

Kingsrose Mining Limited



# Kingsrose Mining Limited

(ABN 49 112 389 910)

ASX Code: KRM

Gold Miners  
December 2011





## General Disclaimer

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The SARINC target statement has been based on data provided by Regional Government of Sardinia, Italy. The estimate of the potential quantity and grade are considered conceptual in nature as there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

## Competent Person Statement

The information in this report that relates to exploration results, mineral resources and ore reserves is based on information compiled by Mr. Peter G. Cook, BSc Applied Geol, MSc (Min Econ), who is a Member of the Australasian Institute of Mining and Metallurgy, and a Director of and consultant to Kingsrose Mining Limited. Mr. Cook 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”). Mr. Cook consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

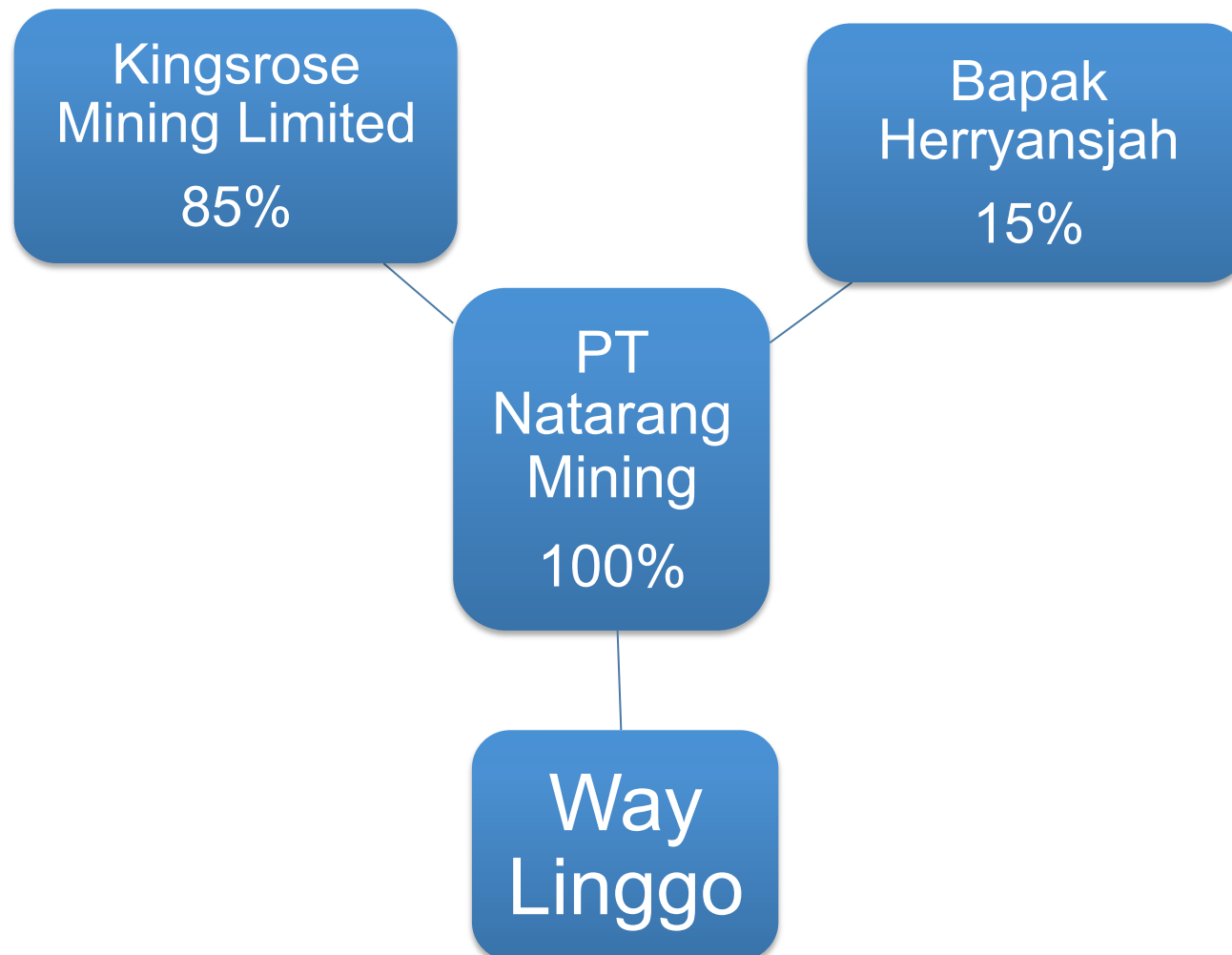


## Who is Kingsrose Mining?

- **Gold miner in production**
  - Targeting 45 koz gold, 500 koz silver production
- **One of the lowest cost producers in the world**
  - Targeting US\$150/oz (After silver credits)
- **High operating margins generating significant cash flow**
  - \$33 million in cash and bullion (at 30 Sep 2011)
- **Talang Santo Discovery**
  - Discovery hole – June 2011
  - Maiden Resource of **396,430 oz gold & 413,000 silver** (Dec 2011)
  - Commenced exploration drive and shaft sinking for trial mining
- **Massive growth opportunity**
  - Highly prospective land holdings on Trans Sumatra Fault
  - Aggressive exploration with 12 drill rigs



## Way Linggo ownership





# Way Linggo - mining

## Underground mining

- Sub-vertical epithermal vein
- Access via 2 adits & internal shaft
- Hand-held stoping methods
- Small scale bidders, locos and granbys on rails
- Skip hoisting up slope to stockpile





## North Vein ore bodies

### Mine performance to date

Original resource estimate grade

- 8.44 g/t Gold
- 129 g/t Silver

Mining to date (approx)

- 14.8 g/t Gold
- 174 g/t Silver



A Ore Body Zone

Quartz - Adularia – Clay Assemblage

1020 Level Face sampling (uncut)  
112 m @ 20.4 g Au/t, 304 g Ag/t  
Average width 4.1 m



B Ore Body Zone

Quartz – Chlorite – Clay Assemblage

1020 Level Face sampling (uncut)  
90 m @ 33.5 g Au/t, 414 g Ag/t  
Average width 4.5 m



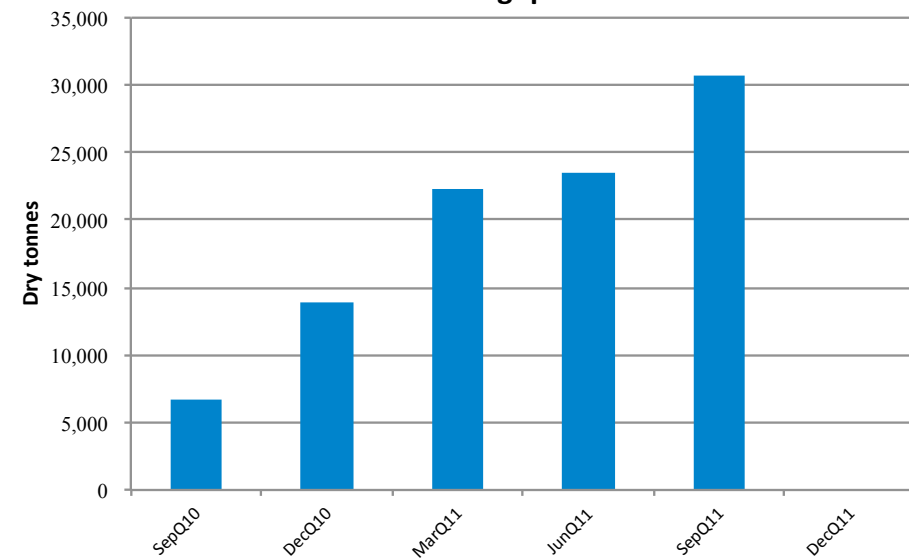


# Way Linggo – process plant

140,000 tpa Plant



Mill Throughput





# Way Linggo – process plant

## Improvements

Initially there were clay handling problems restricting throughput

## Remedy

SAG Mill installation and minor circuit modifications

- improved plant operability and de-risked the process
- Reduced operating costs
- Increased circuit capacity for future process plant expansion



