

QUARTERLY ACTIVITIES REPORT

For the three months ending 30 September 2009



HIGHLIGHTS DURING THE QUARTER

Way Linggo Gold Project (85% KRM)

- Underground mine development and plant construction activities progressed.
- Diamond drilling exploration programme underway with 3 rigs on site.
- Underground development face channel sampling results along trend of the North Vein ore bodies include:

112 metres grading 20.4 g Au/t and 305 g Ag/t
90 metres grading 33.5 g Au/t and 414 g Ag/t
43.8 m grading 27.5 g Au/t and 393 g Ag/t

- 6,482 tonnes of ore grading 20.6 g Au/t and 274 g Ag/t already stockpiled on the surface.

Comet Vale Gold Project (Production JV)

- Grade control sampling for Level 4 Hanging Wall Block 1 stope has returned an average mined grade (including dilution) of 17.0 g/t.
- Approximately 6,100 tonnes @ 17.0 g Au/t of broken ore currently contained Level 4 Hanging Wall Block 1.
- 115 m of sub-level development was completed on Level 4 Sand George Foot Wall lode. Grade control sampling of the sub level has returned an average mined grade (including dilution) of 9.2g Au/t.
- 8,086 tonnes of ore grading 12.7 g Au/t stockpiled on the ROM pad ready for treatment.
- Approximately AUD1.9m is expected in revenue from the sale of this parcel (Campaign 10).

Corporate

- Cash Closing Balance at September-end was AUD 10.4 million.

Post quarter end:

- Kingsrose exits Comet Vale on favourable terms.

ASX Code: KRM, KRMO

Ordinary Shares on Issue

219.2m (listed)
 (includes 64.8m escrowed)

Options

38.5m (listed)
 15.7m (unlisted)

Convertible Notes

11,000,000

Market Capitalisation (undiluted)

A\$147m as at 30 October 09

A\$0.67/share

Major Shareholders

Icon Enterprises Ltd (19.4%)
 KRM (WA) Pty Ltd (9.6%)

Corporate Structure

Kingsrose Mining Limited
 (Australian)
 100%

MM Gold Pty Ltd
 (Australian)
 100%

Natarang Offshore Pty Ltd
 (Australian)
 85%

PT Natarang Mining
 (Indonesian)
 Contract of Work
 Way Linggo Gold Project



WAY LINGGO PROJECT

During the September Quarter Kingsrose's focus continued on the development of the high grade, underground gold/silver mine and the construction of the associated processing plant at Way Linggo in Southern Sumatra. A programme of drilling, from both the surface and underground, was started during the quarter with the objective of adding to the project's resource base and to evaluate other near-mine targets. Three diamond drill rigs are currently active at Way Linggo.



Plate 1. Way Linggo diamond drilling near mine-site targets

Mining

Underground Development focused on the 1020 Level and completion of the Sill Drive in the North Vein B Ore Body.

A second Alimak rise connecting the 1020 and 1065 Levels has been completed in the A Ore Body and additional mill holes and sub-levels were prepared in readiness for commencement of production stoping from that ore body.

Ore development completed to date continues to exhibit strongly positive grade reconciliations and current stockpiles at surface are estimated at 6,482 tonnes at 20.6 g/t gold and 274 g/t silver (uncut).

Construction

Civil construction activities advanced significantly during the quarter including the continuation of site works for the process plant and supporting infrastructure.



Construction of the 400 tpd Merrill-Crowe process plant progresses on schedule. Foundations have been completed and tank erection commenced (Plate 2).



Plate 2. Way Linggo process plant leach tanks under construction

Geology and Exploration

Two surface diamond drill rigs and an underground diamond rig commenced a programme testing near mine targets. A total of 1,148m were completed in 7 drill holes from surface targeting the Quarry Vein, a newly discovered epithermal quartz vein outcropping approximately 200 m across strike to the east of the North Vein, and the "Mercury Zone" a structurally controlled linear zone of epithermal clay alteration hosted in dacite north/north-west (500m) of the North Vein. This zone is highly anomalous in mercury, a common pathfinder element for epithermal gold. Rock float samples of epithermal quartz grading up to 30 g Au/t have been detected shedding from this target. All drill core assays are pending.

A helicopter magnetic and radio-metrics geophysical survey of the entire 10,540 hectare tenement was completed in September. Data is being processed and interpreted currently to characterize the geophysical signature of the known mineralization at Way Linggo and highlight the regional structural and alteration fingerprints of the hydrothermal ore systems.

Further sampling of development faces along the strike of the A Ore Body in the 1020 Level Sill Drift has continued. The distance weighted average of all of the sampling has returned:

112 metres grading 20.4 g Au/t and 305 g Ag/t

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and extension of sampling of the 1020 Sill drift so far developed in the "B" Ore body has returned:

90 metres grading 33.5 g Au/t and 414 g Ag/t

Channel sampling in the second Alimak rise has returned:

43.8 m grading 27.5 g Au/t and 393 g Ag/t

Updated face sampling results are summarised in Figure 1.

Underground face channel sampling continues to yield highly encouraging gold and silver grades. These significantly exceed those predicted from the pre-mining block model resource estimate based on the feasibility diamond drilling results.

