

Kingsgate Consolidated Limited

Quarterly Report

For the period ending 30 June 2017

SIGNIFICANT MATTERS

CHILE

- ▶ Kingsgate continues to progress its 100%-owned Nueva Esperanza Gold-Silver Project in Chile, with work continuing on a seasonal exploration program as well as permitting and feasibility related activities.
- ▶ A total of 11,398 metres (57 holes) of Reverse Circulation (“RC”) drilling for exploration, and 1,830 metres (10 holes) of diamond drilling for exploration and metallurgical sampling has been completed at Nueva Esperanza during the field season that commenced at the beginning of September 2016.
- ▶ During calendar 2017, there have been encouraging drill intercepts from the Huantajaya, Carachitas and more recently the new Cerro Blanco West exploration targets. (See ASX:KCN releases titled “Chile - Drill Results from District Exploration” dated 27 February 2017, and “New Silver Discovery at Nueva Esperanza, Chile” dated 17 July 2017).
- ▶ The environmental impact submission (“DIA”) for Nueva Esperanza was submitted to Chilean regulatory agencies on 5 July 2017. (The DIA is essentially a process to amend the existing permit footprint and incorporate a dry-stacked tailing design.)
- ▶ Kingsgate was also pleased to appoint Ausenco to complete the detailed engineering and technical components for the Nueva Esperanza Project Feasibility Study in Chile during the June quarter.
- ▶ The Ausenco appointment comes after a rigorous selection process that considered economic, technical, and other key project related criteria. The work is scheduled for completion in January 2018.

THAILAND

- ▶ On 3 April 2017, Kingsgate advised that it will be seeking a range of remedies, including compensation, from the Government of Thailand for the measures taken against the Chatree Gold Mine in violation of the Thai-Australia Free Trade Agreement (“TAFTA”).
- ▶ As a first step, Kingsgate notified the Prime Minister of Thailand that it wishes to engage in consultations as required under TAFTA.
- ▶ A consultations meeting between Kingsgate and representatives from the Thai Government took place on 27 June in Bangkok and Kingsgate agreed to extend the consultations period to 27 July.
- ▶ While the consultations period has now ended, Kingsgate intends to meet further with the Thai Government in mid-August. Any such meeting will be without prejudice to the Company’s position under TAFTA.
- ▶ Kingsgate and the Thai Government commenced this process in good faith, but if at any point in the future Kingsgate considers that a mutual outcome is not able to be reached, Kingsgate is free to commence international arbitration proceedings.

FINANCIAL

- ▶ Kingsgate is well funded to meet its planned calendar 2017 expenditures in Chile and Thailand.
- ▶ Cash at 30 June 2017 totalled A\$22 million.
- ▶ Corporate debt at 30 June 2017 remains at zero.

June Quarter Review

CHATREE GOLD MINE, Thailand

Care and Maintenance

Akara Resources, a subsidiary of Kingsgate, ceased operating the Chatree Gold Mine on 31 December 2016 in accordance with the closure order by the Thai Government. Chatree was placed on Care and Maintenance effective 1 January 2017. Approximately 25 full time staff remain with Akara Resources to manage the ongoing Care and Maintenance and rehabilitation works.

At the point of decommissioning, approximately US\$6 million of gold and silver inventory in the form of high-grade sludge remains at the Chatree site. Akara has not yet been given permission to transport the material for treatment and refining. However, Kingsgate has requested as part of the TAFTA consultations that this issue be resolved expeditiously.

Closure Remedies

On 3 April 2017, as part of its response to forced closure, Kingsgate advised that it will be seeking a range of remedies, including compensation, from the Thai Government for the measures taken against the Chatree Gold Mine in violation of TAFTA.

As a first step, Kingsgate notified the Prime Minister of the Kingdom of Thailand that it wishes to engage in consultations as required under TAFTA.

On 27 June 2017, the first meeting between Kingsgate and representatives from the Thai Government occurred in Bangkok.

While the consultations period has now ended, Kingsgate intends to meet further with the Thai Government in mid-August. Any such meeting will be without prejudice to the Company's position under TAFTA.

NUEVA ESPERANZA PROJECT, Chile (100% Kingsgate)

Kingsgate continues to progress its 100%-owned Nueva Esperanza Project in Chile, with work continuing on feasibility, permitting and seasonal exploration activities. Kingsgate aims to have permitting and feasibility outcomes in hand by the end of the second quarter of 2018 to be in a position to progress the project to development.

