



KINGSROSE  
MINING LIMITED

## KINGSROSE MINING LIMITED

Quarterly Report for the Period Ended September 30, 2020

# Kingsrose completes production campaign with A\$37m in cash and bullion

Drilling underway at Talang Santo to grow and upgrade resource and regional exploration program being planned

### HIGHLIGHTS

<u>Consolidated Production</u>		<u>Jun 20 Qtr. Actual</u>	<u>Sep 20 Qtr. Actual</u>
<u>Summary</u>			
Mined Ounces	Au oz	527	nil
Gold Produced	Au oz	4,218	3,105
Silver Produced	Ag oz	26,669	21,660
Cash Costs (C1)	US\$/oz	896	964
All in Sustaining Costs	US\$/oz	1,106	1,171

- Cash and bullion of A\$37.5m at September 30, 2020 (June 30, 2020: A\$32.4m).
- Gold production for September 2020 Quarter totals 3,105oz at a cash cost of US\$964<sup>1</sup>/oz and AISC of US\$1,171<sup>1</sup>/oz.
- Kingsrose has had no confirmed cases of COVID-19; Safety measures implemented on site include isolation and “rapid tests” on arrival.
- Mining ceased on April 19, 2020; Processing of stockpiles and mineralised waste was completed at the end of September 2020.
- Updated Indicated and Inferred Resources at Talang Santo of 850,000 tonnes @ 5.1g/t Au and 13g/t Ag for 140,000 ounces of gold and 352,000 ounces of silver were reported in September, (see ASX Announcement September 17, 2020).
- Initial assays from Talang Santo deep drilling highlight scope to upgrade Resource, (see ASX Announcement September 23, 2020).
- Deep drilling resumed in September 2020 with objective of extending underground resources at Talang Santo, (see ASX Announcement August 27, 2020).
- Subsequent to the end of the quarter, Board and Management Changes were announced.

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## EXECUTIVE SUMMARY

Kingsrose Mining (ASX: KRM) (“Kingsrose” or the “Company”) is pleased to report on a successful quarter in which production exceeded expectations.

The strong performance resulted in cash and bullion rising to A\$37.5m by the end of the quarter, up from A\$32.4m at the end of the June quarter.

In response to the COVID-19 pandemic, the primary focus in the June and September quarters was to ensure the health and safety of the Company’s employees, contractors and local communities, while maintaining planned gold and silver production. As a result of the COVID-19 travel restrictions imposed in Indonesia and Australia activities not directly related to gold production were curtailed during April 2020. This included the Talang Santo Phase 2 drilling programme. This programme resumed in September 2020.

With the conclusion of production from the Talang Santo and Way Linggo deposits, exploration now has become a critical component of the Company’s strategy for growth. Drilling is currently underway to expand resources in the Talang Santo mine area. In addition, an aggressive regional exploration programme is planned in the upcoming 12 months which will include drilling of near-mine targets and exploration of greenfields areas assessed as having potential for substantial high-grade epithermal gold mineralisation.

## OPERATIONS OVERVIEW

The processing plant ran at full capacity for the quarter utilising stockpiles and mineralised waste. The plant has consistently operated at higher than forecast throughput rates and achieved higher than planned recovery from higher grades.

For the September 2020 quarter **3,105 gold ounces** and **21,660 silver ounces** were produced.

Consolidated unit cash costs and all in sustaining costs increased compared to the previous quarter due to lower overall ounces produced with an unaudited cash cost of **A\$964/oz** and an unaudited all in sustaining cost of **A\$1,171/oz**.

MINE PRODUCTION	Units	Sep-20 Qtr
<b>Processing</b>		
Ore Milled	t	<b>30,180</b>
Head Grade - Gold	g/t	<b>3.4</b>
Head Grade - Silver	g/t	<b>29</b>
Recovery - Gold	%	<b>95.2</b>
Recovery - Silver	%	<b>76.3</b>
Gold Produced	oz	<b>3,105</b>
Silver Produced	oz	<b>21,660</b>
COST OF PRODUCTION	Units	Sep-20 Qtr
Cash Costs (C1)	US\$/oz Au	<b>964</b>
All-in Sustaining Cash C	US\$/oz Au	<b>1,171</b>



## SAFETY

Site experienced no lost time, restricted duty or medically treated injury in the quarter. The 12-month moving average Lost Time Injury Frequency Rate (LTIFR) was **0** (FY2020 Q4: 0.67). The total recordable injury frequency rate (TRIFR) for the site at the end of the quarter was **2.55** (FY2020 Q4: 2.69).