Opportunity to expand plant to 600 t/day capacity to grow with additional mining from Way Linggo extension and the new discoveries.



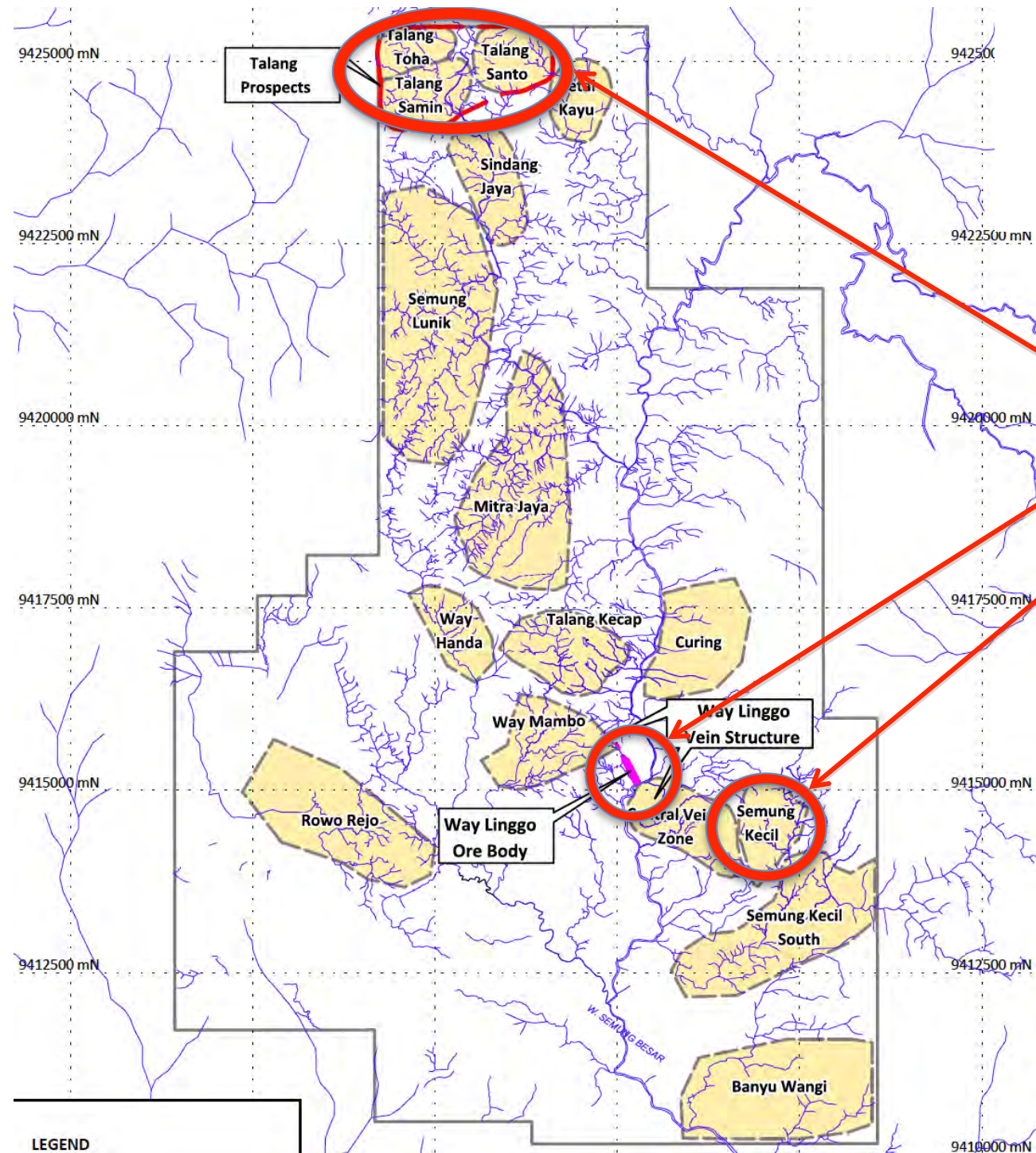
## Way Linggo - production scorecard

|                   |            | 2010/2011 | Steady State | Expanded Capability |
|-------------------|------------|-----------|--------------|---------------------|
| Mine throughput   | t          | 61,068    | 140,000      | 200,000             |
| Mine grade        | g/t gold   | 13.0      | 12.0         | 12.0                |
|                   | g/t silver | 162       | 144          | 144                 |
|                   |            |           |              |                     |
| Mill throughput   | t          | 66,336    | 140,000      | 200,000             |
| Mill grade        | g/t gold   | 14.1      | 12.0         | 12.0                |
|                   | g/t silver | 179       | 144          | 144                 |
|                   |            |           |              |                     |
| Gold production   | oz         | 27,056    | 45,000       | 64,000              |
| Silver production | oz         | 318,869   | 500,000      | 710,000             |
|                   |            |           |              |                     |
| Gold equivalent   | oz         | 33,855    | 57,500       | 82,000              |



## Way Linggo - financial scorecard

|                                            |              | 2010/2011  | Steady State | Expanded Capability |
|--------------------------------------------|--------------|------------|--------------|---------------------|
| Mining cost                                | \$/oz        | 119        | 200          | 140                 |
| Process cost                               | \$/oz        | 253        | 215          | 180                 |
| Admin cost                                 | \$/oz        | 92         | 75           | 50                  |
|                                            |              |            |              |                     |
| Operating cost                             | \$/oz        | 464        | 490          | 370                 |
| <b>Operating cost after silver credits</b> | <b>\$/oz</b> | <b>142</b> | <b>150</b>   | <b>80</b>           |
|                                            |              |            |              |                     |
| D & A                                      | \$/oz        | 246        | 210          | 200                 |
| Government royalties                       | \$/oz        | 33         | 35           | 35                  |
|                                            |              |            |              |                     |
| Total cost                                 | \$/oz        | 421        | 395          | 315                 |
|                                            |              |            |              |                     |



**15 exploration targets**

**3 exploration priorities**

Talang cluster

Way Linggo mine

Semung Kecil

- 12 rigs in action
- 6 field teams
- \$14 million budget over the next 12 months