Expenditure for the June quarter was approximately A\$3.1 million, including approximately A\$1.3 million on feasibility, permitting and administrative activities and A\$1.8 million on exploration activities.

Feasibility

A number of feasibility work streams continued during the quarter including metallurgical sampling. Kingsgate completed a tender process for the engineering and technical components of the Feasibility Study during the quarter. As a result Ausenco was appointed to complete the detailed engineering and technical components for the Nueva Esperanza Project Feasibility Study. The Ausenco appointment comes after a rigorous selection process that considered economic, technical, and other key project related criteria. The work is scheduled for completion in January 2018. Strategically, the Feasibility Study along with concurrent permitting is a key step in de-risking and adding value to the project.

Permitting

The environmental impact submission ("DIA") was submitted to the Chilean regulatory agencies on 5 July 2017. The DIA process aims to amend the existing permit footprint and incorporate a dry-stacked tailing design.

Good community engagement remains a priority for the Nueva Esperanza Project, and even though its geographic location is remote, Kingsgate is building strong meaningful relationships with the six community groups identified in the area. The Company is looking to finalise new "protocols" with the six identified community groups in the coming months, and the process is already underway with four of the six communities. Community protocols are an important component of the permitting process. The protocols are legally binding agreements with respect to structured community benefits.

Exploration

At Nueva Esperanza, Kingsgate is continuing the exciting, generative exploration aimed at unlocking the full potential of the district. The highly prospective, 45 square kilometre alteration footprint at Nueva Esperanza hosts three existing deposits and numerous exploration targets that Kingsgate is systematically exploring through surface sampling, geophysical surveys and drilling.

Eight Reverse Circulation ("RC") holes (See Figure 2) totalling 1,226 metres were completed on the new Cerro Blanco West target prior to drilling being halted by the early onset of winter conditions.

June Quarter Review (continued)

Initial drilling returned the following intercepts:

- Hole KRC-046 intercepted **60 metres** grading 67.57g/t Ag (**1.13g/t AuEq60²**) from 40 metres to 100 metres, including **32 metres** at 114.66g/t Ag (**1.91g/t AuEq60**) from 68 metres to 100 metres;
- Hole KRC-055 intercepted **50 metres** grading 84.04g/t Ag (**1.40g/t AuEq60**) from 62 metres to 112 metres; and
- Hole KRC-056 intercepted **18 metres** grading 82.32g/t Ag from (**1.38g/t AuEq60**) 46 metres to 64 metres.

Cerro Blanco West

Cerro Blanco West is a blind exploration target located approximately 800 metres southwest of Cerro Blanco, a large topographic high, preserving shallow-level opaline and steam-heated alteration.

Drilling targeted the northern part of a 0.4 kilometre by 1.4 kilometre, north-striking, geophysical anomaly defined by the 2017 IP and Resistivity Survey. The anomaly comprises a corridor of shallow (<200 metres depth), high resistivity response lying within the favourable 4,000 to 4,200 metre elevation interval which hosts most of the significant mineralisation defined to date in the Nueva Esperanza and adjacent La Coipa districts. No historic drilling is located within the immediate footprint of the target geophysical anomaly.

Follow-up drilling, designed to expand the mineralised footprint and ascertain the geometry of mineralisation was completed on three east-west fences spaced 50 metres apart.

All drillholes intersected similar style silver mineralisation, with sectional interpretation indicating a broadly sub-horizontal, oxidised, “manto-like” zone generally ranging from 20 metres to 60 metres in thickness (See Figure 3). Results of the drilling are summarised in Table 1 below.

Table 1: Cerro Blanco West Drill Results

Hole ID	Interval (m)	AuEq60 (g/t)	Ag (g/t)	Au (g/t)	From (m)	To (m)	Dip (°)	Azimuth (°)
KRC-036	42	0.60	35.60	NSV	76	118	-70	090
KRC-046	60	1.13	67.57	NSV	40	100	-70	270
including	32	1.91	114.66	NSV	68	100	-70	270
KRC-051	30	0.12	7.09	NSV	40	70	-70	090
KRC-052	60	0.36	21.18	NSV	40	100	-70	270
including	20	0.56	33.42	NSV	72	92	-70	270
KRC-053	8	0.74	44.17	NSV	20	28	-70	270
KRC-053	22	0.24	13.76	NSV	58	80	-70	270
KRC-054	8	1.08	64.85	NSV	18	26	-70	090
KRC-054	14	0.42	24.91	NSV	68	82	-70	090
KRC-055	50	1.40	84.04	NSV	62	112	-70	270
KRC-056	18	1.38	82.32	NSV	46	64	-70	270
KRC-057	40	0.65	45.27	NSV	42	82	-70	270
SCB-011	44	0.63	36.95	NSV	136	180	-60	270