During the quarter, the detailed COVID-19 Management Protocol was strengthened. Key aspects of the safety rules include reduction of site staff numbers to essential personnel only, extending rosters to minimise travel of personnel, rapid tests for all visitors and employees returning to site as well as isolation and rapid test protocol for new arrivals on site.

## PROCESSING

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

The plant throughput for the quarter was **30,180** dry tonnes (FY2020 Q4: 34,846t) at a head grade of **3.4 g/t Au** and **29 g/t Ag** (FY2020 Q4: 4.0 g/t Au and 33 g/t Ag). Gold recovery was **95.2%** (FY2020 Q4: 94.5%).

Gold production for the quarter was **3,105** ounces (FY2020 Q4: 4,218 ounces) and silver production **21,660** ounces (FY2020 Q4: 26,668 ounces). The processing unit cost achieved was **US\$22/t** (FY2020 Q4: US\$23/t) with tight controls on reagent usage and managing plant downtime.

## UPDATE OF TALANG SANTO RESOURCE ESTIMATE

The JORC Code (2012) compliant mineral resource estimate for the Talang Santo deposit was updated by independent consultant Bill Rayson of Total Earth Science (see ASX Announcement September 17, 2020).

The revised mineral resource estimate reported as comprises indicated and inferred resources of:

**TABLE 1. 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
<b>Total</b>	<b>850</b>	<b>5.1</b>	<b>140</b>	<b>13</b>	<b>352</b>

Note: - Small discrepancies may have occurred due to rounding  
Rayson W. A., June 2020, Talang Santo Mineral Resource Estimate. Internal Company Report.  
Kingsrose ASX Announcement September 17, 2020



### 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.

In April 2020, the Company announced that the Phase 2 drilling programme had been suspended as part of the Company's response to the COVID-19 pandemic, (refer to ASX Announcement dated April 9, 2020). This programme resumed in September 2020, (see ASX Announcement August 27, 2020), and by the end of this Quarter two drillholes were in progress and a total of **340.7** metres were completed incurring costs of **A\$97k** (including the exploration team and all consumables).

### EXPLORATION AND ACQUISITION

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 is currently underway to expand resources in the Talang Santo mine area.

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

- 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 in Tier 1 jurisdictions.

### COMMUNITY AND THE ENVIRONMENT

#### Community

The Community Relations and Empowerment team focuses on maintaining the harmonious relationship between the community, the Company and stakeholders and to assist in increasing the community self-reliance in numerous areas including health, education, agriculture and forestry.

During the quarter resources were directed towards local community initiatives at numerous local villages including the donation of furniture for local schools; road improvements and road construction between villages; food donations for the community affected during the COVID-19 pandemic and floods; donations of personal protective equipment (PPE) and sanitation items to assist the communities in the fight against COVID-19; and various donations to local health centres, religious centres, teacher training and student associations.

#### Environment

The site practises continuous rehabilitation and revegetation to minimise its environmental impact. During the quarter trees have been 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 is ongoing in line with statutory requirements.



## GOLD SALES AND COSTS OF PRODUCTION

During the quarter the Company sold **2,026 ounces** of gold at an average gold price of **A\$2,475/oz** (US\$1,771/oz) and realised **A\$5.02m** in revenue. (FY2020 Q4: 5,304 ounces at an average gold price of A\$2,556/oz (US\$1,668/oz)).

The final shipment from site to the Indonesian refinery occurred on October 8, 2020 and sales are expected to be realised by the end of October 2020.

Cash costs of production for the quarter are **US\$964/oz** and all-in sustaining costs of production are **US\$1,171/oz**. Costs have increased against the previous quarter due to the lower production achieved this quarter when compared to last.

## CORPORATE

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

Karen O'Neill submitted her resignation as Managing Director and the Company has reluctantly accepted it. Ms O'Neill has agreed to continue in the position of Managing Director until December 31<sup>st</sup>, 2020.