# Talang Santo – drilling results

|                |                                                                                 |
|----------------|---------------------------------------------------------------------------------|
| <u>DDH 194</u> | 2.4m @ 7.5 g/t Au, 35 g/t Ag<br>and<br>3.9m @ 9.2 g/t Au, 21 g/t Ag             |
| <u>DDH 199</u> | 1.1m @ 46.9 g/t Au, 88 g/t Ag<br>and<br>4.35m @ 10.0 g/t Au, 25 g/t Ag          |
| <u>DDH 206</u> | 4.80m @ 10.3 g/t Au, 34 g/t Au<br>and<br>2.00m @ 5.01 g/t Au, 10 g/t Ag         |
| <u>DDH 207</u> | 1.45m @ 10.2 g/t Au, 16 g/t Ag<br>and<br>1.30m @ 14.4 g/t Au, 26 g/t Au         |
| <u>DDH 208</u> | 10.65m @ 8.3 g/t Au, 11 g/t Ag<br>including<br>1.25m @ 30.6 g/t Au, 40 g/t Ag   |
| <u>DDH 226</u> | 4.65m @ 16.31 g/t Au, 47 g/t Ag<br>including<br>1.75m @ 37.9 g/t Au, 117 g/t Ag |
| <u>DDH 233</u> | 4.95m @ 17.56 g/t Au, 33 g/t Ag<br>including<br>0.95m @ 51.81 g/t Au, 93 g/t Ag |





## Talang Santo – a potential 2<sup>nd</sup> mine

- Talang Santo only 7 km NNE from Way Linggo.
- Access road complete - 17 km long
  - Haul road standard to Way Linggo
- Total 6 rigs at Santo
- Fast track resource definition
- Already shaping up as similar size to Way Linggo and still open along strike and at depth.
- No impediments to quick development





# Resource Estimate

| Classification |              | Tonnes           | Au g/t      | Ag g/t       | Au oz          | Ag oz            |
|----------------|--------------|------------------|-------------|--------------|----------------|------------------|
| Measured       | Way Linggo   | 467,400          | 12.44       | 166.8        | 186,940        | 2,506,500        |
| Indicated      | Way linggo   | 182,800          | 6.09        | 84.5         | 35,790         | 497,600          |
| Inferred       | Way Linggo   | 60,200           | 3.77        | 38.1         | 7,300          | 73,700           |
| Subtotal       | Way Linggo   | 710,000          | 10.24       | 135.6        | 230,030        | 3,076,800        |
|                |              |                  |             |              |                |                  |
| Inferred       | Talang Santo | 879,000          | 5.89        | 14.6         | 166,400        | 413,000          |
| <b>TOTAL</b>   |              | <b>1,589,000</b> | <b>7.89</b> | <b>68.66</b> | <b>396,430</b> | <b>3,489,800</b> |

- Resource depleted for mining to the end of June 2011
- Resource reported in compliance with JORC Code 2004
- Gold equivalent (AuEq) assumes 1 g/t Au is equivalent to 45 g/t Ag
- Classified Mineral Resource is based on 2.5 g/t AuEq cut-off grade
- Refer to 2011 Annual Report and [www.Kingsrosemining.com.au](http://www.Kingsrosemining.com.au) for further details



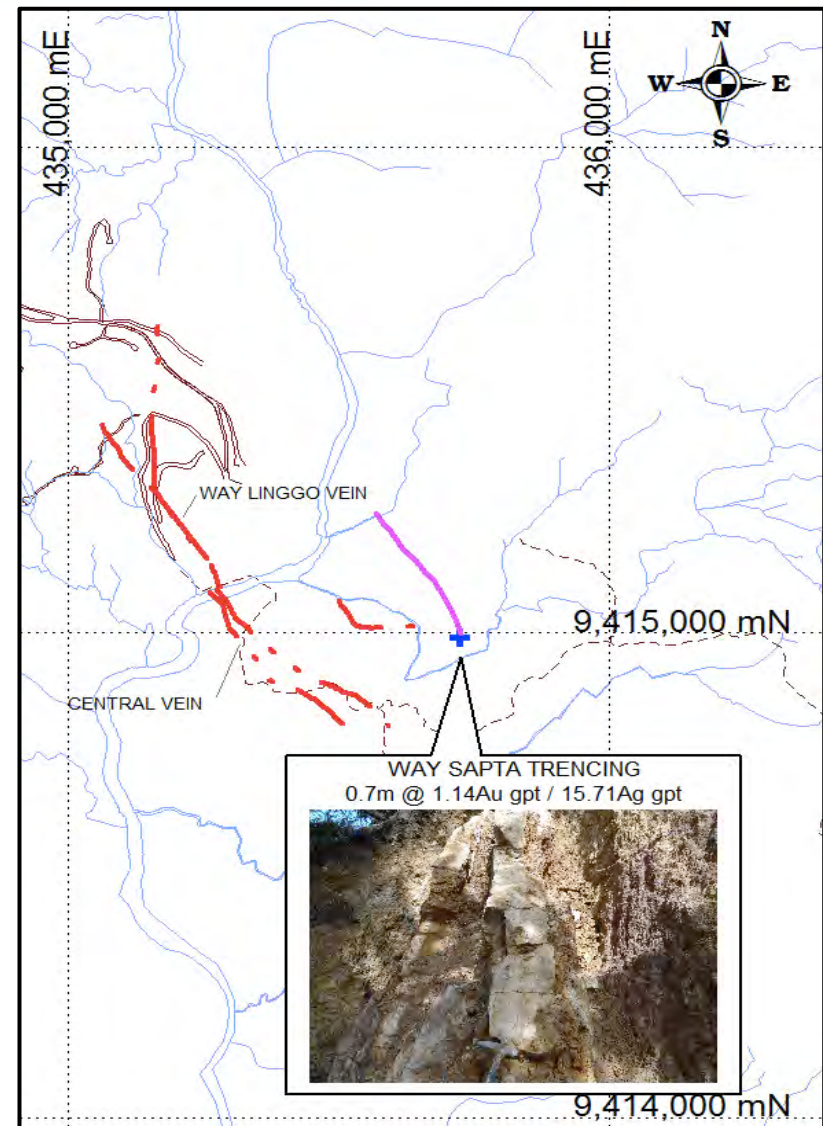
## Commenced Exploration Adit & drive at Talang Santo





