BELL POTTER

13 March 2015

Analyst
Peter Arden 613 9235 1833

Authorisation
Stuart Howe 613 9235 1782

Kingsrose Mining Ltd (KRM)

1H FY15 financial result

Recommendation
Buy (unchanged)
Price
$0.24
Target (12 months)
$0.45 (unchanged)

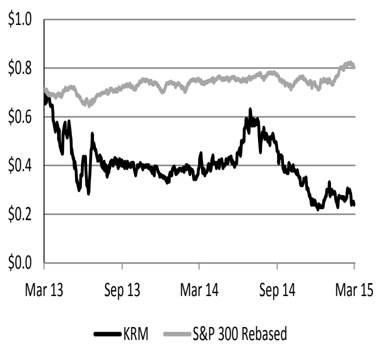
Expected Return	
Capital growth	88%
Dividend yield	0%
Total expected return	88%
Company Data & Ratios	
Enterprise value	$92m
Market cap	$86m
Issued capital	358.6m
Free float	55%
Avg. daily val. (52wk)	$0.13m
12 month price range	$0.22 - $0.67
GICS sector	Materials

Disclosure: Bell Potter Securities acted as Lead Manager and Bookrunner for the $8m placement in February 2014 and received fees for that service.

Price Performance

	(1m)	(3m)	(12m)
Price (A$)	0.26	0.38	0.38
Absolute (%)	5.9	-28.9	-28.9
Rel market (%)	-0.8	-34.3	-39.9

Absolute Price



SOURCE: IRESS

Large FX gain swells 1H FY15 NPAT

NPAT of $6.6m was significantly higher than expected but it benefited from net foreign exchange gains of $9.7m. Operating cash flow was modest at $2.4m but was higher than expected from lower tax payments. Capex of $3.1m was mainly directed to mine development and exploration.

Gold production in 1H FY15 was lower than originally expected from the adverse impacts of weaker ground conditions in the shallow levels of the mine, requiring additional ground support. Some of the more oxidised material mined had lower gold grades but production continues to be ramped up with mining targeting multiple ore zones. Sinking of the internal vertical shaft to the 5 Level is underway to provide earlier access to the high grade zones identified in previous drilling.

We have upgraded our FY15 earnings estimates to incorporate the FX gains but have retained our FY16 and FY17 earnings estimates.

Debt restructuring aids mine development and exploration

KRM's recent restructuring of its debt repayment profile (repayments commence in July 2015 with final payment now due in February 2017) enables accelerated mine development and important in- and near-mine exploration. We believe KRM is adequately funded for its current activities. The company had cash of $6.1m and total borrowings of $12.0m for net debt of $5.9m at 31 December 2014. KRM's operating cash flow is expected to increase strongly over the repayment period, especially when it gains access to the higher grade zones on Levels 5 and 6.

Investment thesis – Buy, TP $0.45/sh (unchanged)

Our Buy recommendation is based on valuation and the expectation that production and profitability will increase markedly as the mine gets deeper and into more competent, fresher rock. Ore grades are expected to increase significantly, especially when mining reaches the high grade zones on the 5 and 6 Levels. Our target price is based on a 12-month forward NPV.

Earnings Forecast

Year ending June	2014a	2015e	2016e	2017e
Sales (A$m)	6	52	55	83
EBITDA (A$m)	(32)	24	21	40
NPAT (reported) (A$m)	(5)	11	8	18
NPAT (adjusted) (A$m)	(21)	11	8	19
EPS (adjusted) (¢ps)	(6)	3	2	5
EPS growth (%)	na	na	-23%	126%
PER (x)	na	8.5	11.0	4.9
FCF Yield (%)	na	na	9%	28%
EV/EBITDA (x)	na	3.8	4.4	2.3
Dividend (¢ps)	-	-	-	1
Yield (%)	0%	0%	0%	4%
Franking (%)	0%	0%	0%	0%
ROE (%)	-29%	132%	9%	18%

