



Kingsgate

Consolidated Limited

**HALF-YEAR FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

Kingsgate Consolidated Limited

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CORPORATE INFORMATION

Directors

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

Company Secretary

Ross Coyle

Stock Exchange Listing

Kingsgate Consolidated Limited is a company limited by shares, listed on the Australian Securities Exchange (ASX) under the code KCN. The Company's shares also trade in the United States of America over-the-counter (OTC) as an American Depository Receipt (ADR) under the code OTC: KSKGY.

Registered Office and Principal Business Address

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2020 and any public announcements made by Kingsgate Consolidated Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

DIRECTORS' REPORT

Your Directors' present their report on the Group consisting of Kingsgate Consolidated Limited and the entities it controlled at the end of, or during the half-year ended 31 December 2020.

DIRECTORS

The following persons were directors of Kingsgate Consolidated Limited during the half-year ended 31 December 2020 and up to the date of this report:

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

PRINCIPAL ACTIVITIES

The principal activities of Kingsgate Consolidated Limited during the half-year were the progression of its claim with respect to the arbitral proceedings against the Kingdom of Thailand under the Australia-Thailand Free Trade Agreement. This is in conjunction with Kingsgate continuing its rehabilitation obligations and maintaining and keeping the project in good standing. Work also continued to unlock the value of the Nueva Esperanza Gold/Silver Project ("Nueva Esperanza") in Chile.

DIVIDENDS

- No final dividend was declared for the year ended 30 June 2020 (30 June 2019: nil).
- No interim dividend was declared for the half-year ended 31 December 2020 (31 December 2019: nil).

REVIEW OF OPERATIONS AND RESULTS

Operational Performance

Kingsgate is a gold and silver mining, development and exploration company based in Sydney, Australia. Kingsgate owns the Chatree Gold Mine ("Chatree") in Thailand. In addition, the Company has an advanced development project, Nueva Esperanza, in the highly prospective Maricunga Gold/Silver Belt in Chile.

Chatree and the Australia–Thailand Free Trade Agreement ("TAFTA")

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.

In August 2020, Akara was granted permission by the Thai Government to refine and sell the high value gold and silver "sludge," which has been secured at the Chatree Gold Mine. The sludge refers to material cleaned from the tanks and processing plant following the closure of the Chatree Gold Mine on 31 December 2016.

Akara agreed terms with a Thai refinery to process the sludge pursuant to new legislation requiring gold mined in Thailand to be refined in Thailand.

At the end of the half-year, approximately 4,364 ounces of the gold and 10,500 ounces of silver sludge has been refined and sold by Akara, with sales revenue generated of approximately A\$11,864,000. Since year end the balance of the sludge has been refined and sold with sales revenue received of approximately A\$823,000.

In November 2020, Akara was granted 44 special mineral prospecting licences (SPLs) over 397,226 rais of land in Chon Daen and Wang Pong Districts, in the Phetchabun Province. The term of the SPLs is for a period of 5 years until October 2025.

The issuance of these SPLs is subject to all relevant Thai mining laws including obtaining permission from landholders, providing environmental bonding to cover any reclamation works and it is not a licence to conduct mining activities.



While Kingsgate appreciates that it has now been more than one year since the final TAFTA hearings concluded in Singapore, these matters are inherently complex by their very nature, and the TAFTA panel must review voluminous materials both technical and otherwise before it can render a decision.

Again, while there is no indication as to when that might occur, the sustained rise in commodity prices over the past year has allowed Kingsgate to consider its options with respect to maximising the outcome for shareholders which includes the possibility of a negotiated settlement.

The recent approval given to Akara Resources to monetise the gold and silver sludge and the issuance of the 44 SPLs are small but positive steps that indicate a new willingness by the Thai Government to also pursue a negotiated settlement between the two parties.

Nueva Esperanza

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

In July 2020, Kingsgate advised that its 100% owned Laguna Resources Chile entity (“LRC”) has been granted an Environmental Impact Assessment (“RCA-64/20”) approval for the Nueva Esperanza Gold/Silver Project (See ASX:KCN release titled “Nueva Esperanza Project – EIA Approved”).

This approval will enable the development of the project (subject to compliance with local mining laws/regulations) and follows a public consultation period that resulted in no objections being lodged against the project and is the successful culmination of 18 months of detailed work that saw Kingsgate working closely with environmental consultants, local indigenous communities and the Chilean Government.

