



KINGSROSE  
MINING LIMITED

12 December 2017

## CONSOLIDATED ACTIVITIES REPORT

Kingsrose is a gold production and exploration company with an 85% interest in the Way Linggo Project in South Sumatra, Indonesia. The Way Linggo Project is considered highly prospective for low sulphidation epithermal gold deposits.

Kingsrose holds its interest in the Way Linggo Project through its 85% owned Indonesian subsidiary PT Natarang Mining (**PTNM**), owner and operator of the Way Linggo Project.

The Way Linggo Project is held under a 100km<sup>2</sup>, 4th generation Contract of Work (**CoW**) with the Indonesian Government and is located on the mineral rich Trans-Sumatran Fault, part of the Pacific Rim of Fire. The Project has established infrastructure with a 140Ktpa Merrill Crowe gold plant that has been in continuous operation for more than 10 years with a demonstrated track record of very high recovery, low cost gold production.

The primary objective for the Company is to establish a long term mine life capable of generating consistent and positive cash flow from the operating mines at the Way Linggo Project. Significant potential exists at both the Way Linggo and Talang Santo Mines and the focus of the new management team will be to deliver a strategy of a sustainable, long life and low cost mining operation which delivers value for all stakeholders.

The Company is currently producing high grade low cost gold and silver from open cut activities at the Way Linggo Mine. These open cut activities are planned to continue for much of the 2018 financial year. In parallel with these mining activities, studies are well advanced in relation to expanding the current open pit to recover as much of the remaining Resource as possible. It is anticipated that ore mined from the Way Linggo open cut will be the primary source of feed for the processing facility for the 2018 financial year and will continue to generate positive cash flow for the Company.

During October 2017 the Board resolved to suspend underground operations at the Talang Santo Mine due to continued geotechnical and hydrological issues. Kingsrose is firmly of the view that significant potential remains at Talang Santo and therefore it has commenced a scoping study to consider options to re-engineer the current underground mine. This would involve modern mechanised underground mining methods which would result in far greater rates of production and lower costs.

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

Kingsrose is working to accelerate the open pit studies for Talang Santo and is in the process of seeking the required regulatory approvals from the relevant Indonesian Government Departments. At this stage, it is anticipated that the relevant open pit approvals will be received during the September 2018 quarter.

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

Both the Talang Santo and Way Linggo mines demonstrate near mine extensional potential both at depth and along strike and with the broader Project area also housing multiple high grade low sulphidation epithermal gold occurrences. Over the next 12 months, a Project wide systematic and disciplined exploration program will be implemented to develop a pipeline of targets aimed at delineating multiple near term production targets.

#### **FORWARD LOOKING STATEMENTS**

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