Kingsrose Chairman Mike Andrews said: "On behalf of the Board and shareholders, I'd like to thank Karen for her very considerable contribution in leading the Company during the challenging period of the last two years. With her hard work, diligent approach and attention to detail she successfully streamlined the mining operations, increased profitability and built the Company's substantial treasury".

John Morris, a founding director of the Company, announced his retirement and Non-executive Director Peter Lester has indicated he will not stand for re-election at the forthcoming Annual General Meeting due to increasing work commitments in his other roles

Dr Andrews said "John has been on the Kingsrose Board since 2007 and he played a key role in the formation and public listing of the Company. He subsequently fulfilled a very significant leadership role over the years and has worked tirelessly to steer Kingsrose through its numerous challenges. I would like to thank John for his substantial contribution to Kingsrose's development and wish him all the best for his retirement. Peter's senior mining executive experience has been invaluable during his time on the Board and we wish him every success in the future."

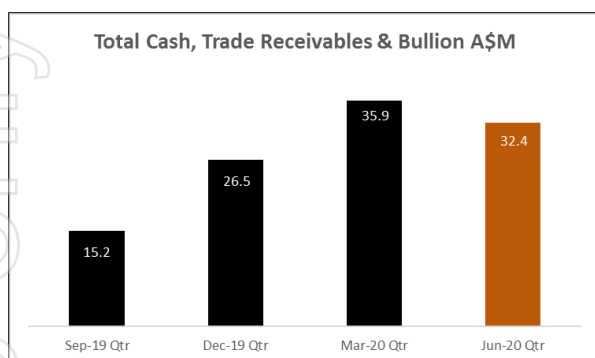
The Board is reviewing its structure and will seek to finalise new director appointments in the near future.

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

Director Salaries and Non-executive Director Fees	<b>A\$ 131,400k</b>
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**CASH AND BULLION ON HAND AS AT SEPTEMBER 30, 2020**



Cash & Term Deposits	A\$24.57M
Bullion <sup>1</sup>	<u>A\$ 12.98M</u>
<b>Total</b>	<b>A\$ 37.55M</b>

<sup>1</sup> Bullion includes unrefined (filter cake, dore) and refined gold (at A\$2,654/oz) and silver (at A\$33/oz).

**CAPITAL STRUCTURE**

Ordinary Fully Paid Shares	730,007,352
Options	5,200,000 (various strike prices and expiry dates)
Performance Rights	789,115

**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 <sup>th</sup> generation Contract of Work with the Government of the Republic of Indonesia	Lampung Province, South Sumatra, Indonesia	N/A	85%	N/A

**Competent Persons Statement**

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.

-ENDS-

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

**For more information please contact:**

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**For more information regarding the Company's activities, please visit our website [www.kingsrosemining.com.au](http://www.kingsrosemining.com.au)**

## 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")

30 September 2020

Consolidated statement of cash flows		Current quarter	Year to date (3 months)
		\$A'000	\$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	5,360	5,360
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	(2,683)	(2,683)
	(d) staff costs	(349)	(349)
	(e) administration and corporate costs	(173)	(173)
1.3	Dividends received	-	-
1.4	Interest received	12	12
1.5	Interest and other costs of finance paid	(3)	(3)
1.6	Income taxes paid	(194)	(194)
1.7	Government grants and tax incentives	-	-
1.8	Other (VAT refund received)	418	418
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>2,388</b>	<b>2,388</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(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 (3 months)
		\$A'000	\$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	28	28
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received	-	-
2.5	Other	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>28</b>	<b>28</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
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)	(27)	(27)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(27)</b>	<b>(27)</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	23,071	23,071
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,388	2,388
4.3	Net cash from / (used in) investing activities (item 2.6 above)	28	28
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(27)	(27)
4.5	Effect of movement in exchange rates on cash held	(881)	(881)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>24,579</b>	<b>24,579</b>



## 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	6,261	7,754
5.2	Call deposits	18,318	15,317
5.3	Bank overdrafts	-	-
5.4	Other	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>24,579</b>	<b>23,071</b>

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	131
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\$131K	

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	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		-
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)	2,388
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)	2,388
8.4	Cash and cash equivalents at quarter end (item 4.6)	24,579
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	24,579
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	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**

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

Date: 22 October 2020



Authorised by: .....  
Karen O'Neill, Company Secretary

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