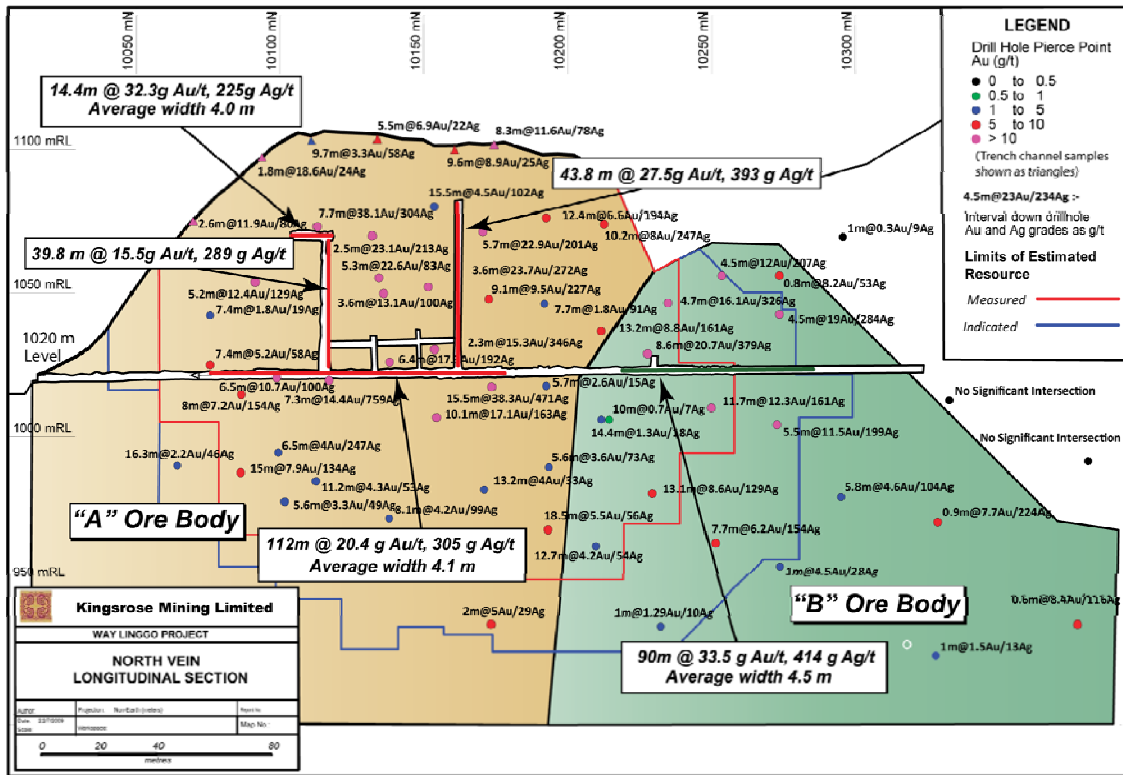


Figure 1. Long section of Way Linggo North Vein Zone showing location of "A" and "B" Ore bodies, face sampling and drill-hole intersection results.

COMET VALE PROJECT

5,290 tonnes of ore @ 13.3 g Au/t were hauled to the surface during the quarter, and by quarter end 8,086 tonnes grading 12.7 g Au/t were on the surface ROM pad awaiting milling.

Mining on high grade ore in the Level 4 Hanging Wall Block 1 stoping block continued. Grade control sampling for this stope has returned an average mined grade (including dilution) of 17.0 g/t and there is approximately 6,100 tonnes @ 17.0 g/t of broken ore currently contained within this block. 52 m of Level drive development was completed along strike to the south on Level 4 Sand George Foot Wall Lode. There is an estimated

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remaining 100m of strike length to be developed to the south on the Level 4 Sand George Foot Wall Lode. This area is planned to be developed in the following quarter.

115 m of sub-level development was completed along strike to the north on Level 4 Sand George Foot Wall lode. This sub-level development is in preparation for stoping of this block. Initial grade control sampling of the sub-level has returned an average mined grade (including dilution) of 9.2g/t.

Approximately AUD1.9m is expected to be received from the sale of this parcel (Campaign 10) by end-November.

CORPORATE

- During the quarter 1,000,000 unlisted options issued under the Company's Employee Share Option Scheme were exercised at an exercise price of \$0.10 each.
- Kingsrose closed the quarter with an AUD equivalent cash balance of AUD 10.4 million.
- Subsequent to quarter end the Board of Directors concluded that it is in the best interest of Kingsrose shareholders for the Company to exit from the Comet Vale project to allow management and resources to be focussed on developing the Way Linggo Project.

A favourable agreement has been negotiated with JV Partner, Reed Resources Ltd, to allow Kingsrose to exit on favourable terms as follows:

- Reed Resources to pay Kingsrose A\$1m by 31 October 2009.
- Kingsrose to receive A\$1m in cash in exchange for its mining equipment by 30 June 2010.
- Kingsrose to receive A\$2m equivalent in Reed Resources Ltd shares by 3 June 2010.

Kingsrose will continue to operate the mine and receive its share of gold production, as per the current agreement, until 31st May 2010.

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The Annual General Meeting of Shareholders will be held on Thursday, 26 November 2009 at 10.30am (WST) at the Perth Convention Centre, 21 Mounts Bay Road, Perth, WA 6000.

JOHN C. MORRIS
EXECUTIVE CHAIRMAN

Competent Person Statement

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.