ASX Announcement
22 June 2018

Drilling Underway in Preparation for Commencement of Open Pit Mining at Talang Santo

- **Resource definition and sterilisation drilling commenced to test the north-western extensions of the current pit design within the Talang Santo vein cluster**
- **Recent drilling indicates the potential for high grade mineralisation along strike from current pit design**

Kingsrose Mining Limited (ASX: KRM) (Kingsrose or the Company) is pleased to advise that resource definition and sterilisation drilling has commenced at Talang Santo in preparation for the start of open pit mining.

This drilling campaign is an important part of the pre-start activities at Talang Santo following the receipt of the key Teckno-Ekonomi (Technical and Economic Assessment) approval on 11 June 2018 *(Refer ASX Announcement dated 12 June 2018).*

The Talang Santo open pit will be the Company's second significant production source on its highly prospective Way Linggo Project in South Sumatra, Indonesia.

Recent drilling undertaken to test the upper limit of the ore body identified several areas of high grade mineralisation close to surface in the north western boundary of the current pit design. Significant results included:

- **5.95m @ 15.2g/t Au and 68 g/t Ag, 27.2m from surface including:**
  - **0.35m @ 46.5g/t Au and 217g/t Ag**
  - **0.7m @ 47.6g/t Au and 199g/t Ag**
  - **0.75m @ 19.4g/t Au and 21g/t Ag**
- **2m @ 8.7g/t Au and 8 g/t Ag, 17.2m from surface including:**
  - **0.4m @ 36.8g/t Au and 9g/t Ag**
- **5.8m @ 4.3g/t Au and 27g/t Ag, 27.8m from surface including**
  - **0.45m @ 12.4g/t Au and 78g/t Ag**
  - **0.65m @ 12.4g/t Au and 27g/t Ag**
- **2m @ 8.7g/t Au and 81g/t Ag, 18.6m from surface**
- **1m @ 4.8g/t Au and 13g/t Ag, 7.3m from surface**

This follow up drilling program has been designed to test the potential resource extension along strike and to give certainty over whether the area can be used as a waste dump for the Talang Santo open pit.

It is anticipated that nine holes for 685 meters will be drilled west to test the vein system along the strike from the Talang Santo proposed open pit. It is expected that this drilling campaign will take approximately six weeks to complete.

The results will assist with mine planning and form a component of an updated Mineral Resource Estimate for the Talang Santo Mine.

