

Kingsgate Consolidated Limited

Quarterly Report

For the period ending 31 March 2020

KEY ISSUES

CORPORATE

- The arbitral hearings under the Thailand - Australia Free Trade Agreement (that relate to the Thai Government's premature closure of the Chatree Gold Mine in 2016) were heard in full in Singapore, from 3 to 12 February 2020.
- As previously stated, the TAFTA Tribunal has ordered that the proceedings are to be kept confidential, except where disclosure is required to fulfil a legal duty.
- Following the completion of the arbitral hearings, the Kingsgate Board maintains that the Company has excellent prospects for a successful outcome.
- The arbitral panel is not required to make a decision on the claim by a prescribed future date; rather, they have now retired to consider the matter and will render a decision in their own time.
- In the interim, Kingsgate remains open to seeking a negotiated settlement of the matter with the Thai Government.

CHILE

- The recent rise in commodity prices has seen ongoing interest in Kingsgate's Nueva Esperanza Gold/Silver Project in Chile. Kingsgate continues to explore options to either monetise or develop the project.
- While there is no deadline for a decision, the insurance monies received in early 2019 (from Political Risk Insurers for the Chatree Gold Mine)¹ have afforded Kingsgate the opportunity to methodically work its way through all the options available for Nueva Esperanza to maximise the outcome for shareholders.
- Permitting approvals for the Nueva Esperanza Project are expected by June/July 2020, as the process has entered the final stages with Kingsgate providing information to address a handful of outstanding requests.

FINANCIAL

- **Kingsgate remains corporate debt free.**
- In July 2019, Kingsgate outlined its intent to conduct a buy-back of its shares due to concerns that the current share price does not adequately reflect the potential upside of the successful conclusion of its international arbitration case against the Kingdom of Thailand.
- At its Annual General Meeting in November 2019, Kingsgate shareholders approved the buy-back of up to 50% of the Company's issued capital over the ensuing twelve month period.
- Kingsgate has, to date, bought back a total of 4,372,088 shares at an average price of 41.9 cents per share.
- Cash at 31 March 2020 totalled A\$20.9 million.
- As previously reported, the Company's single largest expense is the legal costs associated with the TAFTA claim. However, these legal costs will be significantly reduced now that the arbitral hearings have been completed. Further, in light of the devastating Coronavirus pandemic, Kingsgate is currently reviewing costs across the group to preserve cash until such time as the TAFTA case can be resolved, and the pandemic begins to ease.

¹ 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.

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 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 at the Chatree Gold Mine to manage the ongoing Care and Maintenance and rehabilitation works.

At mine closure, approximately A\$13 million of gold and silver inventory in the form of high-grade sludge remained at the Chatree site. The release of the sludge, for sale, is expected to be one of the matters dealt with by the TAFTA Arbitration.

Response to the Coronavirus

Kingsgate acknowledges the unprecedented impact the Coronavirus pandemic is having on both global communities and economies alike. In response, Kingsgate has rolled out a Coronavirus Response Plan across all employees in its group including staff in Australia, Thailand and Chile. These measures include implementing best practice safety/social distancing measures at various work sites, working from home where possible, following the advice of local health authorities and keeping open communication channels to stay up to date with the latest developments and updated health advice. This includes the application of quarantining measures and seeking medical assistance for those staff who may be exhibiting symptoms consistent with Coronavirus. (Note: as at the date of this report no Kingsgate personnel have tested positive for Coronavirus).



A Chatree Gold Mine Security Officer takes the temperature of employees entering the site.

In addition to taking precautionary measures to ensure the safety of Company employees, in early April, Akara’s Community Relations Department donated 70 Personal Protection Equipment (PPE) gowns which were previously used in the gold room at the Chatree Gold Mine to local health authorities. These gowns, designed to withstand high temperatures, repel liquids and provide a strong protective barrier, are ideally suited for use in conjunction with other PPE’s to fight the Coronavirus.