In addition, Kingsgate has finalised an agreement with Anglo American that will see a deferral of fees for both the water rights and project royalty payments until 2025. These factors combined, with the recent rise in commodity prices which has seen renewed interest in the project, has afforded Kingsgate the opportunity and time to carefully consider its options with respect to Nueva Esperanza.

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

Financial

At 31 December the Kingsgate Group cash position totalled A\$15.3 million.



FINANCIAL RESULTS

Kingsgate recorded an after tax loss of \$7.9 million for the half-year compared to an after tax loss of \$14.8 million for the previous corresponding period.

EBITDA before significant item was (\$7.1 million), which increased from (\$14.1 million) in the previous period.

	Half-Year	
	2020 \$'000	2019 \$'000
Loss after income tax	(7,882)	(14,783)
Income tax expense	-	-
Loss before income tax	(7,882)	(14,783)
Loss before tax	(7,882)	(14,783)
Net finance costs	687	593
Depreciation and amortisation	55	117
EBITDA before significant item	(7,140)	(14,073)

EBITDA before significant item is a financial measure which is not prescribed by International Financial Reporting Standards ("IFRS") and represents the profit under IFRS adjusted for specific significant item. The table above summarises key items between statutory profit after tax and EBITDA before significant item. The EBITDA before significant item has not been subject to any specific review procedures by our auditor but has been extracted from the accompanying half-year report.

Dividends

No dividend was declared with respect of the half-year ended 31 December 2020.



MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

Since period end the balance of the sludge has been refined and sold with sales revenue received of approximately A\$823,000. No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect:

- the Group's operations in future financial periods;
- the results of those operations in future financial periods; or
- the Group's state of affairs in future financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the Directors' Report and Financial Report are rounded to the nearest thousand dollars except where otherwise indicated.

This report is made in accordance with a resolution of Directors.

Ross Smyth-Kirk

Director

16 March 2021



Auditor's Independence Declaration

As lead auditor for the review of Kingsgate Consolidated Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Kingsgate Consolidated Limited and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'M Upcroft', is positioned above the printed name.

Marc Upcroft
Partner
PricewaterhouseCoopers

Sydney
16 March 2021

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half-year ended 31 December 2020

	Note	Half-Year	
		2020 \$'000	2019 \$'000
Sales revenue	3a	11,864	-
Costs of sales	3b	(1,564)	-
Gross profit		10,300	-
Exploration and technical expenses		(2,161)	(2,301)
Care and maintenance expenses		(775)	(1,285)
Corporate and administration expenses	3c	(5,324)	(7,736)
Other income and expenses	3d	70	12
Foreign exchange losses		(9,305)	(2,880)
Loss before finance costs and income tax		(7,195)	(14,190)
Finance income		27	172
Finance costs	3e	(714)	(765)
Net finance costs		(687)	(593)
Loss before income tax		(7,882)	(14,783)
Income tax expense		-	-
Loss after income tax		(7,882)	(14,783)
Other comprehensive income			
<i>Item that may be reclassified to profit and loss</i>			
Exchange differences on translation of foreign operations (net of tax)		8,262	1,989
Total other comprehensive income for the half-year		8,262	1,989
Total comprehensive income/(loss) for the half-year		380	(12,794)
Loss attributable to:			
Owners of Kingsgate Consolidated Limited		(7,882)	(14,783)
Total comprehensive income/(loss) attributable to:			
Owners of Kingsgate Consolidated Limited		380	(12,794)
Loss per share		Cents	Cents
Basic and diluted loss per share	10	(3.55)	(6.56)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Note	31 Dec 2020 \$'000	30 Jun 2020 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		15,285	15,569
Receivables		286	294
Other assets	4	137	372
Inventories		110	-
Total current assets		15,818	16,235
Non-current assets			
Property, plant and equipment		73	90
Right-of-use assets		146	190
Exploration, evaluation and development		22,909	25,649
Other assets	4	9,873	9,382
Total non-current assets		33,001	35,311
TOTAL ASSETS		48,819	51,546
LIABILITIES			
Current liabilities			
Payables		2,426	4,726
Lease liability		84	86
Provisions		206	190
Total current liabilities		2,716	5,002
Non-current liabilities			
Payables		5,974	4,363
Lease liability		61	103
Borrowings	5	11,510	12,520
Provisions		15,866	17,246
Total non-current liabilities		33,411	34,232
TOTAL LIABILITIES		36,127	39,234
NET ASSETS		12,692	12,312
EQUITY			
Contributed equity	6	675,919	675,919
Reserves	7	65,785	57,523
Accumulated losses		(729,012)	(721,130)
TOTAL EQUITY		12,692	12,312