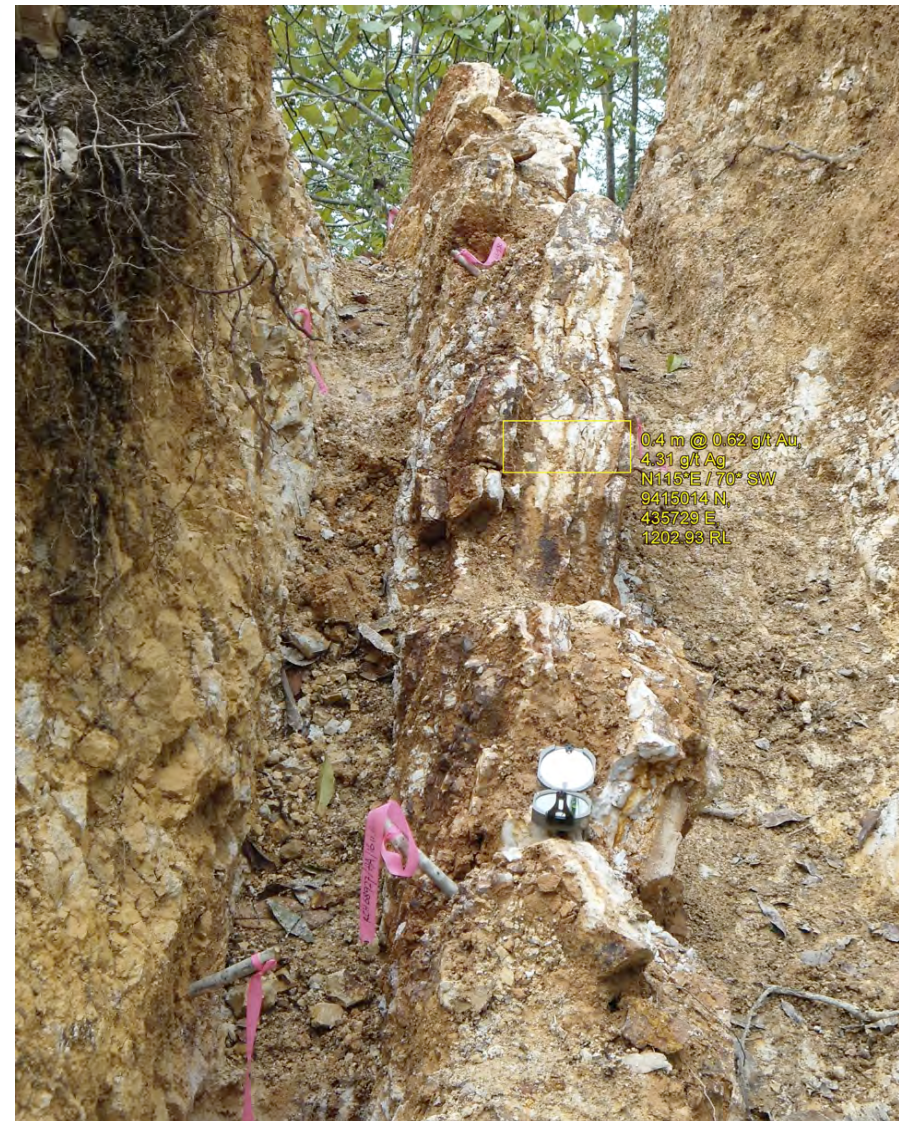
## Way Linggo Area – Way Sapta

- Outcropping vein discovered in November 2011
- Mineralised with similar gold/silver ratio as Way Linggo
- Possibly the faulted extension of Way Linggo or a parallel vein.
- Preparing access and mobilising man portable drill rig for December drilling





# Way Sapta outcropping vein





## Semung Kecil

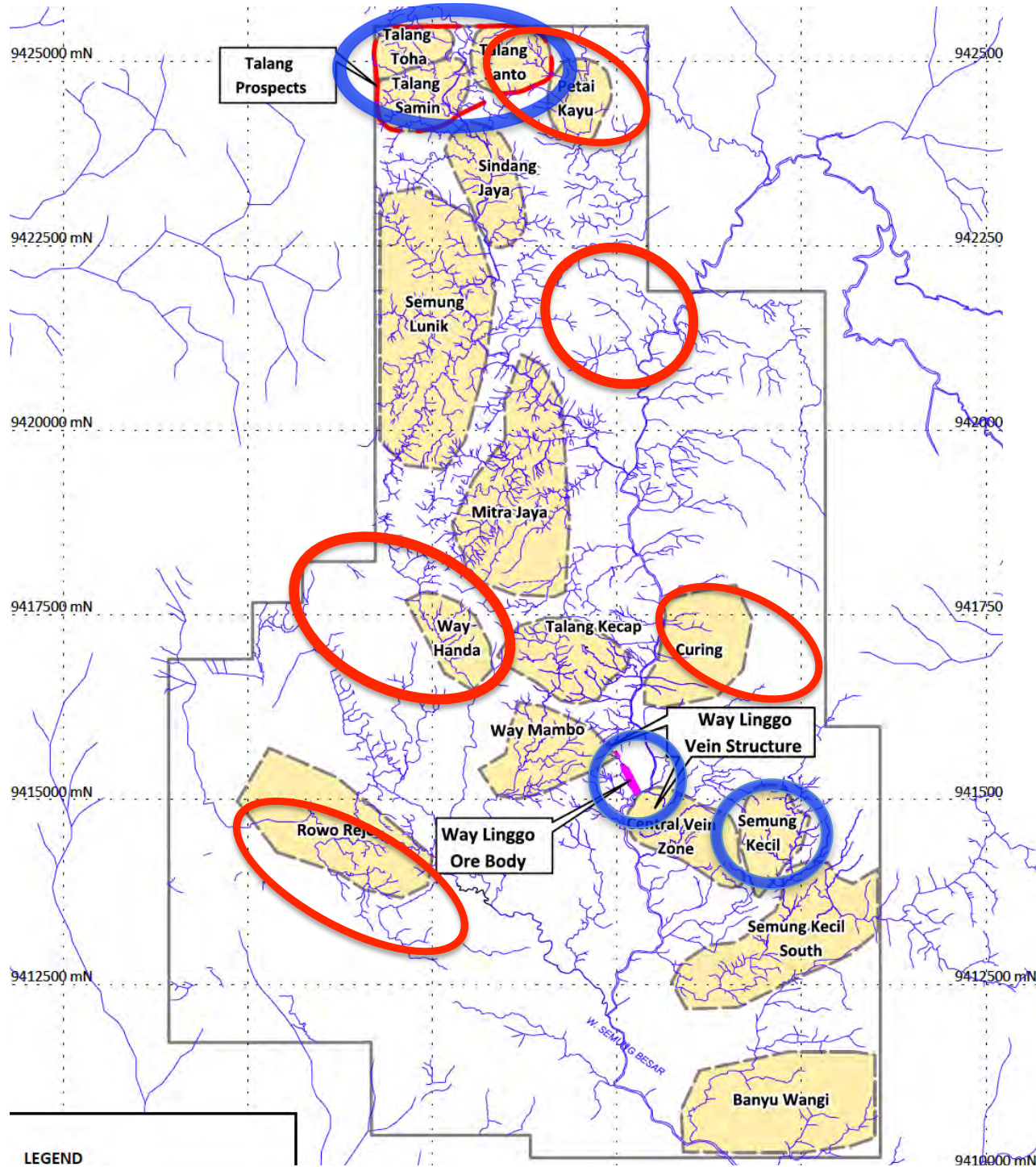
### Historical

- Geologically similar to Way Linggo and highly prospective
- High grade rock float samples
- Mineralised outcropping veins identified
- Rugged terrain and limited exploration

### Current Progress

- Geological Mapping and geological re-interpretation completed
- Access path and fly camp established
- Drill rig mobilised by helicopter and drilling first hole

