



Kingsgate

Consolidated Limited

ABN 42 000 837 472

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Manager

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FOR PUBLIC RELEASE

Kingsgate settles Political Risk Insurance proceedings for more than A\$82 million

Kingsgate Consolidated Limited (“Kingsgate” or the “Company”) is delighted to announce that it has settled proceedings against its Political Risk Insurers (“Insurers”) by entering into a legally binding Heads of Agreement (“HOA”).

Kingsgate had a Political Risk Insurance Policy in place at the time it is alleged that the Government of Thailand illegally expropriated its Chatree Gold Mine in May 2016. (“TAFTA Claim”)¹

The HOA provides for a settlement to Kingsgate worth more than A\$82 million² comprising:

- A cash payment of US\$55 million to be made to Kingsgate by mid-April 2019;
- A requirement for the Insurers to contribute up to US\$3.5 million of future costs towards the TAFTA Arbitration. The Insurers funding contribution will be paid on a pro-rata basis with Kingsgate; and
- A sharing arrangement between Kingsgate and the Insurers for future distributions of TAFTA Claim proceeds.³

1. The Australia - Thailand Free Trade Agreement (“TAFTA”);

2. A\$82,000,000 is based on an AUD-USD exchange rate of 0.71, and includes an estimate of the insurer's share of the TAFTA legal fees of US\$3.5million; and

3. The Insurers are only entitled to the amount of their original financial contribution incl. interest – Kingsgate keeps any TAFTA Claim proceeds in excess of that contribution.

Executive Chairman of Kingsgate, Mr Ross Smyth-Kirk, today said “I realise that it has been a long recovery process for our loyal shareholders, but this settlement transaction provides material upside for our Company, namely:

- Sufficient funds to pay out in full the Corporate Debt Facility;
- Liquidity to give the Company time to maximise the value of the Nueva Esperanza project through further development or sale, and remain aspirational for other development opportunities;
- Kingsgate no longer requires litigation funding to pursue its PRI Claim nor its TAFTA Claim; and most importantly,
- The Insurers’ pro-rata funding commitment under the HOA means that Kingsgate and the Insurers will be working together to fully prosecute the TAFTA Claim.”

“I would also like to thank our dedicated legal team at Clifford Chance that helped deliver this excellent outcome, and especially Investec Australia Limited, whose rock solid support has enabled us to pursue both the PRI and TAFTA claims,” Mr Smyth-Kirk said.



Ross Smyth-Kirk
Executive Chairman
KINGSGATE CONSOLIDATED LIMITED