SOURCE: BELL POTTER SECURITIES ESTIMATES

1H FY15 financial results summary

Table 1 - 1H FY15 financial result

Year to 30 June	1HFY14 Actual	1HFY15 Actual	1HFY15 BP est	Change on pcp (%)	Actual vs BP est (%)
Gold production kozs Au Eq	0.9	**12.6**	12.6	1263%	
Gold sales kozs Au Eq	0.9	**10.8**	10.8	1070%	
Average realised gold price $US/oz	1,284	**1,238**	1,238	-4%	
Average realised gold price $A/oz	1,393	**1,376**	1,376	-1%	
Sales Revenue $m	2.0	**14.9**	16.2	640%	-8%
Average C1 cash costs $US/oz (by-product basis)	832	**714**	714	-14%	
EBITDA $m	(3.6)	**13.3**	3.1	na	330%
Normalised NPAT $m	(3.2)	**6.6**	0.3	na	2311%
Earnings Per Share (underlying) ¢/share	(1.1)	**1.8**	0.1	na	2244%
Dividend Per Share ¢/share	0.0	**0.0**	0.0	na	na
Operating cash flow $m	(6.9)	**2.4**	(0.2)	na	na
Net capital expenditure $m	(5.7)	**(3.1)**	(5.1)	-45%	-39%
Cash $m	1.2	**6.1**	6.1	392%	0%
Total debt $m	11.8	**12.0**	11.1	1%	7%
Net cash/(debt) $m	(10.6)	**(5.9)**	(5.0)	-44%	17%

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

The main features of the 1H FY2015 result were:

- Gold equivalent sales were estimated at 10.8kozs in 1H FY15 compared with only 0.9kozs in the previous, pre-production period. KRM achieved a virtually flat realised average gold price of A$1,376/oz with the slight weakness in the Australian dollar almost matching the 4% fall in the US dollar gold price. C1 cash costs were higher than originally expected at US$714/oz in the latest half as mining conditions were adversely affected by weaker ground conditions requiring additional support and generally lower ore grades in more oxidised material.
- NPAT of $6.6m was significantly higher than expected, boosted by net foreign exchange gains of $9.7m.
- Although only modest, KRM's operating cash flow was higher than expected at $2.4m from lower than expected tax payments.
- Total capital expenditure in the latest half was lower than expected at $3.1m, over half of which ($1.6m) was for mine development with $0.9m spent on exploration.
- KRM remains adequately funded for its current activities. The company had cash of $6.1m and total borrowings of $12.0m for net debt of $5.9m at 31 December 2014. More recently, KRM has restructured its debt so that repayments now start in July 2015 and extend to February 2017. This restructuring will enable the company to accelerate mine development including the completion of the internal shaft to 5 Level and conduct important in- and near-mine exploration. KRM's operating cash flow is expected to increase strongly over the repayment period, especially when it gains access to the higher grade zones on Levels 5 and 6.

Earnings and valuation changes

Earnings upgrade for FY15 reflecting FX gain

We have upgraded our earnings forecasts for KRM in FY15 to reflect the foreign exchange gains. However, we have retained our FY16 and FY17 forecasts (Table 2).

Valuations retained

We have retained our valuations for DRM (Table 3).