# Evaluation of data identifying new priority targets



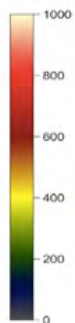
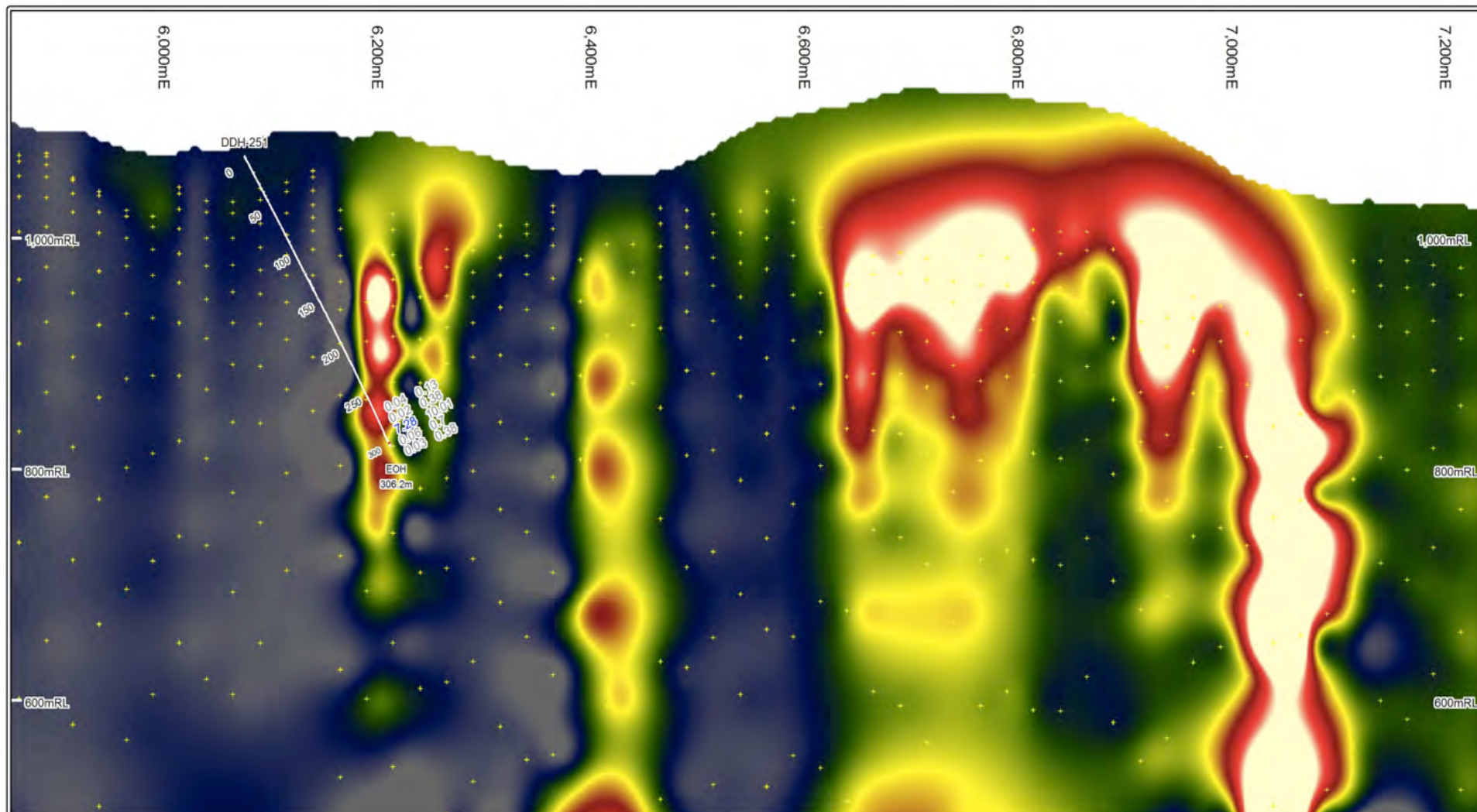


## Roworejo

- Identified a Sinter, outcropping breccia and a hot spring in the area
- 1 drill hole drilled to 307m

| Hole No. | N     | E    | Dip/Az  | Intercept                        | From   | True Width |
|----------|-------|------|---------|----------------------------------|--------|------------|
| 251      | 11456 | 6073 | -50/130 | 0.80m @ 7.28 g/t Au, 10.0 g/t Ag | 302.4m | 0.33m      |

- CSAMT survey conducted



DDH-251, Intercepts Photo



## PT Natarang Mining

PROJECT : WAY LINGGO

DDH-251  
PROJECTED TO LINE 11000  
CSAMT GEOPHYSICS

Author : w a l

Projection : Non-Earth (meters)

Report No.:

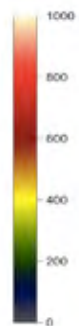
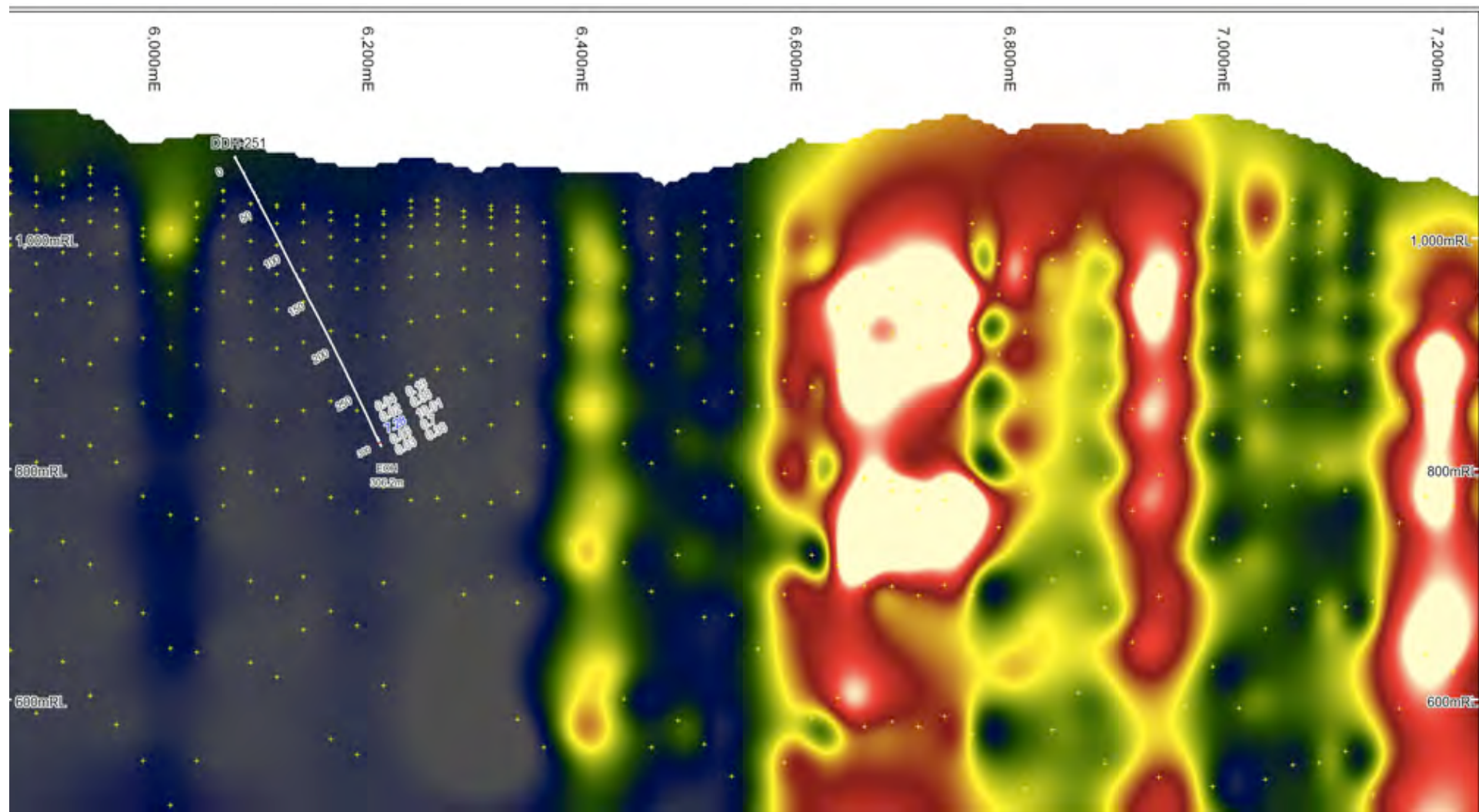
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Workspace: DDH\_251\_PRJ011400