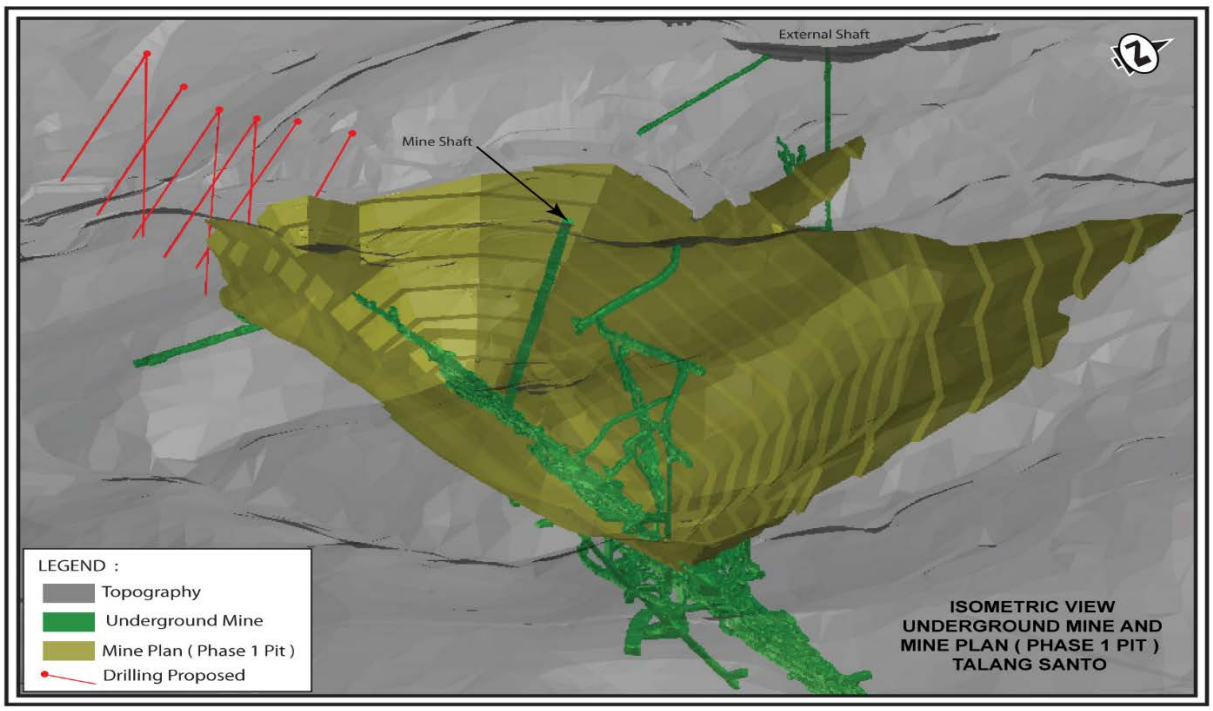

Figure 1 | 3D Image of the Talang Santo phase 1 pit design showing existing underground workings.

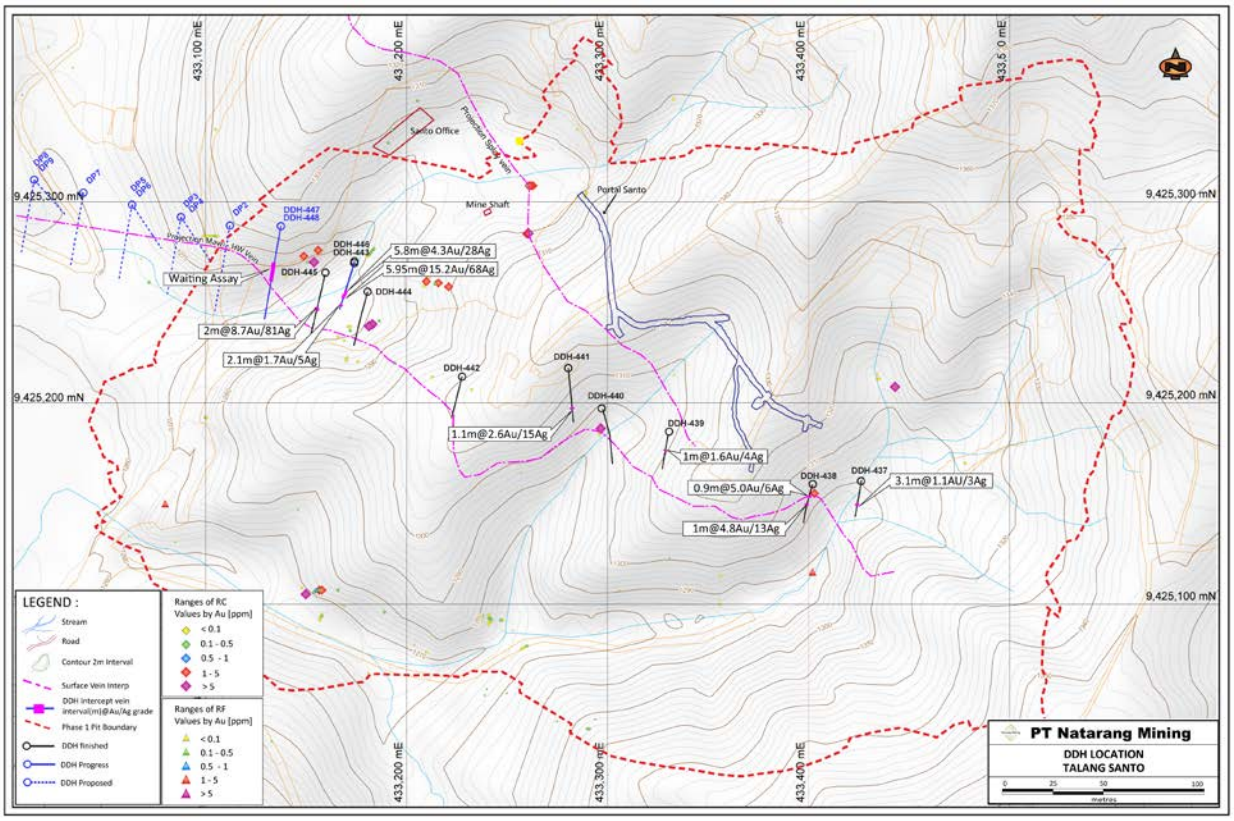

Figure 2 | Drill hole locations along the Talang Santo dilutional vein swarm

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For more information please contact:

Paul Jago, Managing Director
+61 8 9381 5588
info@kingsrosemining.com.au

Paul Armstrong
Read Corporate
+ 61 8 9388 1474

For further information regarding the Company and its projects please visit www.kingsrosemining.com.au

Competent Persons Statement

The information in this announcement that relates to exploration results is based on and fairly represents information complied under the supervision of Roderick McIllree, who is a member of the Australasian Institute of Mining and Metallurgy and a Director of Kingsrose Mining Limited. Mr McIllree has sufficient experience that is 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 2012 Edition of the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves." Mr McIllree consents to the inclusion in this report of the matter based on his information in the form and context in which it appears.

