



28 April, 2008

The Australian Securities Exchange Limited  
2 The Esplanade  
PERTH WA 6000

Dear Sir/Madam

## **KINGSROSE SIGNS LETTER OF INTENT TO ACQUIRE 85% OF THE WAY LINGGO GOLD/SILVER PROJECT, SUMATRA, INDONESIA**

Kingsrose Mining Limited (ASX: **KRM**) is pleased to announce that it has signed a Letter of Intent to acquire an 85% interest in the advanced Way Linggo gold/silver project, located in South Sumatra, Indonesia.

Way Linggo is a high grade underground gold and silver mining project currently under construction. It is being operated under a Contract of Work by PT Natarang Mining ("PT NM"). The orebody at Way Linggo is a near vertical, epithermal quartz vein, averaging 4.7 m in true width. It was the subject of a feasibility study in 1997 based on a then JORC compliant probable mining reserve of:

**416,000 tonnes grading 9.2 g/t Au and 146 g/t Ag  
(for recovered metal of 111,000 oz Au and 1,560,000 oz Ag)**

Development of the underground mine and infrastructure is well advanced.

Mine infrastructure which has already been completed includes the underground development of two adits accessing the orebody on two levels, an inclined ore hoisting system with headframe and winder, explosives magazines, minesite office and accommodation facilities.

The site for the 65,000 tpa Merrill-Crowe process mill has been cleared and construction will commence in the coming weeks as the monsoon season concludes. Commissioning and commencement of production is expected during the December 2008 quarter.

The Way Linggo project is expected to produce approximately 30,000 ounces gold equivalent per annum at cash costs well under US\$400/oz Au Eq. On current reserves, a mine life of 6 years is projected. However the 10,540 hectare Contract of Work area has considerable exploration potential and ongoing exploration to extend the mine life will be a priority for Kingsrose.

The 85% foreign interest in PT NM is owned by Icon Enterprises Limited ("Icon"). Icon is owned by a group of investors including companies controlled by John Morris, Mike Andrews and Bill Phillips, who are directors of KRM.



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Project financial modeling and valuation has been based upon the terms of the 4<sup>th</sup> Generation Contract of Work (CoW), which includes progressive divestment to Indonesian interests over the current project life from 15% at project startup to 51% at the end of the sixth year of operation.

The Letter of Intent to acquire all the shares in Icon has been concluded with parties (including Messrs Morris, Andrews and Phillips) who hold 71% of Icon and the proposed transaction is subject to the entire investor group agreeing to KRM acquiring 100% of the Icon shares.

As KRM directors John Morris, Mike Andrews and Bill Phillips have an interest in the Way Linggo project and are therefore parties to the proposed transaction, the Board has appointed an independent committee comprising David Hatch, Managing Director and Dennis Franks, Non-Executive Director to direct completion of due diligence and act for the interests of shareholders.

The proposed transaction is subject to the following conditions:

- (1) completion of due diligence to the satisfaction of KRM;
- (2) execution of formal binding agreements relating to the acquisition;
- (3) the shareholders of KRM approving the proposed acquisition and issue of shares referred to below;
- (4) KRM obtaining funding in order to complete the Project and repayment of current shareholders' loans.
- (5) All shareholders of Icon agreeing to KRM acquiring 100% of Icon.

KRM's consideration for the acquisition comprises the issue of 42.5 million KRM shares and the repayment of loans totaling approximately A\$4 million to Icon shareholders. This loan repayment represents the funds invested to date into mine and site infrastructure. The total value of the shares to be issued at the current VWAP share price of 27 cents over the past 30 days, values the equity component at A\$11.5 million.

KRM also commits to fund completion of the project through to production. This is estimated at approximately A\$8 million.

An independent expert's report has been commissioned and in the near future this will be circulated to shareholders together with an explanatory memorandum and a notice of General Meeting of Shareholders. The proposed General Meeting of shareholders will be convened to seek approval for this transaction.



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The Board is considering a range of debt, equity and metal facility options for acquisition funding with the clear intent of obtaining the best outcome for shareholders.

Ongoing progress reports and site developments at this exciting new project will be advised to shareholders on a regular basis.

Acquisition of the Way Linggo project will increase KRM's production by around 30,000 ozs (gold equivalent per annum) and will see Kingsrose Mining Limited operating and producing gold from two separate mines within twelve months of listing as a public company.

The projected cashflow from Way Linggo, together with Kingsrose's interest in the joint ventured Comet Vale mine in Western Australia will position the company for further growth.

For further information, please contact David Hatch on 08 9316 2711.

Yours faithfully  
KINGSROSE MINING LIMITED

David Hatch  
Managing Director

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*The information in this report that relates to ore reserves is based on work completed by Mr. Mike Andrews who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr. Andrews is a director of Kingsrose Mining Limited. Mr. Andrews has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the JORC Code. Mr. Andrews consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*