issued at exercise price of 5.9 cents each, vesting on date of grant of the options on 8 February 2021 and expiring on 8 February 2026;
  - 1,000,000 options were issued at exercise price of 5.9 cents each, vesting on 8 August 2021 and expiring on 8 February 2026;
  - 1,000,000 options were issued at exercise price of 5.9 cents each, vesting on 8 February 2022 and expiring on 8 February 2026;
  - 1,000,000 options were issued at exercise price of 5.9 cents each, vesting on 8 August 2022 and expiring on 8 February 2026;
  - 1,000,000 options were issued at exercise price of 5.9 cents each, vesting on 8 February 2023 and expiring on 8 February 2026;
  - 1,500,000 performance rights were issued at Nil exercise price, vesting immediately if the Company's share price on ASX exceeds 6 cents on five consecutive ASX trading days and an expiry date of 30 June 2022;
  - 1,000,000 performance rights were issued at Nil exercise price, vesting immediately if the Company's share price on ASX exceeds 8 cents on five consecutive ASX trading days and an expiry date of 30 June 2022;
  - 1,500,000 performance rights were issued at Nil exercise price, vesting immediately if the Company's share price on ASX exceeds 15 cents on five consecutive ASX trading days and an expiry date of 30 June 2023; and
  - 1,000,000 performance rights were issued at Nil exercise price, vesting immediately if the Company's share price on ASX exceeds 20 cents on five consecutive ASX trading days and an expiry date of 30 June 2023.

Other than the above, there are no other material subsequent events after the balance date.

14. CHANGE IN COMPOSITION OF THE GROUP

Since the last annual reporting date, there have been no changes in the composition of the Group.

DIRECTORS' DECLARATION

In the opinion of the Directors:

(a) The financial statements and notes of the consolidated entity for the half year ended 31 December 2020 are in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Michael Andrews
Chairman
15 March 2021

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Building a better working world

Independent auditor's review report to the members of Kingsrose Mining Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Kingsrose Mining Limited (the Company), and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Philip Teale
Partner
Perth
15 March 2021