

Kingsgate Consolidated Limited

Quarterly Report

For the period ending 31 March 2018

HIGHLIGHTS

CHILE

- ▶ Work continues on the Feasibility Study for the Nueva Esperanza Project, and as it enters its final stages, it remains on schedule to be completed in the first half of calendar 2018.
- ▶ Work also continues on the Environmental Impact Assessment (“EIA”) for Nueva Esperanza, and following the Chilean regulatory agencies request to better outline measures to ameliorate the impact of noise and dust on flora and fauna in the project footprint, it remains on schedule to be submitted in the first half of calendar 2018.

CORPORATE

Political Risk Insurance (“PRI”) Claim

- ▶ In October 2017, Kingsgate commenced proceedings in the New South Wales Supreme Court against Zurich Insurance Australia Ltd, and other named insurers, under a Political Risk Insurance Policy (with a maximum liability of US\$200 million) that was held by the Company when the Thai Government expropriated the Chatree Gold Mine in May 2016.
- ▶ On 27th March 2018, Kingsgate engaged in the confidential Court-ordered mediation of its claim against Zurich Australia Limited and other named insurers for recovery under its Political Risk Insurance Policy.
- ▶ The dispute was not settled during the course of the mediation.
- ▶ Kingsgate remains open to achieving a settlement, but in the meantime will continue to prosecute its claim against the insurers in the Supreme Court of New South Wales. Following an initial directions hearing a further directions hearing is scheduled for 1st June 2018, where the trial dates should be determined.

Australia-Thailand Free Trade Agreement (“TAFTA”) Claim

- ▶ The Arbitral Panel which will determine the TAFTA Claim has now been constituted.
- ▶ The Tribunal has adopted a Procedural Calendar which provides that the merits of the TAFTA Claim will be heard on the 18th November to the 29th November 2019. However, the Tribunal has also ordered that the proceedings are to be kept confidential, except where disclosure is required to fulfil a legal duty.
- ▶ Kingsgate remains committed to seeking a settlement of the matter with the Thai Government.

FINANCIAL

- ▶ Cash at 31st March 2018 was A\$3.5 million.
- ▶ There was no corporate debt at 31st March 2018.

March Quarter Review

CHATREE GOLD MINE, Thailand

Care and Maintenance

Akara Resources Public Company Limited (“Akara”), a subsidiary of Kingsgate, ceased operating the Chatree Gold Mine on 31st December 2016 in accordance with the closure order by the Thai Government. Chatree was placed on Care and Maintenance effective 1st January 2017. There is approximately 25 full time staff employed at the Chatree Gold Mine to manage the ongoing Care and Maintenance and rehabilitation works.

At mine closure, approximately US\$6 million of gold and silver inventory in the form of high-grade sludge remained at the Chatree site. Akara has made some progress in having the sludge released for sale. Akara is currently working with the Thai Department of Primary Industries and Mines to have the sludge assayed, and it could then be released for processing and commercial sale. However, there can be no guarantee that this will occur.

NUEVA ESPERANZA PROJECT, Chile (100% Kingsgate)

Kingsgate continues to progress its 100%-owned Nueva Esperanza Project in Chile. Nueva Esperanza is a feasibility-stage development project with a resource base of approximately 1.9 million ounces gold equivalent¹.

Exploration, permitting and feasibility remain the primary focus. Exploration expenditure for the March quarter was approximately A\$0.8 million with expenditure of A\$1.4 million on feasibility, permitting and administrative activities.

Feasibility

Following Ausenco’s appointment, in July 2017, to complete the Feasibility Study for Nueva Esperanza, work to date remains on schedule for completion in the first half of 2018, with the study now entering its final stages

Permitting

Work continues on the Environmental Impact Assessment (“EIA”) for Nueva Esperanza, and following the Chilean regulatory agencies request to better outline measures to ameliorate the impact of noise and dust on flora and fauna in the project footprint, it remains on schedule to be submitted in the first half of calendar 2018.

Exploration

Exploration activities are now concluding for the 2017 season and will resume in the spring (September/October). Work has commenced on target generation for the spring 2018 Exploration Program to build onto the new silver discoveries at Cerro Blanco West and other key targets.

REGIONAL EXPLORATION, CHILE

Maricunga Generative Program

Kingsgate has been building its regional exploration portfolio in the northern Maricunga Belt. The Company currently has a number of 100%-owned licences and areas under application north and south of the Nueva Esperanza Project. The concessions and concession applications typically cover large areas of intense, high-level alteration considered prospective for epithermal precious-metal deposits. The 2018 program is currently underway evaluating some new target areas and prioritising others for more detailed fieldwork.



Panorama: Chimberos West

March Quarter Review

CORPORATE & FINANCE

Finance

At the end of March 2018, Kingsgate’s Group Cash totalled:

- A\$3.5million. (Please note this does not include the approximate US\$6 million of gold and silver inventory in the form of high grade sludge secured at the Chatree mine site.)