APPENDIX 1 | TABLE OF DRILL HOLE RESULTS

Hole ID	Collar Easting	Collar Northing	Collar Elevation	Azimuth	Dip (Degrees)	End of Hole (m)	Depth from	Depth To	Interval	Au Grade	Ag Grade	Interceps	Intersection Width	Average Au Grade	Average Au Grade	Depth Below Surface
DDH-437	433426.335	9425161.476	1300.3	189.861	-60.275	37	21.4	22.3	0.9	1.71	3.79	0.9m@1.71AU/3.79Ag	3.1	1.09	2.76	18.6
							22.3	23.2	0.9	1.24	1.26	0.9m@1.24AU/1.26Ag				
							23.2	24.1	0.9	0.11	3.81	0.9m@0.11AU/3.81Ag				
							24.1	24.5	0.4	1.59	1.43	0.4m@1.59AU/1.43Ag				
DDH-438	433402.014	9425159.494	1303.868	190.7	-50.7	31	9.45	10.3	0.85	5	5.99	0.85m@5AU/5.99Ag	0.9	5.00	5.99	7.3
							14.8	15.8	1	4.81	13	1m@4.81AU/13Ag	1.0	4.81	13.00	11.5
DDH-439	433330.1766	9425184.241	1308.1023	189.5	-62.2	36	17	18	1	1.58	4.43	1m@1.58AU/4.43Ag	1.0	1.58	4.43	15.0
DDH-441	433280.528	9425217.327	1314.891	178.8	-56.8	50.2	36.5	36.8	0.29	2.83	12	0.29m@2.83AU/12Ag	1.1	2.56	14.74	30.5
							36.8	37.55	0.75	2.49	16	0.75m@2.49AU/16Ag				
DDH-443	433174.12	9425269.567	1281.093	197.395	-60.18	50.1	31.35	32.1	0.75	19.4	21.27	0.75m@19.4Au/21.27Ag	5.95	15.19	68.48	27.2
							32.1	32.9	0.8	1.64	22.27	0.8m@1.64Au/22.27Ag				
							32.9	33.3	0.4	13.49	9.78	0.4m@13.49Au/9.78Ag				
							33.3	34.3	1	0.64	9	1m@0.64Au/9Ag				
							34.3	34.8	0.5	8.06	59.55	0.5m@8.06Au/59.55Ag				
							34.8	35.8	1	8.08	44.75	1m@8.08Au/44.75Ag				
							35.8	36.15	0.35	46.46	217.34	0.35m@46.46Au/217.34Ag				
							36.15	36.6	0.45	15.22	157.03	0.45m@15.22Au/157.03Ag				
							36.6	37.3	0.7	47.56	199.29	0.7m@47.56Au/199.29Ag				
							41.9	42.8	0.9	1.96	4.93	0.9m@1.96Au/4.93Ag	2.1	1.71	4.82	36.4
							42.8	44	1.2	1.52	4.73	1.2m@1.52Au/4.73Ag				
DDH-445	433159.532	9425263.878	1280.098	193.2333	-45.2	40.4	24.2	24.6	0.4	36.85	28.6	0.4m@36.85AU/28.6Ag	2	8.72	81.07	17.2
							24.6	25.4	0.8	1.53	89.88	0.8m@1.53AU/89.88Ag				
							25.4	25.7	0.3	2.13	143.87	0.3m@2.13AU/143.87Ag				
							25.7	26.2	0.5	1.66	71.28	0.5m@1.66AU/71.28Ag				
DDH-446	433174.297	9425270.515	1281.065	197.4	-60.0	40.6	32.1	32.6	0.5	1.53	48.13	0.5m@1.53AU/48.13Ag	5.8	4.27	27.66	27.8
							32.6	33.1	0.5	2.51	16.95	0.5m@2.51AU/16.95Ag				
							33.1	33.4	0.3	0.77	9.83	0.3m@0.77AU/9.83Ag				
							33.4	34.2	0.8	2.89	11.2	0.8m@2.89AU/11.2Ag				
							34.2	34.95	0.75	1.43	14.09	0.75m@1.43AU/14.09Ag				
							34.95	35.4	0.45	12.42	78.27	0.45m@12.42AU/78.27Ag				
							35.4	35.95	0.55	4.62	27.32	0.55m@4.62AU/27.32Ag				
							35.95	36.6	0.65	12.39	40.65	0.65m@12.39AU/40.65Ag				
							36.6	37.3	0.7	0.07	6.86	0.7m@0.07AU/6.86Ag				
							37.3	37.9	0.6	4.83	39.87	0.6m@4.83AU/39.87Ag				

