



QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2008

HIGHLIGHTS

- **Way Linggo alimak rise confirming 3-D grade distribution in the North Vein.**
- **Comet Vale Joint Venture terms amended increasing KRM's share of gold to 60% for production below the Sand Queen Mine 3 Level**
- **Sand Queen Gold Mine produces record high-grade gold ore parcel of 4,262 tonnes at 14.7 g/t Au (Net payment of \$1.1m was received by Kingsrose 30 January 2009)**
- **Comet Vale revised resource estimate of 661,000 tonnes at 8.6 g/t Au reported by JV Partner**
- **Post quarter:**
 - **Kingsrose raises \$970,000 by the issue of 9,700,000 ordinary shares at 10c each.**
 - **Shareholders unanimously approve all resolutions associated with the acquisition of Way Linggo gold/silver mining project on 21 January 2009.**

WAY LINGGO PROJECT ACQUISITION

The General Meeting of Shareholders to approve Kingsrose Mining Limited's (**ASX. KRM**) acquisition of 85% of the advanced, high grade Way Linggo gold/silver mining project, located in Sumatra, Indonesia, was held on 21 January 2009. All resolutions were passed unanimously.

The project operator, PT Natarang Mining ("PT NM"), continued to progress underground mine development at Way Linggo during the December quarter, including installation of an Alimak raise climber and commencement of a raise between the 1020m Level and the 1065m Level. This is following the west margin (hanging wall) of the North Vein. Raise wall channel sampling confirms the high grade of the vein in this area (See Figure 1 overleaf).

Other mine development work included progression of the sill drift following the North Vein footwall and the Main Haulage Drive on the 1020m Level.

On 16 December 2008 the Indonesian Parliament passed a new law on mineral and coal mining. KRM has obtained advice from a number of sources on the implications of the new law on PT NM's Contract of Work ("COW"). This advice, together with the new law expressly stating that prior existing COW's will remain valid until the end of the contracts gives the KRM Board no reason to expect any material



changes in PT NM's operating environment. KRM is accordingly proceeding with project development and financing initiatives.

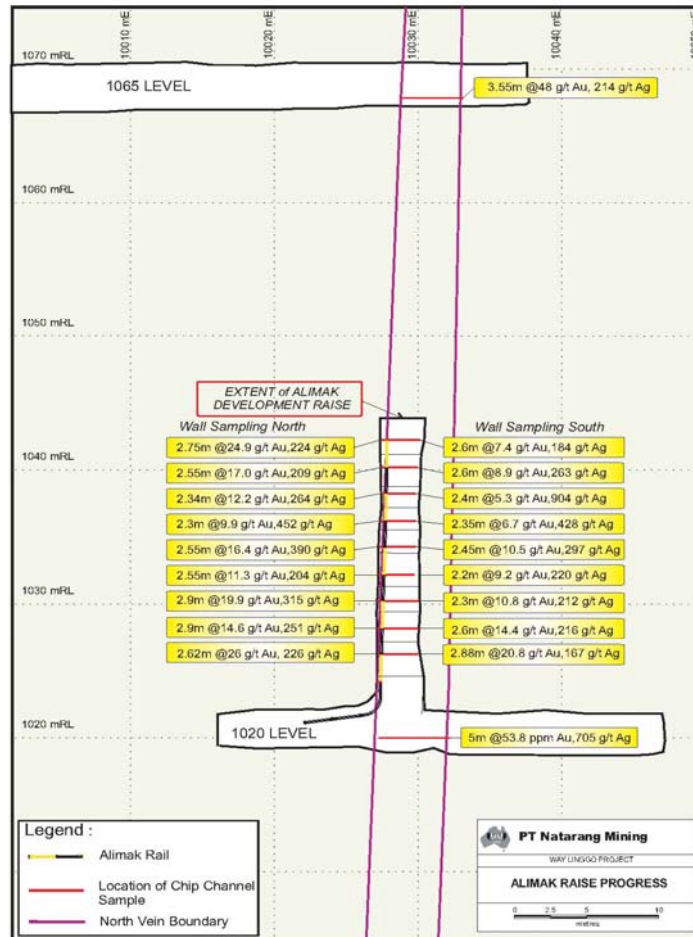


Figure 1. Way Linggo Project, Alimak raise progress and channel sampling

COMET VALE PROJECT

In December 2008, KRM and its joint venture partner, Reed Resources Ltd (ASX: RDR) announced the amendment of their Comet Vale Joint Venture for the Sand Queen Gold Mine in Western Australia. Under the modified terms KRM is entitled to 60% of the gold produced from below the 3 Level at Sand Queen, rather than the 50% previously stated. In addition the required 25,000 ounce production milestone has been extended to 31 May 2010.

During December 2008 the highest grade ore parcel produced by the Comet Vale JV to date, consisting of 4,262 tonnes grading 14.7 g/t Au, was milled. The record grade agreed by minesite stockpile sampling and the toll treatment operator at 14.7 g/t Au was approximately 50% higher than the previous highest grade parcel. This ore parcel generated \$1.1 million for KRM, which was received on 30 January 2009.