*Note: Hole SCB-011 was not drilled by Kingsgate and the historical result noted cannot be verified.
NSV - No significant values.*

Drilling was completed on the following targets; Carachitas Central, Arqueros, Arqueros SW, Teterita, Huantajaya, Cerro Blanco, Potosí, Cerro Gaston, and Cerro Blanco West (See Figure 1). The most encouraging exploration results to-date have come from Cerro Blanco West.

Mineralisation, characterised by strong pervasive iron-oxide development, is hosted in silicic and advanced-argillic altered, variably shallow-dipping, stratified dacitic tuffs immediately above their contact with underlying strongly pyritised, coherent to coarsely brecciated dacite porphyry. The dacite porphyry is interpreted to be a flow-dome forming the stratigraphic footwall to the bedded tuff sequence.

Mineralisation remains open to the north, west and south although weaker silver intersections in some of the more eastern holes suggest possible local attenuation of mineralisation towards the east. Silver intersections from two RC drill holes collared approximately 200 metres further to the east, on the lower western flanks of Cerro Blanco (Hole KRC-036 and historical Hole SCB-11), probably occur at the same stratigraphic horizon and suggest possible improvement of silver grades further to the east.

June Quarter Review (continued)

Excellent potential is considered to remain over some 400 metres of untested strike of the resistive corridor immediately south of the current drilling, where the high-resistivity feature projects towards an approximate north-striking silicic ledge "feeder" system controlling gold-silver mineralisation in the Rifle Ridge prospect area.

Historic drill-intercepts reported from the Rifle Ridge prospect include 25 metres grading at 1.47g/t Au, 17.4g/t Ag (1.93g/t AuEq60) in Hole ERFR-1, and 16 metres grading at 1.71g/t Au and 51.75g/t Ag (for 2.57g/t AuEq60) in Hole SRR-006.

The notable increase in gold values associated with mineralisation to the south at the Rifle Ridge prospect is thought to augur well for improved gold tenor in any potential southern extension to the mineralisation so far intersected at Cerro Blanco West.

Cerro Blanco West is a priority drill-target to be followed up in the spring with a view to expanding the footprint of the currently defined mineralisation.

Kingsgate is systematically exploring a number of prospective targets within a 45 square kilometre zone of alteration in parallel with on-going feasibility and permitting activities.

During the 2016-17 field season which started in September 2016, the Company completed 57 RC exploration drill holes totalling 11,398 metres and 10 diamond holes totalling 1,830 metres.

Other targets on the Nueva Esperanza property drill-tested by Kingsgate in 2017 to be further evaluated in the springtime include the historically-exploited diatreme-breccia and closely associated silicic ledge-hosted gold-silver mineralisation in the Huantajaya sector which returned the previously reported (See Kingsgate ASX Release titled "Chile – Drill Results from District Exploration" dated 27 February 2017) 24 metres grading 1.81g/t Au and 86.24g/t Ag from Hole KDD-001 (3.25g/t AuEq60).

Another target to be further investigated is the structurally-controlled, locally high-grade silicic ledge swarm at Carachitas Central which returned 10 metres grading 6.66g/t Au and 31.81g/t Ag or 7.13g/t AuEq60 from 12 metres (Hole KRC-023).

An additional scout-drill hole (KRC-50) at the Arqueros SW target returned 54 metres from 354 to 408 metres grading 1.36g/t AuEq60 from possible stratabound mineralisation, perhaps occupying a similar stratigraphic setting to mineralisation at the nearby Arqueros deposit.



Figure 1: Nueva Esperanza target location map (Resource areas in capital letters).