Map No.:

Scale: 1:5000





6000

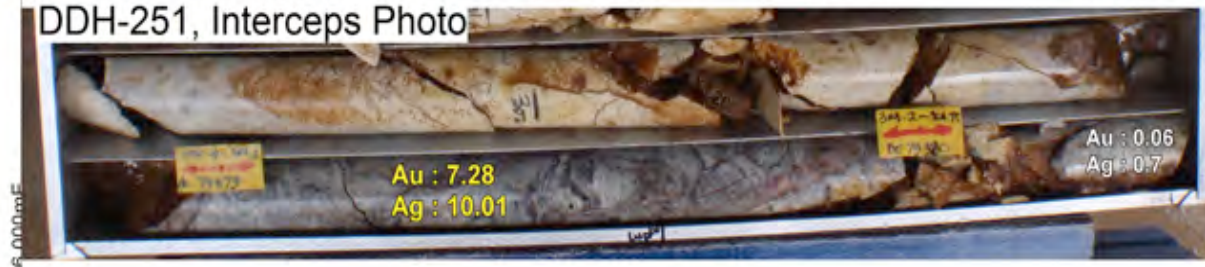
6200

6400

6600

6800

DDH-251, Intercepts Photo



**PT Natarang Mining**

PROJECT : WAY LINGGO

DDH-251  
PROJECTED TO LINE 11200  
CSAMT GEOPHYSICS

Author: w a l

Projection: Non-Earth (meters)

Report No.