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2020

	Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2020	675,919	57,523	(721,130)	12,312
Loss after income tax	-	-	(7,882)	(7,882)
Total other comprehensive income for the half-year	-	8,262	-	8,262
Total comprehensive income/(loss) for the half-year	-	8,262	(7,882)	380
Balance at 31 December 2020	675,919	65,785	(729,012)	12,692

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2019

	Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2019	677,761	57,662	(696,886)	38,537
Loss after income tax	-	-	(14,783)	(14,783)
Total other comprehensive income for the half-year	-	1,989	-	1,989
Total comprehensive income/(loss) for the half-year	-	1,989	(14,783)	(12,794)
Transaction with owners in their capacity as owners:				
Payments for share buy-backs	(1,471)	-	-	(1,471)
Payments for share buy-back expenses	(8)	-	-	(8)
Total transaction with owners	(1,479)	-	-	(1,479)
Balance at 31 December 2019	676,282	59,651	(711,669)	24,264

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.



CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2020

	Half-Year	
	2020	2019
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	11,934	-
Payments to suppliers and employees	(9,404)	(13,769)
Interest received	27	172
Finance costs paid	(1,067)	(763)
Net cash inflow/(outflow) from operating activities	1,490	(14,360)
Cash flows from investing activities		
Payments for property, plant and equipment	(3)	-
Payments of deposits	(1,538)	-
Net cash outflow from investing activities	(1,541)	-
Cash flows from financing activities		
Payment of lease liabilities	(43)	(46)
Payments for share buy-backs	-	(1,471)
Payments for share buy-back expenses	-	(8)
Net cash outflow from financing activities	(43)	(1,525)
Net decrease in cash held	(94)	(15,885)
Cash at the beginning of the half-year	15,569	42,085
Effects of exchange rate on cash and cash equivalents	(190)	(90)
Cash at the end of the half-year	15,285	26,110

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF THE HALF-YEAR REPORT

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2020 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Kingsgate Consolidated Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies applied are the same as those applied by Kingsgate in its annual financial report for the year ended 30 June 2020.

New or Revised Standards and Interpretations that are First Effective in the Current Reporting Period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current reporting period.

New Accounting Standards for Application in Future Periods

There are no new and revised Standards and amendments thereof and Interpretations effective for future reporting periods issued during the current reporting period that are relevant to the Group.

Uncertainty in relation to Chatree Gold Mine assets and liabilities

Following a decision made by the Thai Government, the Chatree Gold Mine ceased operations on 31 December 2016 when it was placed on Care and Maintenance effective 1 January 2017.

The Group commenced arbitral proceedings against the Kingdom of Thailand under the Australia-Thailand Free Trade Agreement in order to be compensated for the losses it has incurred as a result of the expropriation of the Chatree Gold Mine by the Thai Government.

In preparing the consolidated financial statements of the Group all mine related assets of the Chatree Gold Mine have been written down to nil value (an impairment charge of \$227,564,000 was recorded against the Group's carrying value of Chatree Gold Mine assets in the year ended 30 June 2016).

In respect of rehabilitation liabilities, during the financial year ending 30 June 2017, the Group revised its previous estimates and reduced its total rehabilitation liability to approximately \$15,579,000. This was based on management's rehabilitation plan which is a revision from the initial plan submitted to the Thai Authorities in 2007. Management still believes the revised plan will be commercially viable, cost effective and will meet all obligations in the context of the early mine closure that has been imposed on the Group with the overall objective to leave the site in a safe and stable condition that is consistent with the surrounding physical environment, be of benefit to the local community, and not require significant ongoing maintenance.

The future of the Chatree Gold Mine remains unclear and there is a significant uncertainty around the carrying values of assets and liabilities. The ultimate impact on the Group's financial position will depend on the sale of plant and equipment and non-strategic land and property and outcomes from discussions with the Thai Government, including:

- agreeing a rehabilitation plan, costing and timing in the context of the early mine closure;
- potential re-opening of the mine if permitted by the Thai Government; and
- pursuing available legal and other avenues for compensation including action for damages against the Thai Government.