PPE’s are in short supply across many areas of Thailand. These gowns were distributed to Thap Khlo Hospital, Khao Chet Luk Hospital and Wang Sai Phun Hospital which are located in the Phichit Province. The Thung Yao Hospital, Dong Long Hospital, Dan Chang Hospital and Wang Pong Hospital also received gowns and are located in Phetchabun Province. The gowns have been donated for the express purpose of helping local medical personnel fight against the Coronavirus.

March Quarter Review (continued)

Akara is also supporting a local micro-economic project that will see COVID-19 face masks manufactured by locals living around the mine. Akara has provided sewing equipment, training and materials to facilitate this program for the locals, who are the same group that manufacture Akara staff uniforms.



Akara staff and the local community create and donate PPE equipment to local health authorities in the Chatree Gold Mine Provinces; and an example of the local community-produced COVID-19 face mask.



March Quarter Review (continued)

NUEVA ESPERANZA PROJECT, Chile

Nueva Esperanza is a feasibility-stage development project with a resource base (inclusive of ore reserves) of approximately 0.49 million ounces gold and 83.4 million ounces of silver. (See "Notes for Mineral Resources").

With the successful settlement in March 2019 of the Political Risk Insurance claim that Kingsgate had in place at the time the Chatree Gold Mine was unlawfully closed by the Thai Government in 2016, the Company has time to carefully consider its options with respect to Nueva Esperanza.

These options may include further development, joint venture opportunities or sale, and the recent rise in commodity prices has seen ongoing interest in the project.

Kingsgate has made all non-essential staff redundant to reduce ongoing holding costs of the project.

Permitting

Kingsgate advised that the Environmental Impact Assessment ("EIA") for Nueva Esperanza was completed on time and was submitted to the Chilean regulatory agencies on 29 June 2018. The Chilean regulatory agencies publicly confirmed their acceptance of the EIA for assessment in early August 2018.

On 8 October 2018, the regional environmental authority ("SEA") issued the first ICSARA (the consolidated request for clarifications, rectifications and/or extensions) and gave the Company three months (to 7 January 2019) to respond.

In total there were 179 observations in ICSARA1 that required a response from the Company. On 13 December 2018, the Company requested an extension to these responses, which was granted to 31 July 2019, noting that the Company is entitled to one further extension if required.

Following an approved extension, the appropriate responses were submitted to Chilean regulatory authorities on 19 August 2019. The SEA responded with a substantially reduced number of observations by issuing ICSARA2. These were revised during November and December 2019, with responses delivered to the regional Atacama SEA on 24 January 2020. Subsequently, on 5 March 2020, the SEA issued the complementary Addenda that became ICSARA3, with only four outstanding observations, all of which have been addressed.

Kingsgate continues to work with its consultants and the relevant regulatory authorities to ensure these remaining areas are addressed, and that the permitting process is successfully completed, with an approval expected in June/July 2020.

The contract for the use of water was renewed in January 2020, for an additional four years with an expiry date of 6 December 2024. This valuable asset provides Kingsgate the right to the use of water in accordance with the contract, which is sufficient to meet the needs of the feasibility study.

CORPORATE & FINANCE

Finance

At the end of March 2020, Kingsgate's Group Cash totalled A\$20.9 million excluding A\$13 million of gold and silver inventory in the form of high grade sludge secured at the Chatree mine site.

The Company is working to fully prosecute its claims against the Kingdom of Thailand under the Australia Thailand Free Trade Agreement.

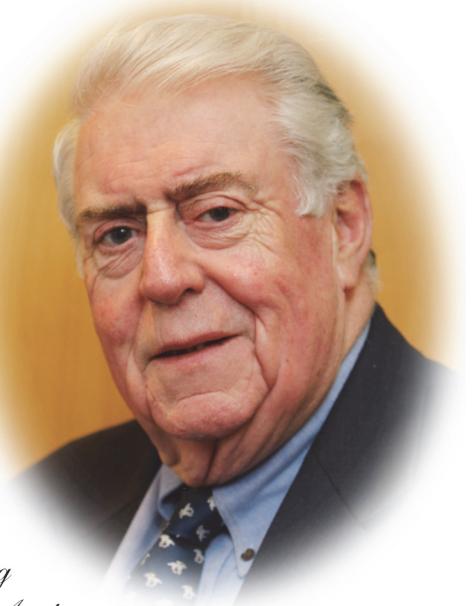
The Company remains open to settlement of the TAFTA Claim.