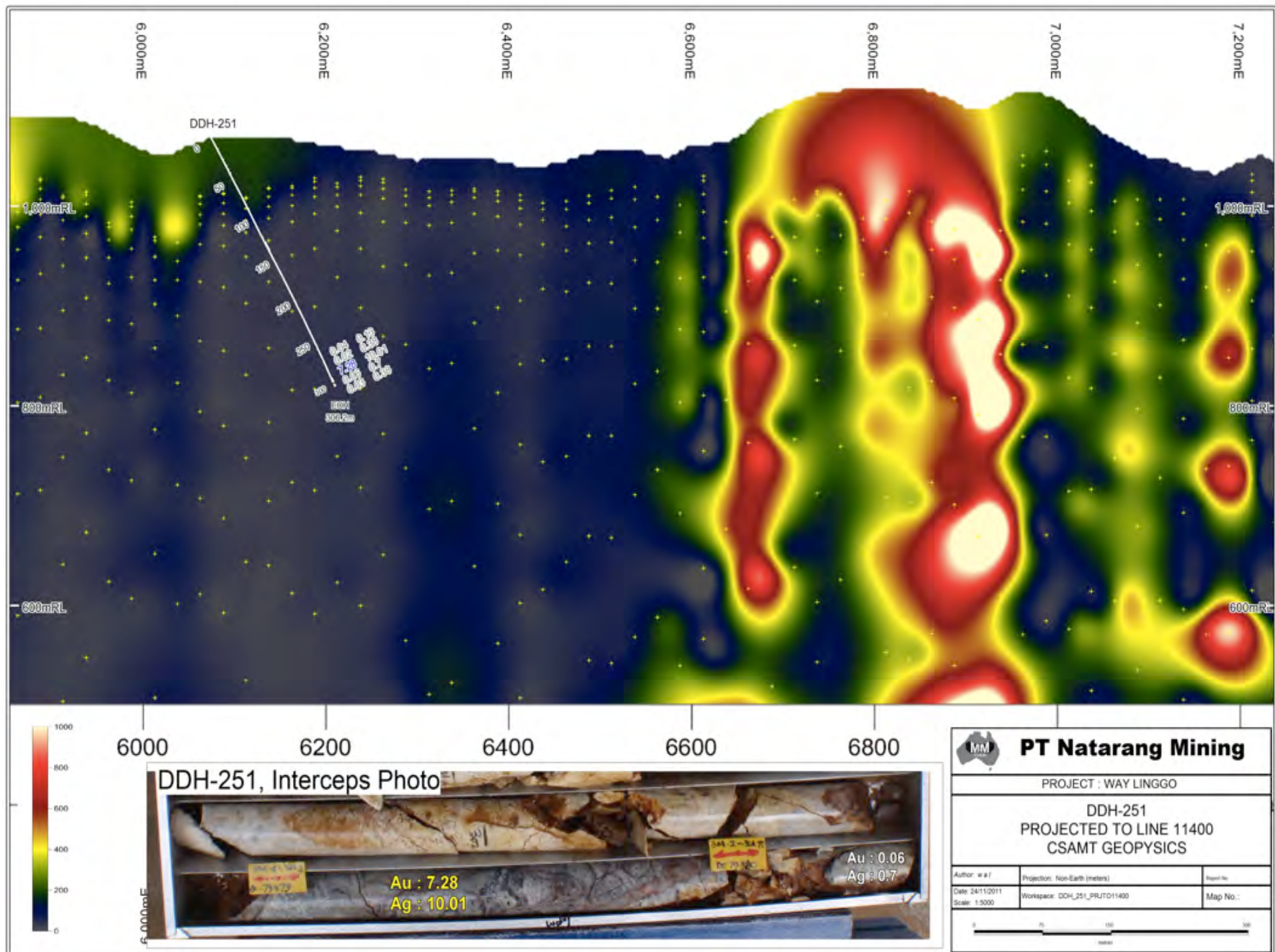
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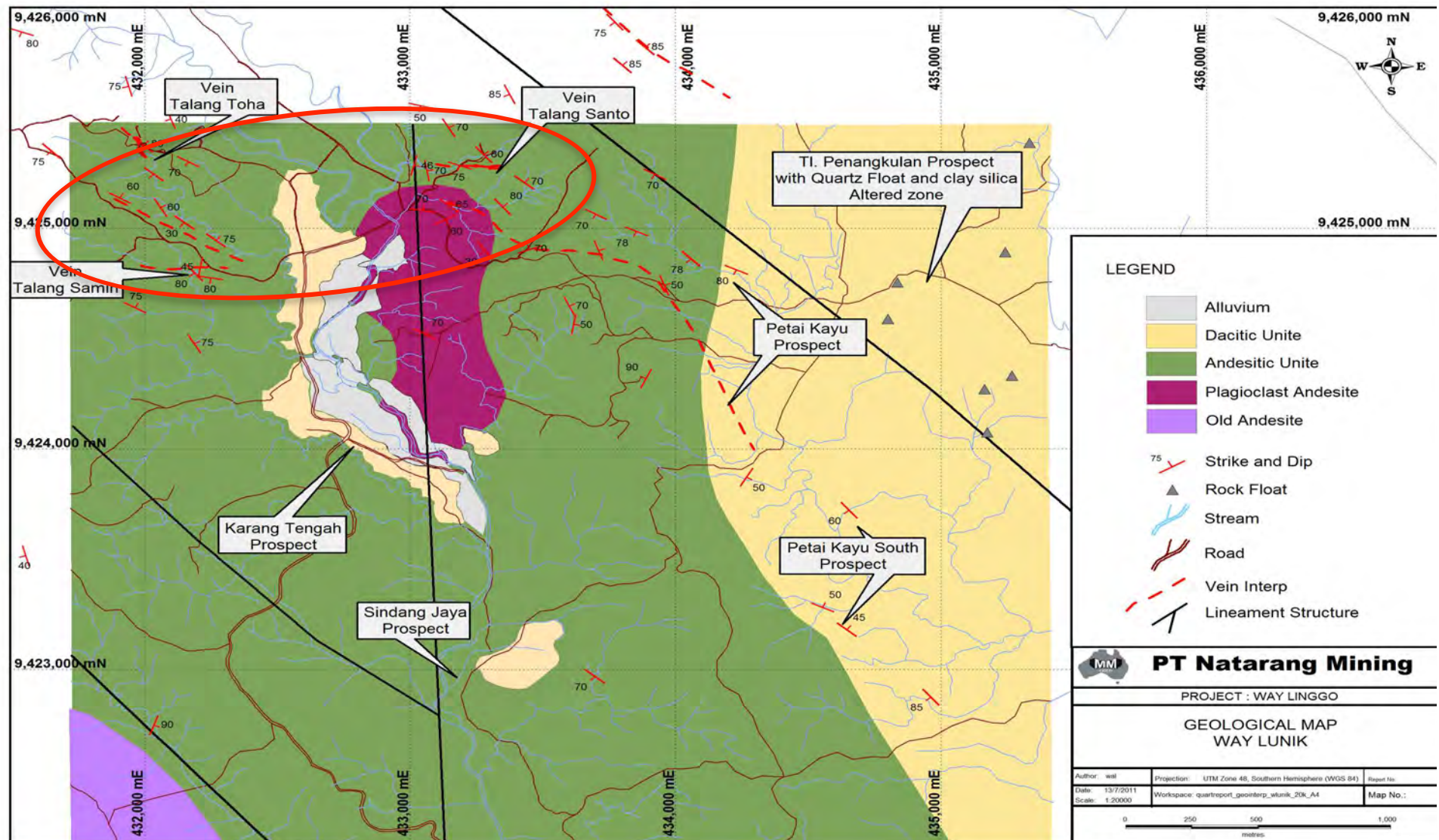
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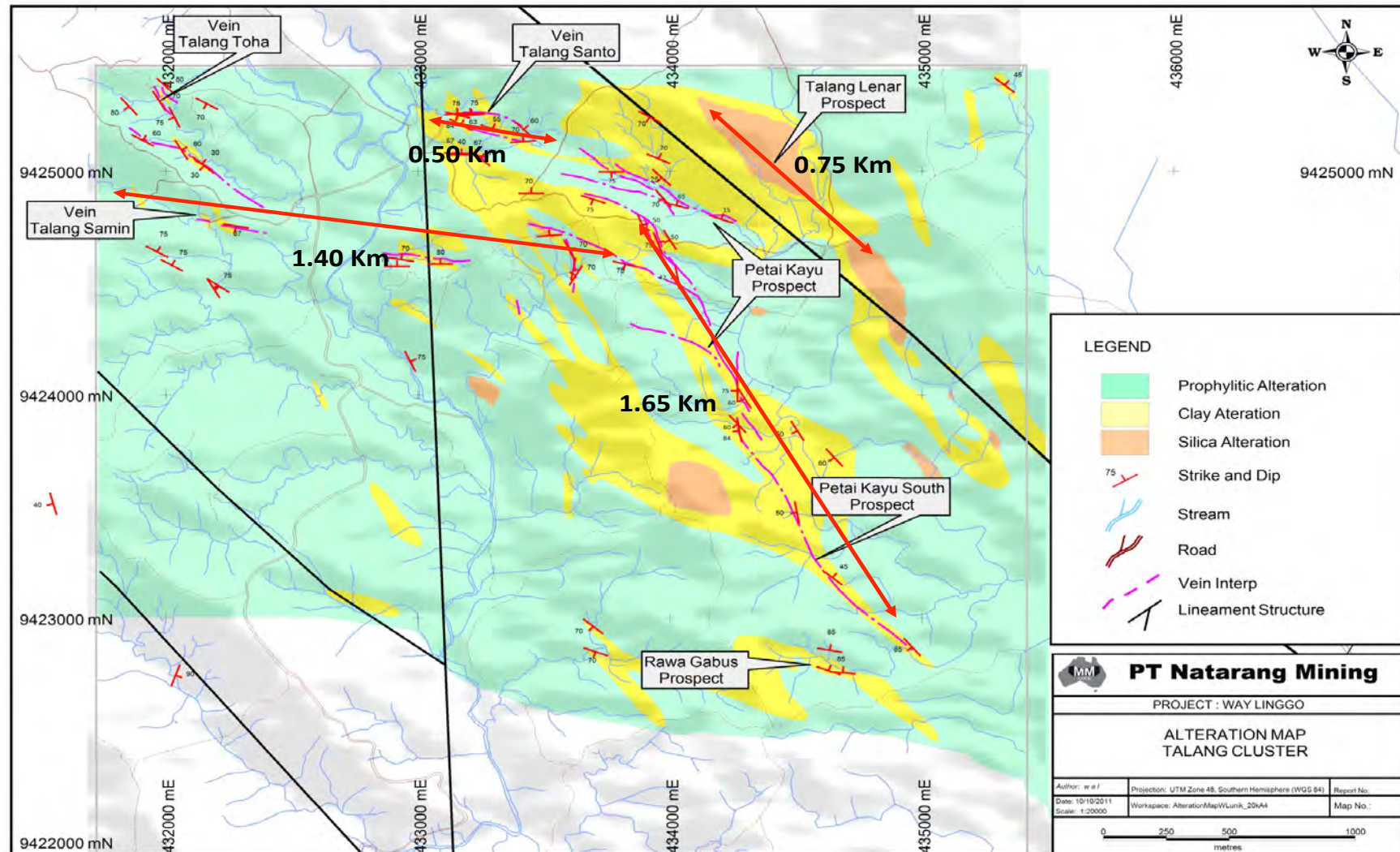