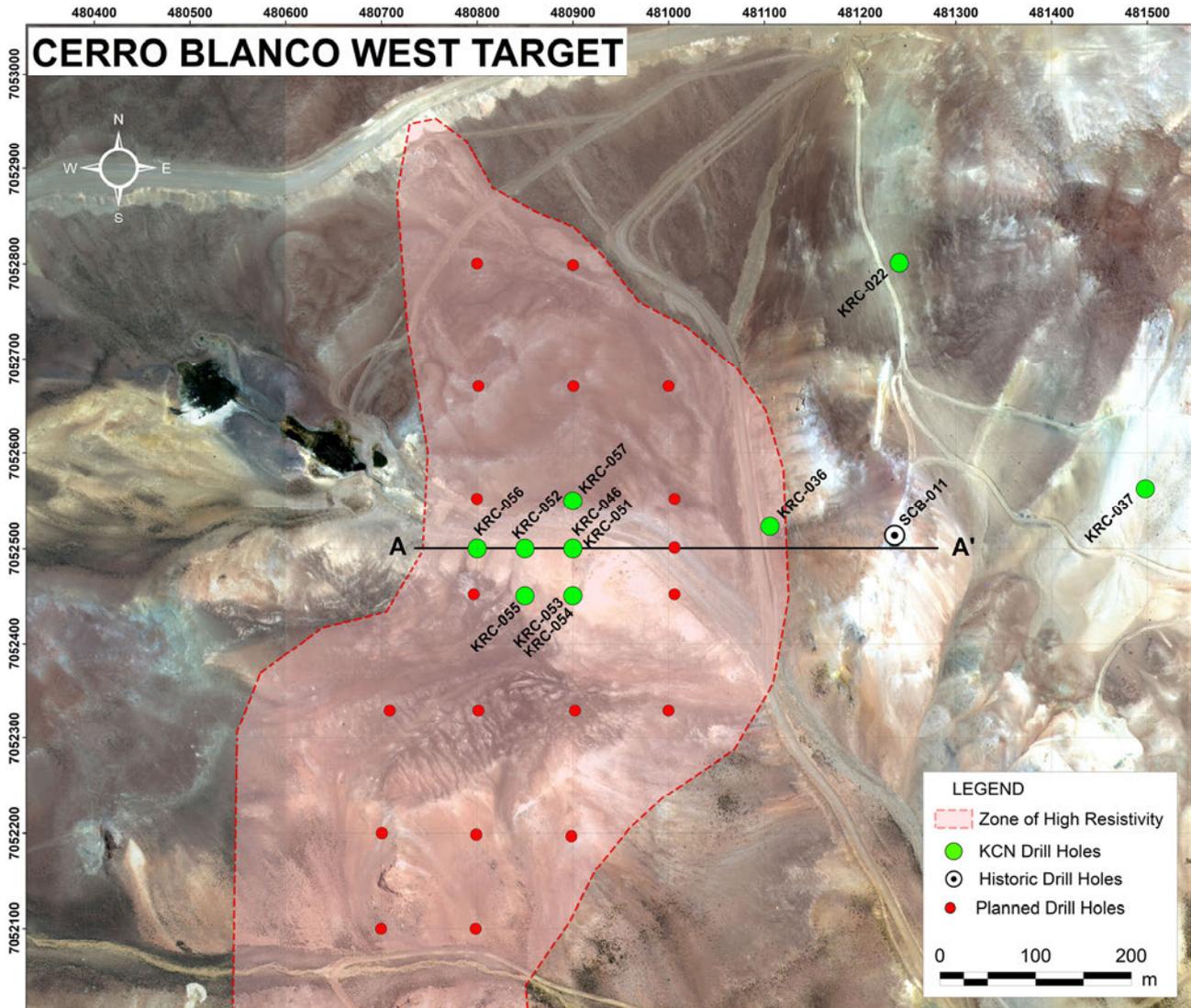


Figure 2: Cerro Blanco West drill hole location map.