Table 2 – Revised earnings estimates and valuations

	Previous			New			Change		
Year ending 30 June	**2015e**	**2016e**	**2017e**	**2015e**	**2016e**	**2017e**	**2015e**	**2016e**	**2017e**
Prices & currency									
Gold (Spot, US$/oz)	1,208	1,175	1,225	**1,208**	**1,175**	**1,225**	0%	0%	0%
Silver (Spot, US$/oz)	17	16	15	**17**	**16**	**15**	0%	0%	0%
US$/A$	0.85	0.80	0.80	**0.85**	**0.80**	**0.80**	0%	0%	0%
Production & costs									
Gold (koz)	32	40	58	**32**	**40**	**58**	0%	0%	0%
C1 cost ($US/oz, by-product basis)	629	561	487	**629**	**561**	**487**	0%	0%	0%
All in sustaining costs ($US/oz)	994	891	773	**994**	**891**	**773**	0%	0%	0%
Earnings									
EBITDA ($m)	14	20	39	**24**	**21**	**40**	77%	2%	1%
EBIT ($m)	9	15	34	**19**	**16**	**35**	112%	3%	1%
NPAT (adjusted) ($m)	4	8	19	**11**	**8**	**18**	136%	0%	0%
EPS (adjusted) (cps)	1	2	5	**3**	**2**	**5**	137%	0%	0%
PER (x)	23.0	12.6	5.6	**9.7**	**12.6**	**5.6**	-58%	0%	0%
EPS growth (%)	na	83%	127%	**na**	**-23%**	**126%**	na	-106%	0%
DPS (reported) (cps)	-	-	1	**-**	**-**	**1**	na	na	0%
Yield	0%	0%	4%	**-**	**-**	**4%**	na	na	0%
NPV ($/sh)	0.43	0.45	0.48	**0.42**	**0.45**	**0.48**	-2%	0%	0%
Price Target ($/sh)	0.45			**0.45**			0%		

SOURCE: BELL POTTER SECURITIES ESTIMATES

Valuation of $0.42/sh ($0.43 previously)

Our valuation of KRM has been reduced slightly to account for slightly higher current debt. Our valuations are based on the sum-of-the-parts DCF-based estimates for the Way Linggo Gold Project and corporate costs using a discount rate of 10% and an allowance of $56m for the company's attractive and expanding exploration assets.

Our risked valuation of KRM is based on the following parameters:

- A sum-of-the-parts valuation based on the net present value of discounted cash flow estimates for the Way Linggo Gold Project incorporating production from the Talang Santo mine, exploration and corporate costs using a discount rate of 10%.
- Key modelled assumptions are as follows:
  1. Talang Santo mine life of 7 years based on approximately 60% conversion of resources to reserves.
  2. C1 cash costs for Talang Santo mine of US$629/oz in FY15; US$561/oz in FY16 and US$487/oz in FY17.
  3. Sustaining capital expenditure of around $1.3m per annum and mine development expenditure at Talang Santo of around $6m pa over the next three years.
  4. Annual exploration expenditure of around $3.5m.
  5. Estimated valuation of $48m for the remaining resource at the Way Linggo mine.
  6. Estimated valuation for exploration elsewhere in the Way Linggo Gold Project of $56m.
  7. Repayment of the loan under the recently revised terms that sees it fully repaid by February 2017.

Table 3 - DCF-based valuation summary

		Now		+12 months		+24 months
DCF sum-of-parts valuation	**A$m**	**$/sh**	**A$m**	**$/sh**	**A$m**	**$/sh**
Talang Santo mine	69	0.19	77	0.21	77	0.22
Way Linggo mine	48	0.13	48	0.13	48	0.13
Exploration	56	0.16	56	0.16	56	0.16
Corporate	(17)	(0.05)	(15)	(0.04)	(12)	(0.03)
Total enterprise value	**156**	**0.43**	**166**	**0.46**	**169**	**0.47**
Net cash & bullion/(debt)	(4)	(0.01)	(6)	(0.02)	1	0.00
Equity value	**152**	**0.42**	**160**	**0.45**	**170**	**0.48**

SOURCE: BELL POTTER SECURITIES ESTIMATES

Kingsrose Mining Ltd (KRM)

Company description

KRM is a specialist high grade, narrow vein gold miner and producer with a track record of successful low cost mine development and production in the Way Linggo Gold Project in South Sumatra, Indonesia. The company has been operating in Indonesia since 2008 but members of its Board and senior management have very extensive operating experience in mines in Indonesia and with similar styles of deposit and mines to those at the Way Linggo Gold Project. KRM's key asset is currently the high grade Talang Santo underground gold-silver mine where production was commenced in mid-2014 and is still being ramped up while the mine is successfully explored for multiple high grade mining areas. The Way Linggo mine ceased operations in 2013 but still contains a significant remnant gold-silver resource that is the subject of ongoing studies into its recovery. KRM's Way Linggo Project is held under a fourth generation Contract of Work covering an area of 105km^2 that is highly prospective for additional high sulphidation epithermal gold deposits and contains multiple prospects and target areas, which are the subject of ongoing exploration.