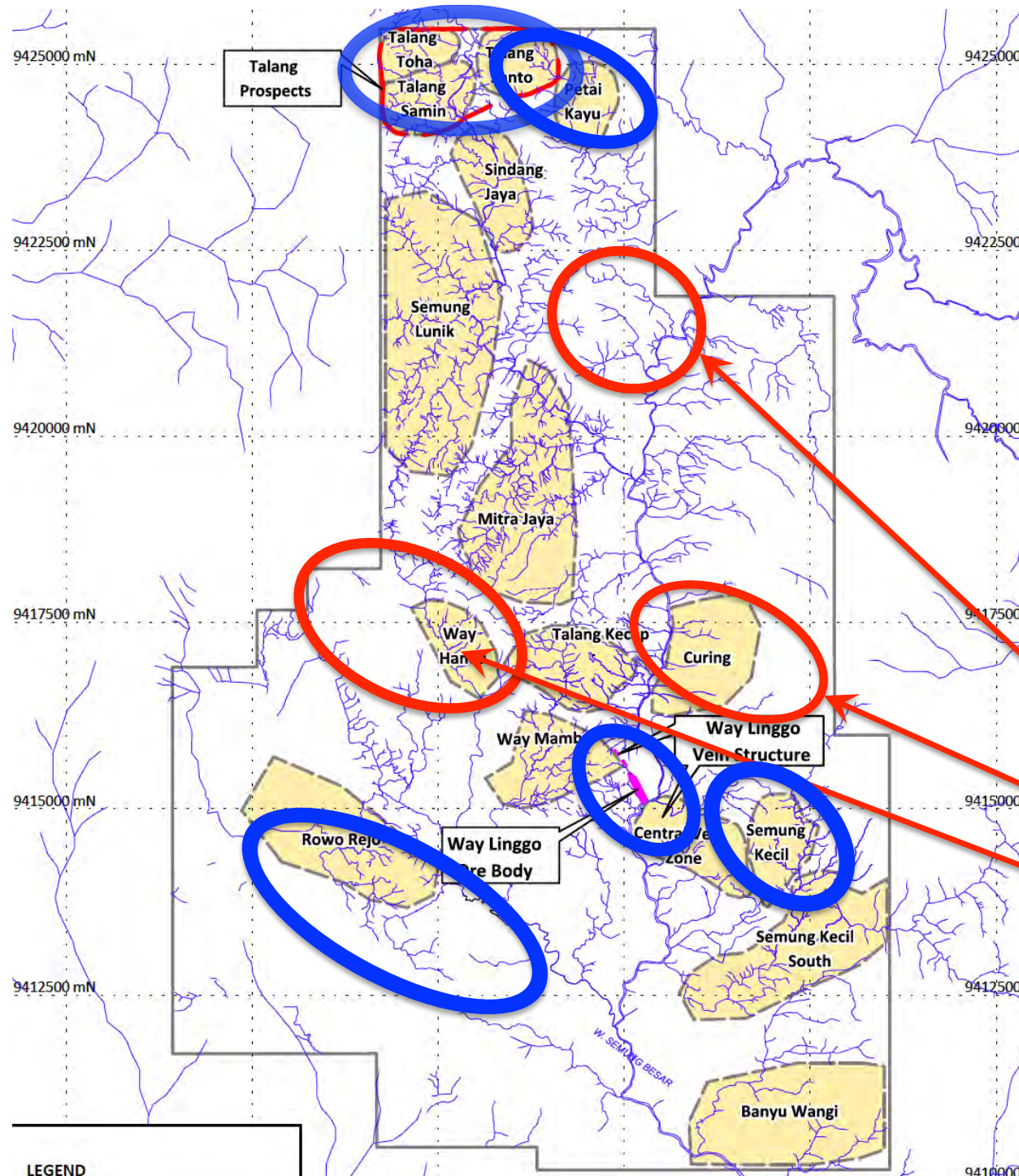
# Talang cluster of prospects





# Petai Kayu





## 5 Priority Targets

3 More Targets undergoing further evaluation

- Rawa Gabus
- Curing
- Way Handa



# Kingsrose Mining Limited

## Investment proposition

- One of the lowest cost gold mines in the world
- Low Risk gold exposure with significant upside
  - Already producing, capital sunk, no debt, high cashflow
- High margins – gold price less \$150/oz
- Strong stock performance
  - Up 620% since purchase of Way Linggo
  - Recent discovery provides opportunity for similar uplift
- \$33 million in cash and bullion at 30 Sep 2011
- Board track record



## Way Linggo – gold producer





# Board of Directors

|                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>John Morris</b><br>Chairman            | Mr. Morris has over 36 years experience in exploration, project development and management of public listed resource companies. He has held prior directorships in a number of gold and base metals public companies in Australia and overseas including Forsayth NL, Uruguay Mineral Exploration Plc and Amerisur Resources Plc (formerly Chaco Resources Plc/Gold Mines of Sardinia Plc)                                                                                                                                                                                                                                           |
| <b>Chris Start</b><br>Managing Director   | Mr. Start graduated from RMIT as a Metallurgical Engineer with honors in 1988 and has over 23 years of experience in the mining industry. He has worked as a metallurgist, in management positions and as a consultant at a number of mine sites including Kidston, Murrin Murrin, Granny Smith and Boddington. Mr. Start also has international experience working as the Processing Manager at Mt Muro gold and silver mine in Indonesia and as the General Manager at the Musselwhite gold mine in Canada. In addition to his extensive operations experience, Mr Start also has a Master of Science Degree in Mineral Economics. |
| <b>Tim Spencer</b><br>Finance Director    | Mr Spencer is an economist and qualified accountant with over 16 years experience in various accounting, treasury and finance roles, which included periods with gold companies and a gold refining and trading enterprise. He has particular expertise in precious metals markets and in hedging strategies.                                                                                                                                                                                                                                                                                                                        |
| <b>Peter Cook</b><br>Non-Exec Director    | Peter Cook is a Geologist and Mineral Economist and is the current Non-Executive Chairman of Metals X Limited, Aragon Resources Limited and Pacific Niugini Limited. He is also a director of Westgold Resources Limited. Mr Cook brings significant expertise in exploration, mine and corporate management.                                                                                                                                                                                                                                                                                                                        |
| <b>Bill Phillips</b><br>Non-Exec Director | Mr. Phillips has over 30 years experience in mining contracting and mine management, much of which has been gained in Western Australia. He is highly regarded as a leading specialist in underground narrow vein mining. He has managed or been instrumental in the successful development of 16 mines either in the role of contractor or as owner/shareholder. Mr. Phillips most recent role was overseeing development, mining and production at Medusa Mining Limited's Co-O gold mine in the southern Philippines. He is now focused solely on the Way Linggo gold/silver mine located in Sumatra.                             |