JORC CODE, 2012 EDITION – TABLE 1
Section 1: Sampling Techniques and Data

Criteria	JORC Code Explanation	Commentary
Sampling techniques	• Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. • Aspects of the determination of mineralisation that are Material to the Public Report. • In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	• This Table 1 relates to sampling by diamond drilling, face sampling, float sampling and rock chip sampling. Sample intervals are designed to honour geological boundaries. • Core is aligned and measured by tape, referenced to downhole core blocks. • Diamond drilling and face sampling are completed to industry standard using various sampling intervals (0.1m to 1.5m) domained by geological constraints (e.g. Rock types, veining and alteration/sulphidation). • Rock chip samples are collected by hand using a rock hammer with multiple pieces of rock collected at one location for each sample. • Rock chip sample locations are picked up by a handheld GPS. Sample rock types were recorded where the rock was identifiable. • Rock chip samples are collected directly from the rock. Samples taken were dry. • Rock chip and float chip samples are inherently variable and do not accurately represent the average grade of the surrounding rock. Rock chip and float samples are used as a non-quantitative guide for assessing prospectivity hence are regarded as suitable for this purpose. • Diamond drilling samples are crushed and pulverised to create a 30g charge for fire assay lead collection followed by flame atomic adsorption spectrometry. Analysis for silver is via gamma ray spectrometry. • Face samples are analysed for gold and silver via an aqua regia digestion of a 30g charge with an atomic absorption spectrometry (AAS) finish. • Float rock samples are taken from the surface and not from in-situ outcrop. • Float rock sample locations are picked up by hand-held GPS and sample description take to be reviewed in conjunction with other geological data. This includes vein type and host/country rock.
Drilling techniques	• Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	• Surface diamond drilling. PQ (85.0mm nominal core diameter).
Drill sample recovery	• Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	• Diamond drill recoveries are recorded as a percentage of measured core against downhole drilled intervals. Generally achieved ≈80-90% recoveries depending on clay content. • Utilising triple tube HQ core drilling techniques used to ensure maximum core recoveries. • A documented relationship between core recoveries and grade has not yet been established although core loss occurred in some of the high-grade intersections due to the friable nature of the vein material.
Logging	• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource	• Core logging is conducted by PT. Natarang Mining ("PTNM") geologists, who delineate intervals on geological, structural, alteration and/or mineralogical

	estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. • The total length and percentage of the relevant intersections logged.	boundaries, to industry standard. • Logging is qualitative and all core is photographed. Rock types, veining and alteration/sulphidation are all recorded. • 100% of drill core is logged.
Sub-sampling techniques and sample preparation	• If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled.	• Core is cut by diamond saw and half core used for sampling, the remaining half is archived. For gouge, soft and friable core a knife splitter is used to halve the core. • Face chips are nominally chipped horizontally across the face from left to right, sub set by geological features. • The nature, quality and appropriateness of the sample preparation technique is deemed adequate. • Duplicate samples are not routinely sampled. • External laboratories coarse duplicates are used. • Sample sizes are considered appropriate for the grain size of the material being sampled.
Quality of assay data and laboratory tests	• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	• Gold concentration in diamond drilling samples is determined by fire assay lead collection followed by flame atomic adsorption spectrometry, and is considered to be total gold. Analysis for silver is via gamma ray spectrometry, and is considered total silver. • Gold and silver concentrations in face samples is determined by aqua regia digestion with an AAS finish, and is considered to be total gold. • Geophysical tools etc are not applicable to this report. • One in 25 (1:25) drill core coarse duplicates are sent to an external laboratory, PT Intertek Utama Services, as part of quality control testing. • The QAQC protocols used include the following: • Commercial blanks are used at an incidence of 1 in 10 samples. • Drill core coarse duplicates are sent to an external laboratory, PT Intertek Utama Services, at an incidence of 1 in 25 samples.
Verification of sampling and assaying	• The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data.	• Significant intersections were reviewed by senior exploration geology and mining geology managers from PTNM and by Kingsrose Mining Limited (“KRM”) personnel. • Twinned holes have not been used to date as they are not considered necessary. • Data is manually checked by PTNM staff geologists prior to input into excel for transfer to an access database. • Hard copies of face sampling, core log sheets, surveys and assay results are stored on site. • No adjustment is made to any assay data.
Location of data points	• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control.	• Surface diamond holes are set-out and picked-up by the site survey team using a Leica TGRA+1203 total station. • Exploration drillholes are surveyed with Proshot digital downhole camera at nominally fifty metre intervals. • Rock chip sample locations were recorded using a handheld GPS. Elevation values were in AHD RL and values