Investment thesis – Buy, TP $0.45/sh (unchanged)

Our Buy recommendation is based on valuation and the expectation that production and profitability will increase markedly as the mine gets deeper and into more competent, fresher rock. Ore grades are expected to increase significantly, especially when mining reaches the high grade zones on the 5 and 6 Levels. Our target price is based on a 12-month forward NPV.

Risks

The key risks include the following:

1. **Sovereign risk:** Indonesia, where KRM has its mining operations, is regarded as being a country with much higher sovereign risk than Australia because of various factors. KRM seeks to mitigate the sovereign risk by ensuring it is fully compliant with all legal and statutory operational requirements and by engaging appropriately with and supporting the local communities in which it operates.
2. **Regulatory and government approvals risk**: Changes to the regulatory regime of the mining industry (which includes taxation and environmental aspects) in the various jurisdictions that KRM operates can impact the returns generated and therefor the valuation of the company's assets. KRM's operations in Indonesia are largely governed by the Contract of Work under which KRM holds its interest in the Way Linggo Gold Project, which largely defines the terms and conditions, including taxation rates, under which KRM operates.
3. **Commodity price and exchange rate risk**: The relatively liquid nature of gold makes it subject to wide fluctuations in price, particularly during more difficult economic times or major world events. Associated with gold price volatility are different gold price and foreign exchange rate outcomes to our forecasts;
4. **Operational risk**: By their nature, high sulphidation epithermal gold deposits such as occur in the Way Linggo Gold Project and are represented by the Talang Santo mine can contain considerable geological and grade variability and metallurgical complexity, which can present operational challenges leading to different outcomes to those we are forecasting;

5. **Lack of exploration success:** The exploration areas where KRM is currently directing its exploration focus to locate additional deposits of gold mineralisation are regarded as highly prospective because of the presence of economic gold mineralisation and the multiple targets for similar mineralisation that has been identified in them. There may be general geological complexity in these areas from the wide range of rock types that are often considerably altered and extensively metamorphosed and the tectonically disrupted nature of them. Areas containing gold mineralization may contain greater than expected geological complexities that may be difficult to resolve without extensive drilling programs and these issues may inhibit the definition of adequate resources and reserves;
6. **Funding risk**: By its nature, the mining and exploration activities of KRM are capital intensive and the company needs to ensure that it has adequate funding to carry out its activities and to maintain its interests. KRM also needs to ensure that it is able to fund its share of capital expenditure commitments when required including when the cost to do so may be higher than expected from unexpected operational complications; and
7. **Inappropriate acquisition risk:** The acquisition of other assets can be inappropriate because it can divert management effort from the current focus and may yield inadequate returns.

Other significant risks include regulatory, environmental and commercial ones, which are typical for natural resource projects. These aspects are usually well understood and readily managed by KRM and the competent and well experienced operational personnel it employs.