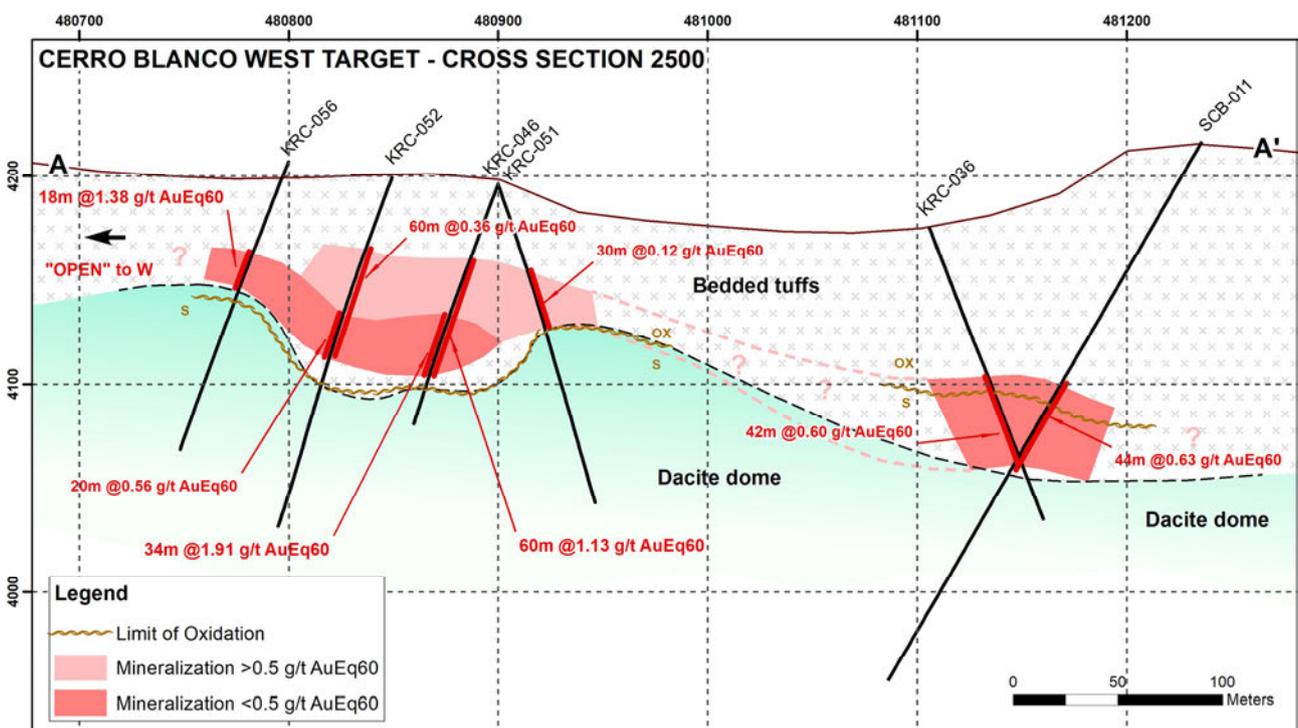


Figure 3: Cerro Blanco geological cross section.

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 licences and areas under application to the north of Nueva Esperanza. The concessions and concession applications cover large areas of intense, high-level alteration considered prospective for epithermal precious-metal deposits. Several areas were explored and geologically mapped during the quarter, resulting in some concessions being voluntarily relinquished due to disappointing sample results. However, applications have been submitted for several other areas of interest.

The Company has also initiated some preliminary discussions in relation to possible exploration Joint Ventures in the northern Maricunga.



Kingsgate field crews fly camping in the northern Maricunga as part of the regional exploration program.

Corporate and Finance

Corporate

Greg Foulis resigned as the Chief Executive Officer of Kingsgate on 2 May 2017. As an interim measure, Ross Smyth-Kirk was appointed as the Executive Chairman.

Finance

At the end of June 2017, Kingsgate's Group Cash totalled:

- A\$22 million.

(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.)

Kingsgate is well funded to meet its planned calendar 2017 expenditures in Chile and Thailand.

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
Alistair Waddell	Vice President, Corporate Development & Exploration
Leonardo Hermosilla	Vice President, Project Development & General Manager, Kingsgate Chile NL
Jamie Gibson	General Manager, Corporate and External Relations Tel: +61 2 8256 4800 Email: jgibson@kingsgate.com.au.

Principal and Registered Office

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Exchange Details

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Share Details

As at 30 June 2017, there were 223,584,937 ordinary shares on issue.

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Notes for Mineral Equivalents: (1&2)

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 released titled “Kingsgate Mineral Resources and Ore Reserves 2016” dated 7 October 2016).

Rounding of figures may cause numbers to not add correctly. Nueva Esperanza silver equivalent: $AgEq(g/t) = Ag(g/t) + Au(g/t) \times 60$. Gold Equivalent Ounces (GEO): $AuEq(g/t) = Au(g/t) + Ag(g/t) \div 60$, calculated from long term historical prices for gold and silver and metallurgical recoveries of 70% Au and 75% Ag estimated from test work by Kingsgate. It is the Company’s opinion that all elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold. Although gold is not the dominant metal, gold equivalent values are reported to allow comparison with other projects.

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 applies 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 Gold Silver Project in Chile is based on information compiled by the following Competent Person(s): Alistair Waddell, who is an employee of 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.