		recorded within the database. Expected accuracy is + or – 5m for easting, northing and 10m for elevation coordinates. • Different elevation between GPS (ASL) and relative level at the Way Linggo Project • Way Linggo Project used relative level (elevation ASL +566.94m) • The Universal Transverse Mercator (UTM) system is used. No local grid system is used at Talang Santo Mine. • For general use remote sensing data with the incorporation of local scale topographic surfaces, collected by the site survey team, is used.
Data spacing and distribution	• Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied.	• Exploration result data spacing can be highly variable, as little as 5m and up to 100m. • Data spacing and distribution is considered sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource estimation and classifications applied. • Sampling is based on geological intervals. For estimation, composite sample based on calculation is used.
Orientation of data in relation to geological structure	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	• Intercept angles are generally of suitable orientation (40° to 90°) to the vein system to provide unbiased sampling results. Development openings on strike of the vein system confirm this. • The rock chip sampling method is used to provide a surface sample only. • Generally drilling orientation is not considered to introduce a sampling bias due to the relatively high (40° to 90°) intercept angles.
Sample security	• The measures taken to ensure sample security.	• Samples retrieved from drilling are stored securely in a locked facility patrolled by onsite security. Samples are then logged, cut and stored in numbered sample bags for transported by PTNM employees to the ISO17025 accredited onsite assay laboratory operated by PT. Geoservices Geo-assay Laboratory.
Audits or reviews	• The results of any audits or reviews of sampling techniques and data.	• Independent review conducted in 2011 which resulted in work practices being modified and brought in line with industry standards. • Data handling and management is performed by PTNM geologists and is to industry standard. • Data is stored in an access database.

Section 2: Reporting of Exploration Results

Criteria	JORC Code Explanation	Commentary
Mineral tenement and land tenure status	• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. • The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area	• Tenure is occasioned via a fourth generation Contract of Work (CoW) held by PTNM. • PTNM is 85% owned by KRM with the remaining 15% interest held by an Indonesian national. • The mine, mill and camp area are all located within agricultural land that produces primarily coffee and cocoa. • Good relations with local community. • CoW is valid until 2034.

Exploration done by other parties	• Acknowledgment and appraisal of exploration by other parties.	• All exploration at the Way Linggo Project has been completed by PTNM/KRM.
Geology	• Deposit type, geological setting and style of mineralisation.	• The Talang Santo deposit is an epithermal gold / silver deposit. Mineralisation is hosted within a vein system of brecciated parallel quartz veins with a dominantly clay supported matrix which also contains clay altered volcanic fragments.
Drill hole Information	• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: o easting and northing of the drill hole collar o elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar o dip and azimuth of the hole o down hole length and interception depth o hole length. • If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	• All material data is periodically released to the ASX.
Data aggregation methods	• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated.	• All reported assay results have been length weighted to provide an intersection width. A maximum of 2m of barren material between mineralised samples has been permitted in the calculation of these widths. • No assay results have been top-cut for the purpose of this report. A lower cut off grade of 2gpt has been used to identify significant results, although lower results are included where a known ore zone has been intercepted, and the entire intercept is low grade. • No metal equivalents are reported.
Relationship between mineralisation widths and intercept lengths	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	• Exploration results report estimated true width. • Due to the complex nature of the mineralisation geometry and varying intercept angles the true width is manually estimated on a hole by hole basis. • Exploration results are reported with both true width and down hole lengths.
Diagrams	• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	• Refer to Page 2, of this ASX release.
Balanced reporting	• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	• Surface Diamond drilling results are attached to this ASX release. • All material data is periodically released to the ASX, including representative reporting of exploration results.

Other substantive exploration data	• Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	• No other exploration data is considered meaningful and material to this announcement.
Further work	• The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). • Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	• Diamond drilling will continue as required for grade control and resource development. • Refer historical ASX announcements.