Ore production from Comet Vale for the December 2008 quarter was 5,784 tonnes of ore at an estimated grade of 14.1 g/t.



A concerted pumping campaign has lowered the water level in the old Sand Queen workings during January, so that at the time of writing, the 4 level was dewatered and work had commenced on establishing rail mounted access. Shaft timbers are in good condition, with limited work required to extend skip guides down to the 4 level. The next parcel for toll treatment has been generated from ore above the 3 level and is expected to be milled in the latter half of February 2009.

On 2 December 2008 Reed Resources Ltd announced a revised global resource estimate for the Comet Vale project of 661,000 tonnes at 8.6 g/t Au for 186,000 ounces gold.

The Comet Vale Mineral Resource estimate is outlined in Table 1 below:

Table 1. Mineral Resource estimates for the Sand Queen mine, Comet Vale project (at a cut-off grade of 5 g/t Au).

Resource classification	Volume (bcm)	Tonnes	Grade (Au g/t)	Au (Ounces)
Indicated	122,000	329,000	9.2	97,100
Inferred	123,000	332,000	8.0	85,500
Total	245,000	661,000	8.6	182,600

All tonnage, grade and ounce values have been rounded down to three significant figures. Slight errors may occur due to this rounding of values.

Figure 3 shows a long section of the Sand Queen Mine indicating the location of the 3 and 4 levels, as well as the revised resource estimate.

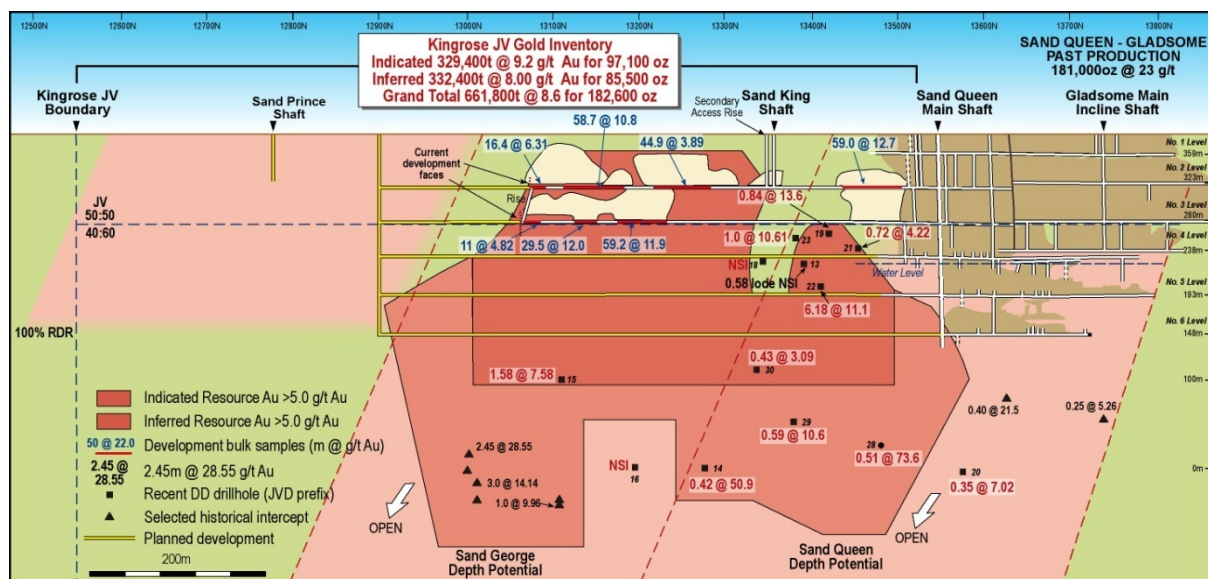


Figure 3. Longitudinal section of the Sand Queen gold mine, looking west. (Courtesy of JV Partner Reed Resources Ltd)



CORPORATE

During January 2009, the Company announced the issue of 9,700,000 shares in a placement to non-related parties at an issue price of 10 cents per share to raise \$970,000 for short term working capital needs.

**DAVID F. HATCH
MANAGING DIRECTOR**

Competent Person Statements

Way Linggo

The information in this report that relates to exploration results, mineral resources and ore reserves is based on information compiled by Dr. Michael Andrews B.Sc. (Hons) Ph.D., who is a Fellow of the Australasian Institute of Mining and Metallurgy, and a Director of Kingsrose Mining Limited. Dr. Andrews has sufficient experience which is relevant to the styles of mineralisation and types of deposits and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code"). Dr. Andrews consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Comet Vale – Sand Queen

The information in this report that relates to Mineral Resources is based on information compiled by Mark Zammit and Jillian Irvin of Cube Consulting Pty Ltd, who are Members of The Australian Institute of Geoscientists (AIG). Mark Zammit and Jill Irvin have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mark Zammit and Jill Irvin consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Mr David Potter, a full time employee of Reed Resources Ltd, provided drilling results and geological interpretations for the Mineral Resource estimates. Mr Potter has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results Mineral Resources and Ore Reserves". Mr Potter consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.