1. BASIS OF PREPARATION OF THE HALF-YEAR REPORT (Continued)

The Group has considered the status of its discussions with the Thai Government and the status of its legal process against the Thai Government and has concluded that the position adopted for financial reporting purposes and described above reflects a prudent approach in respect of its assets and liabilities including potential contingent assets and liabilities. At balance sheet date, the Group has considered that it was not appropriate to record a reversal of any impairment previously recognised.

2. SEGMENT INFORMATION

The Group's operating segments are based on the internal management reports that are reviewed and used by the Board of Directors (chief operating decision maker). The operating segments represent the Group's operating mines and projects and include the following:

- Chatree Gold Mine, Thailand; and
- Nueva Esperanza Gold/Silver Project, Chile.



2. SEGMENT INFORMATION (Continued)

Information regarding the results of each reportable segment is included as follows:

2020	Care and Maintenance Chatree \$'000	Nueva Esperanza \$'000	Corporate \$'000	Total \$'000
External sales revenue	11,864 ¹	-	-	11,864
Other income/(expenses)	21	(1)	50	70
Total segment revenue	11,885	(1)	50	11,934
Segment EBITDA	8,077	(2,111)	(13,106) ²	(7,140)
Depreciation and amortisation	-	(51)	(4)	(55)
Segment result (Operating EBIT)	8,077	(2,162)	(13,110)	(7,195)
Finance income				27
Finance costs				(714)
Net finance costs				(687)
Loss before tax				(7,882)
Other segment information				
Segment assets	3,338	30,255	15,226	48,819
Segment liabilities	(29,112)	(6,307)	(708)	(36,127)
¹ approximately 4,364 ounces of gold and 10,500 ounces of silver sludge has been refined and sold by Akara during the half year.				
² includes foreign exchange loss of \$9,305,000 for the Group.				
2019	Care and Maintenance Chatree \$'000	Nueva Esperanza \$'000	Corporate \$'000	Total \$'000
External sales revenue	-	-	-	-
Other income	24	-	-	24
Total segment revenue	24	-	-	24
Segment EBITDA	(1,540)	(2,267)	(10,266) ¹	(14,073)
Depreciation and amortisation	(43)	(46)	(28)	(117)
Segment result (Operating EBIT)	(1,583)	(2,313)	(10,294)	(14,190)
Finance income				172
Finance costs				(765)
Net finance costs				(593)
Loss before tax				(14,783)
Other segment information				
Segment assets	2,533	33,546	27,991	64,070
Segment liabilities	(32,299)	(4,758)	(2,749)	(39,806)
¹ includes foreign exchange loss of \$2,880,000 for the Group.				



3. REVENUE AND EXPENSES

	Half-Year	
	2020	2019
	\$'000	\$'000
a. Sales revenue		
Gold sales	11,477	-
Silver sales	387	-
Total sales revenue	11,864	-
b. Cost of sales		
Royalties	1,513	-
Refining and transportation costs	51	-
Total cost of sales	1,564	-
c. Corporate and administration expenses		
Administration	3,127	2,935
Statutory and professional fees	2,142	4,727
Depreciation	55	74
Total corporate and administration expenses	5,324	7,736
d. Other income and expenses		
Other income/(expenses)	71	(24)
(Gain)/loss on sale of assets	(1)	12
Total other income and expenses	70	(12)
e. Finance costs		
Interest and finance charges	714	765
Total finance costs	714	765
f. Depreciation and amortisation		
Property, plant and equipment	12	117
Right-of-use assets	43	-
Total depreciation and amortisation expenses	55	117
<i>Included in:</i>		
Care and maintenance expenses	-	43
Corporate depreciation and administration expenses	55	74
g. Employee benefits expenses		
<i>Included in:</i>		
Care and maintenance expenses	364	764
Corporate and administration expenses	939	1,206
Total employee benefits expenses	1,303	1,970



4. OTHER ASSETS

	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Current		
Prepayments	123	359
Other deposits	14	13
Total other assets – current	137	372
Non-current		
Prepayments	7,920	8,879
Other deposits	1,953	503
Total other assets – non-current	9,873	9,382

Prepayments

Non-current prepayments include prepaid royalties and water rights in respect of the Nueva Esperanza Gold/Silver Project in Chile.