Kingsrose Mining Ltd
as at 13 March 2015

Recommendation	Buy
Price	$0.24
Target (12 months)	$0.45

Table 4 - Financial summary

PROFIT AND LOSS

Year ending 30 Jun	Unit	2013a	2014a	2015e	2016e	2017e
Total Revenue	$m	25.3	5.5	52.1	55.3	82.9
Expense	$m	(21.6)	(37.4)	(27.7)	(34.0)	(42.5)
Exploration	$m	0.0	0.0	(0.5)	(0.6)	(1.0)
EBITDA	$m	**3.7**	**(31.9)**	**23.9**	**20.6**	**39.5**
Depreciation & amortisation	$m	(4.8)	(1.9)	(5.2)	(5.0)	(5.0)
EBIT	$m	(1.1)	(33.7)	18.6	15.6	34.5
Net interest expense/income	$m	(0.4)	(1.0)	(1.2)	(1.2)	(0.2)
PBT	$m	**(1.5)**	**(34.7)**	**17.4**	**14.4**	**34.3**
Tax expense	$m	1.7	10.5	(4.9)	(4.8)	(12.6)
Minority interests	$m	(1.3)	(3.6)	1.9	1.4	3.3
Reported NPAT	**$m**	**1.5**	**(20.6)**	**10.6**	**8.2**	**18.5**
Net Adjustments	$m	0.0	15.8	0.0	0.0	0.0
Normalised NPAT	**$m**	**1.5**	**(4.8)**	**10.6**	**8.2**	**18.5**

CASH FLOW

Year ending 30 Jun	Unit	2013a	2014a	2015e	2016e	2017e
OPERATING CASHFLOW						
Receipts	$m	16.6	3.8	39.5	54.5	80.5
Payments	$m	(21.5)	(13.5)	(30.1)	(33.8)	(41.9)
Tax	$m	(7.8)	3.0	(1.3)	0.1	(4.8)
Net interest	$m	(0.0)	(0.9)	(1.4)	(1.2)	(0.2)
Other	$m	0.3	1.7	0.2	0.0	0.0
Operating cash flow	$m	**(12.4)**	**(6.0)**	**6.9**	**19.6**	**33.6**
INVESTING CASHFLOW						
Capex	$m	(1.4)	(0.4)	(1.2)	(1.3)	(1.3)
Investments	$m	0.0	0.0	0.0	0.0	0.0
Intangible assets	$m	0.0	0.0	0.0	0.0	0.0
Exploration & evaluation	$m	(3.1)	(1.8)	(2.4)	(3.5)	(4.0)
Mine development	$m	(9.8)	(7.4)	(4.6)	(7.5)	(4.0)
Other	$m	(0.0)	(0.1)	0.0	0.0	0.0
Investing cash flow	$m	**(14.3)**	**(9.7)**	**(8.2)**	**(12.3)**	**(9.3)**
Free cash flow	$m	(26.7)	(15.7)	(1.3)	7.3	24.4
FINANCING CASHFLOW						
Share issues/(buy-backs)	$m	0.0	23.3	0.0	0.0	0.0
Debt proceeds/(repayments)	$m	9.8	0.0	0.0	(6.9)	(5.1)
Dividends	$m	(12.6)	0.0	0.0	0.0	0.0
Other	$m	0.6	(1.9)	0.0	0.0	0.0
Financing cash flow	$m	**(2.2)**	**21.4**	**0.0**	**(6.9)**	**(5.1)**
Change in cash	$m	(28.8)	5.7	(1.3)	0.5	19.3

BALANCE SHEET

Year ending 30 Jun	Unit	2013a	2014a	2015e	2016e	2017e
ASSETS						
Cash & deposits	$m	1.3	6.7	5.8	6.3	25.6
Accounts receivable	$m	5.5	5.4	12.2	12.5	14.6
Inventory	$m	3.6	3.1	4.8	4.8	4.8
Property, plant & equipment	$m	9.8	8.1	8.5	8.6	8.6
Exploration & evaluation assets	$m	20.5	21.6	27.0	29.9	32.9
Mine development assets	$m	39.1	26.2	31.7	36.0	36.0
Investments and other assets	$m	8.2	15.3	15.7	15.3	15.8
Total assets	$m	**88.0**	**86.5**	**105.7**	**113.4**	**138.4**
LIABILITIES						
Accounts payable	$m	3.9	2.8	2.8	3.0	3.6
Borrowings	$m	11.9	11.1	12.0	5.1	-
Other	$m	2.5	1.8	4.5	9.3	20.5
Total liabilities	$m	**18.4**	**15.8**	**19.3**	**17.4**	**24.1**
SHAREHOLDER'S EQUITY						
Share capital	$m	62.8	84.9	84.9	84.9	84.9
Reserves	$m	2.1	3.4	4.1	4.1	4.1
Retained earnings	$m	1.8	(18.6)	(8.0)	0.2	15.1
Total equity	$m	**69.6**	**70.7**	**86.5**	**96.1**	**114.2**
Weighted average shares	m	290.8	325.3	358.6	358.6	358.6