Kingsgate continues to review expenditure across the Group.

In Memoriam - Peter McAleer



It was with great sadness that we were informed that former Kingsgate Director and colleague, Peter McAleer, had passed away in Dublin, Ireland, on the 15th April 2020.



Peter was a director of Kingsgate from 2000 to late 2016, and was a good friend and mentor to many of us at Kingsgate, as well as the many other companies he was associated with. In addition to his role with Kingsgate, Peter also held a number of other positions in his career including Senior Independent Director and Chairman of the Audit Committee of Kenmare Resources PLC (Ireland), Chairman of Latin Gold Limited, Director and Chief Executive Officer of Equatorial Mining Limited and he was a Director of Minera El Tesoro (Chile).

Peter was a qualified barrister and was heavily involved with the Australian mining industry since the 1970's, after being involved with the rejuvenation of the mining industry in Ireland. As the Chief Executive of Whim Creek Consolidated, he was responsible for the first use of "carbon-in-leach" technology (which revolutionised gold production) in the Australian gold industry. He was subsequently involved in numerous mining projects in Australia, Chile and other parts of the world.

An avid world traveler (it was said he lived on a plane), Peter was kind and generous to a tee and was always a wise counsel and great company. He will be fondly remembered by all of us who shared numerous meetings, lunches, dinners, race meetings and social occasions in Australia, Thailand and Chile over many years, always bringing a cheeky sense of humor and a touch of reality and wisdom to any discussion. We extend to his wife Annette and family our sincere condolences. He will be sorely missed by all his friends and acquaintances throughout the world.

A mass was held in Peter's memory in Dublin on 20th April 2020.

Vale, Peter McAleer.

Corporate Directory

Board of Directors / Senior Staff

Ross Smyth-Kirk	Executive Chairman
Peter Alexander	Non-Executive Director
Peter Warren	Non-Executive Director
Ross Coyle	Company Secretary

Principal and Registered Office

Suite 2, Level 23, 20 Bond Street,
Sydney, NSW, 2000, Australia.
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Email: info@kingsgate.com.au

Share Details

As at 31 March 2020, there were 222,576,827 ordinary shares on issue.

Exchange Details

ASX Code: KCN
OTC Code: KSKGY

Share Registry

Link Market Services Limited
Level 12, 680 George Street,
Sydney, NSW, 2000, Australia.
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Email: registrars@linkmarketservices.com.au
Web: www.linkmarketservices.com.au

ADR Depository (American Depository Receipts)

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ADR Contact details for investors:
BNY Mellon Shareowner Services
PO Box 505000, Louisville,
Kentucky, 40233-5000, USA
Tel: +1 201 680 6825
Email: shrrelations@bnymellon.com

Notes for Mineral Resources:

The resource base of 0.49 million ounces of gold and 83.4 million ounces of silver is broken down as follows: Au Measured – 0.0005 Moz, Indicated – 0.4 Moz, and Inferred – 0.09 Moz. Ag Measured – 4.8 Moz, Indicated – 63.8 Moz, and Inferred – 14.8 Moz. (See ASX:KCN released 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 judgement 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:

The information in this report that relates to the mineral resources of the Nueva Esperanza Project in Chile, is based on information compiled by Ron James, who was previously an employee of the Kingsgate Group. Ron James is now a consultant geologist to Kingsgate, a member of The Australasian Institute of Mining and Metallurgy and qualifies as a Competent Person. Mr James has sufficient experience that is relevant to the style of mineralisation being reported herein as a resource, and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves." Mr James has consented to the public reporting of these statements and the inclusion of the material in the form and context in which it appears.