With reference to its previous advice that on 29th August 2017 Kingsgate executed a \$15.0 million Standby Loan Facility (“SLF”), the Company will shortly draw down the SLF in full in order to ensure continuing funding of its activities.

The SLF which is repayable in six months from drawdown is on normal commercial terms for a loan of this nature, other than the utilisation fee under the SLF which will be satisfied by the issue of Kingsgate shares (the number to be determined).

The Company continues to prosecute its claims against the Kingdom of Thailand under the Australia-Thailand Free Trade Agreement and against Zurich Australia Limited and other named insurers under its Political Risk Insurance Policy.

The Company remains open to settlement of both claims.

Furthermore, there is continuing strong interest in the Nueva Esperanza Project, and Kingsgate has appointed an investment bank to advise and assist it in identifying advantageous options to monetise the Project.

Gavin Robertson joined Kingsgate on 1st February 2018, on a part time basis in the position of Manager, Legal. Gavin is a corporate lawyer who has been Kingsgate’s external legal advisor for more than 20 years. Gavin formerly performed his role for Kingsgate from an external law firm, where he continues as a Principal. His appointment to an internal role with Kingsgate is part of Kingsgate’s ongoing measures to reduce and manage legal expenses.



Grandote Fault from Arqueros to Potosi and Chimberos

Corporate Directory

Board of Directors

Ross Smyth-Kirk	Executive Chairman
Peter Alexander	Non-Executive Director
Peter Warren	Non-Executive Director
Sharon Skeggs	Non-Executive Director

Senior Management

Ross Coyle	Chief Financial Officer & Company Secretary
Leonardo Hermosilla	Vice President, Project Development & General Manager, Kingsgate Chile NL
Jamie Gibson	General Manager, Corporate and External Relations
Gavin Rebertson	Manager Legal

Principal and Registered Office

Suite 801, Level 8, 14 Martin Place
Sydney NSW 2000 Australia
Tel: +61 2 8256 4800
Email: info@kingsgate.com.au

Exchange Details

ASX Code: KCN
OTC Code: KSKGY

Investor Relations Contact

Jamie Gibson
General Manager, Corporate and External Relations
Tel: +61 2 8256 4800
Email: jgibson@kingsgate.com.au

Share Details

As at 31 March 2018, there were 223,584,937 ordinary shares on issue.

Bangkok Office

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19th Floor, Sathorn Thani Building 2
No. 92/54-55 North Sathorn Road
Kwaeng Silom, Khet Bangrak
Bangkok 10500 Thailand
Tel: +66 2 233 9469, Fax: +66 2 236 5512

Chile Office

Laguna Resources Chile Ltda
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Las Condes, Santiago, Chile
Tel: +56 2 2345 8650

Share Registry

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Sydney NSW 2000 Australia
Postal address: Locked Bag A14,
Sydney South NSW 1235 Australia
Tel: +61 1300 554 474, Fax: +61 2 9287 0303
Email: registrars@linkmarketservices.com.au
Web: www.linkmarketservices.com.au

ADR Depository (American Depository Receipts)

The Bank of New York Mellon
ADR Division
101 Barclay Street, 22nd Floor
New York NY 10286 USA
Tel: +1 212 815 2293

Notes for Mineral Equivalents:

1. The resource base of 1.9 million ounces of gold equivalent is broken down as follows: Measured – 0.08 Moz, Indicated – 1.46 Moz and Inferred – 0.33 Moz. (See ASX:KCN release titled "Kingsgate Mineral Resources and Ore Reserves 2016", dated 7 October 2016).

Forward Looking Statement:

These materials include forward looking statements. Forward looking statements inherently involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside of the control of, and may be unknown to, the Company. Actual results and developments may vary materially from that expressed in these materials. The types of uncertainties which are relevant to the Company may include, but are not limited to, commodity prices, political uncertainty, changes to the regulatory framework which apply to the business of the Company and general economic conditions. Given these uncertainties, readers are cautioned not to place undue reliance on such forward looking statements. Forward looking statements in these materials speak only at the date of issue, subject to any continuing obligations under applicable law or any relevant stock exchange.

Competent Persons Statement:

In this report, information relating to Exploration Results at the Nueva Esperanza Project in Chile is based on information compiled by the following Competent Person: Alistair Waddell, who was formerly employed by the Kingsgate Group. Alistair Waddell qualifies as a Competent Person as defined in the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code, 2012 Edition) and is a Member of The Australasian Institute of Mining and Metallurgy. Alistair Waddell possesses relevant experience in relation to the mineralisation being reported herein as Exploration Results. Alistair Waddell has consented to the public reporting of these statements and the inclusion of the material in the form and context in which it appears.