FINANCIAL RATIOS

Year ending 30 Jun	Unit	2013a	2014a	2015e	2016e	2017e
VALUATION						
Normalised NPAT	$m	1.5	(4.8)	10.6	8.2	18.5
Basic EPS	c/sh	0.9	(6.4)	3.0	2.0	5.0
Basic EPS growth	%	-85%	na	na	-23%	126%
Fully diluted EPS	c/sh	0.9	(6.1)	2.8	2.2	4.9
Full diluted EPS growth	%	-85%	na	na	-23%	126%
PER	x	25.7x	na	8.5x	11.0x	4.9x
DPS	c/sh	-	-	-	-	1
Franking	%	0%	0%	0%	0%	0%
Yield	%	0%	0%	0%	0%	4%
FCF/share	c/sh	na	na	na	2	7
P/CFPS	x	na	na	na	11.8x	3.5x
EV/EBITDA	x	24.1x	na	3.8x	4.4x	2.3x
PROFITABILITY						
EBITDA margin	%	15%	na	46%	37%	48%
EBIT margin	%	-4%	na	36%	28%	42%
Return on assets	%	2%	na	11%	7%	15%
Return on equity	%	2%	-29%	13%	9%	18%
LIQUIDITY & LEVERAGE						
Net debt /(cash)	$m	10.6	4.5	6.1	(1.2)	(25.6)
ND / E	%	15%	6%	7%	-1%	-22%
ND / (ND + E)	%	13%	6%	7%	-1%	-29%
EBITDA / Interest	x	9.1	-33.1	19.6	17.5	234.6

ASSUMPTIONS - Production & costs

Year ending 30 Jun	Unit	2013a	2014a	2015e	2016e	2017e
Gold production						
Talang Santo Au Eq	koz	0	2	32	40	58
Way Linggo Au Eq	koz	11				
Total Au Eq	**koz**	**11**	**2**	**32**	**40**	**58**
C1 cash costs (net of Ag credits)						
Talang Santo	A$/oz			629	561	487
Way Linggo	A$/oz	1,155				
Group C1 cash costs	**A$/oz**	**1,155**	**na**	**629**	**561**	**487**
Group all in sustaining costs	**A$/oz**	**na**	**na**	**994**	**891**	**773**

ASSUMPTIONS - Prices (nominal)

Year ending 30 Jun	Unit	2013a	2014a	2015e	2016e	LT-real
Gold						
At spot	US$/oz	1,605	1,295	1,208	1,175	1,100
Realised	A$/oz	1,559	1,408	1,421	1,469	1,294
Silver						
At spot	US$/oz	29	20	17	16	14
Realised	A$/oz	28	22	20	20	16
Currency						
$US/$A	US$/A$	1.03	0.92	0.85	0.80	0.85

Valuation

Issued capital	m
Shares on issue	358.6
Options	15.6
Total diluted shares on issue	**374.2**

	Now		+12 months		+24 months	
DCF sum-of-parts valuation	**A$m**	**$/sh**	**A$m**	**$/sh**	**A$m**	**$/sh**
Talang Santo mine	69	0.19	77	0.21	77	0.22
Way Linggo mine	48	0.13	48	0.13	48	0.13
Exploration	56	0.16	56	0.16	56	0.16
Corporate	(17)	(0.05)	(15)	(0.04)	(12)	(0.03)
Total enterprise value	**156**	**0.43**	**166**	**0.46**	**169**	**0.47**
Net cash & bullion/(debt)	(4)	(0.01)	(6)	(0.02)	1	0.00
Equity value	**152**	**0.42**	**160**	**0.45**	**170**	**0.48**

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Recommendation structure

Buy: Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

Hold: Expect total return between -5% and 15% on a 12 month view

Sell: Expect <-5% total return on a 12 month view

Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.