5. BORROWINGS

	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Preference shares in controlled entity	11,510	12,520
Total non-current borrowings	11,510	12,520

Preference shares in controlled entity

Terms and conditions of outstanding preference shares in controlled entity were as follows:

	Currency	Interest rate	Financial year of maturity ¹	Face value \$'000	Carrying amount \$'000
Preference shares in controlled entity	Thai baht	12%	n/a	11,510	11,510

¹the preference shares are repayable at the earliest on 30 July 2022.

6. CONTRIBUTED EQUITY

	31 Dec 2020 Shares	30 Jun 2020 Shares	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Opening balance	221,853,852	226,225,940	675,919	677,761
Payments for share buy-backs	-	(4,372,088)	-	(1,833)
Payments for share buy-back expenses	-	-	-	(9)
Closing balance	221,853,852	221,853,852	675,919	675,919



7. RESERVES

	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Foreign currency translation reserve	59,984	51,722
Share-based payment reserve	9,142	9,142
General reserve	(3,341)	(3,341)
Total reserves	65,785	57,523

8. EVENTS OCCURRING AFTER REPORTING DATE

Since period end the balance of the sludge has been refined and sold with sales revenue received of approximately A\$823,000. No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect:

- the Group's operations in future financial periods;
- the results of those operations in future financial periods; or
- the Group's state of affairs in future financial periods.

9. CONTINGENT ASSETS AND LIABILITIES

The Group had no contingent assets or liabilities at 31 December 2020 that is required to be reported. At the time of preparing this financial report some companies included in the Group are parties to pending legal proceedings. The directors have determined that the possibility of any outflow in settlement resulting from these proceedings is remote.

10. LOSS PER SHARE

	Half-Year	
	2020 Cents	2019 Cents
Basic and diluted loss per share	(3.55)	(6.56)
	\$'000	\$'000
Net loss used to calculate basic and diluted earnings per share	(7,882)	(14,783)
	Number	Number
Weighted average number of ordinary shares used as the denominator: basic	221,853,852	225,420,749
Adjustment for dilutive effect	-	-
Weighted average number of ordinary shares used as the denominator: diluted	221,853,852	225,420,749



11. IMPAIRMENT OF NON-CURRENT ASSETS – EXPLORATION, EVALUATION AND DEVELOPMENT ASSETS NUEVA ESPERANZA

At 30 June 2019, the recoverable amount of the Nueva Esperanza Gold/Silver Project CGU was determined to be \$27,509,000 resulting in an impairment loss of \$33,436,000. Significant judgements and assumptions were required in making estimates of the recoverable amounts.

The Group has assessed if impairment indicators existed as at 31 December 2020 and determined that it was not necessary to formally estimate the recoverable amount of the CGU as no indication of an impairment loss was identified as a result of that assessment, in accordance with the Group's accounting policy.

The Group also assessed whether changes in estimates used to determine the asset's recoverable amount since the last impairment loss was recognised, existed as at 31 December 2020 and whether such changes in estimates would require reversal of impairment. The Group determined that no such changes in estimates were identified.

In reaching these conclusions, the Group considered both external and internal factors relevant to the CGU, including but not limited to;

- Kingsgate's market capitalisation;
- unsolicited expressions of interest received to date to invest in the project;
- updates to the project including the 5-year extension to the water rights and the approval of the Environmental Impact Assessment ("RCA-64/20"); and
- the sustained high gold and silver prices.



DIRECTORS' DECLARATION

In the Directors' opinion:

- a) The financial statements and notes set out on pages 6 to 16 are in accordance with the *Corporations Act 2001*, including:
 - i. comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii. give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b) There are reasonable grounds to believe that Kingsgate will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'ROSS SMYTH-KIRK'.

Ross Smyth-Kirk
Director

16 March 2021
On behalf of the Board



Independent auditor's review report to the members of Kingsgate Consolidated Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Kingsgate Consolidated Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Kingsgate Consolidated Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter – significant uncertainty in relation to carrying value of assets and liabilities

We draw attention to note 1 to the half-year financial report which describes the significant uncertainty in relation to the carrying amount of assets and liabilities associated with the Chatree Gold Mine. Our review conclusion is not modified in respect of this matter.

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Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink that reads 'M Upcroft'.

Marc Upcroft
Partner

Sydney
16 March 2021