Such investments may carry an exceptionally high level of capital risk and volatility of returns.

Research Team

Staff Member	Title/Sector	Phone	@bellpotter.com.au
TS Lim	Head of Research	612 8224 2810	tslim
Industrials			
Sam Haddad	Industrials	612 8224 2819	shaddad
John O'Shea	Industrials	613 9235 1633	joshea
Chris Savage	Industrials	612 8224 2835	csavage
Jonathan Snape	Industrials	613 9235 1601	jsnape
Sam Byrnes	Industrials	612 8224 2886	sbyrnes
Bryson Calwell	Industrials Associate	613 9235 1853	bcalwell
John Hester	Healthcare	612 8224 2871	jhester
Tanushree Jain	Healthcare/Biotech	612 8224 2849	tnjain
Financials			
TS Lim	Banks/Regionals	612 8224 2810	tslim
Lafitani Sotiriou	Diversified	613 9235 1668	lsotiriou
Resources			
Peter Arden	Resources	613 9235 1833	parden
Stuart Howe	Resources	613 9235 1782	showe
Fred Truong	Resources	613 9235 1629	ftruong
Quantitative			
Tim Piper	Research Assistant	612 8224 2825	tpiper

Bell Potter Securities Limited
ACN 25 006 390 7721
Level 38, Aurora Place
88 Phillip Street, Sydney 2000
Telephone +61 2 9255 7200
www.bellpotter.com.au

The following may affect your legal rights. Important Disclaimer:

This document is a private communication to clients and is not intended for public circulation or for the use of any third party, without the prior approval of Bell Potter Securities Limited. In the USA and the UK this research is only for institutional investors. It is not for release, publication or distribution in whole or in part to any persons in the two specified countries. In Hong Kong this research is being distributed by Bell Potter Securities (HK) Limited which is licensed and regulated by the Securities and Futures Commission, Hong Kong. This is general investment advice only and does not constitute personal advice to any person. Because this document has been prepared without consideration of any specific client's financial situation, particular needs and investment objectives ('relevant personal circumstances'), a Bell Potter Securities Limited investment adviser (or the financial services licensee, or the representative of such licensee, who has provided you with this report by arraignment with Bell Potter Securities Limited) should be made aware of your relevant personal circumstances and consulted before any investment decision is made on the basis of this document.

While this document is based on information from sources which are considered reliable, Bell Potter Securities Limited has not verified independently the information contained in the document and Bell Potter Securities Limited and its directors, employees and consultants do not represent, warrant or guarantee, expressly or impliedly, that the information contained in this document is complete or accurate. Nor does Bell Potter Securities Limited accept any responsibility for updating any advice, views opinions, or recommendations contained in this document or for correcting any error or omission which may become apparent after the document has been issued.

Except insofar as liability under any statute cannot be excluded. Bell Potter Limited and its directors, employees and consultants do not accept any liability (whether arising in contract, in tort or negligence or otherwise) for any error or omission in this document or for any resulting loss or damage (whether direct, indirect, consequential or otherwise) suffered by the recipient of this document or any other person.

Disclosure of interest:

Bell Potter Securities Limited, its employees, consultants and its associates within the meaning of Chapter 7 of the Corporations Law may receive commissions, underwriting and management fees from transactions involving securities referred to in this document (which its representatives may directly share) and may from time to time hold interests in the securities referred to in this document.

Disclosure: Bell Potter Securities acted as Lead Manager and Bookrunner for the $8m placement in February 2014 and received fees for that service.

ANALYST CERTIFICATION

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were repared in an independent manner; (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report; and (3) the analyst responsible for the preparation of this report does not hold any interest in the securities of Kingsrose Mining Limited at the date of this report.