



# Kingsgate

Consolidated Limited

ABN 42 000 837 472

30 June 2021

**Via ASX Online (3 pages)**

**FOR PUBLIC RELEASE**

Manager  
Company Announcements Office  
Australian Securities Exchange

## **Letter of Intent signed for A\$69 million sale of Nueva Esperanza**

Kingsgate Consolidated Limited (“Kingsgate” or the “Company”) is pleased to announce that it has signed a non-binding Letter of Intent (“LOI”) with TSXV listed TDG Gold Corp (“TDG”) outlining terms for the acquisition of the Company’s Nueva Esperanza advanced gold-silver exploration and development project, located in the Maricunga Belt of the Atacama Region of Northern Chile.

The transaction is subject to the parties entering into a legally binding agreement, as well as certain conditions being met. These conditions include board approval, due diligence, and completion by TDG of a financing of at least C\$35 million. TDG is in the process of completing this financing, however, there can be no guarantee that the transaction will proceed.

The total value of the deal is approximately A\$69.1 million<sup>1</sup> and is a combination of cash and equity, that will both strengthen Kingsgate’s balance sheet, and importantly retain ongoing exposure to the gold and silver markets. The key details of the deal are as follows:

- **C\$25 million<sup>2</sup> cash payable to Kingsgate upon completion of the transaction;**
- **Kingsgate will be issued 14.0% of TDG’s outstanding common shares calculated on a post-closing basis (inclusive of any shares issued in a concurrent financing and with an option to increase the holding up to 19.9%);**
- **C\$6.25 million is payable to Kingsgate within 3 months of completion of a Definitive Feasibility Study;**
- **A payment of C\$5 million or 10 million TDG shares at their discretion to be issued at the point of a construction decision;**

- **A payment of \$C5 million or 10 million in TDG shares at their discretion at the one-year production anniversary;**
- **A payment of C\$8.75 million at the 2-year production anniversary; and**
- **Kingsgate will have a representative on the TDG board.**

The Executive Chairman of Kingsgate, Mr Ross Smyth-Kirk said “We are delighted with this opportunity to go into partnership with TDG, an exciting new Canadian gold and silver company.

We’ve worked very diligently over a long period of time to get the best deal on Nueva Esperanza, and we think this will represent excellent value for our shareholders”, he said.

### **About TDG**

TDG is a major holder of mineral claims and mining leases in the historical Toodoggone Production Corridor of north-central British Columbia, Canada, with over 23,000 hectares of brownfield and greenfield exploration opportunities under direct ownership or earn-in agreement.

TDG’s flagship projects are the former producing, high-grade gold-silver Shasta, Baker and Mets mines which are all road accessible, produced intermittently between 1981-2012, and have over 65,000 metres of historical drilling.

In 2021, TDG proposes to advance the projects through compilation of historical data, new geological mapping, geochemical and geophysical surveys, and drill testing of the known mineralization occurrences and their extensions. TDG currently has 64,423,459 common shares issued and outstanding. For more information see: TSXV:TDG or <https://tdggold.com>.

### **Transaction details**

The value of the deal is approximately A\$69.1 million and is a combination of cash and equity. Under the terms of the proposed transaction TDG will acquire all of the shares in Kingsgate’s Chilean subsidiary Laguna Resources Chile Limitada. Completion of the proposed acquisition would be subject to a number of conditions precedent, including completion of satisfactory due diligence, the negotiation and settlement of a binding definitive agreement, and receipt of regulatory approvals.

The LOI will be terminable by either party if the parties have not entered into a binding definitive agreement by 16 July 2021, or such other date as determined by the parties.

The LOI contemplates a date for completion of 31 August 2021, which date may be extended by the agreement of the parties.

## **Corporate Strategy**

The completion of a successful transaction on Nueva Esperanza would ensure the financial security of Kingsgate going forward while still giving excellent exposure to the gold and silver markets through its holdings in TDG.

This in turn would provide excellent optionality around the ongoing negotiations with Thailand to achieve a negotiated settlement under TAFTA. This may include the use of proceeds from Nueva Esperanza to refurbish and restart the Chatree Gold Mine if a negotiated settlement can be achieved and all licences and permits granted.

If all the licences and permits are granted the Chatree Gold Mine would have an estimated JORC compliant resource of 3.4 million ounces of gold (4Mt at 0.65g/t Au and 5.59g/t Ag) and an ore reserve of 0.09 million ounces of gold (2.5Mt at 1.1g/t Au and 17.6g/t Ag) respectively. Please see ASX:KCN release titled "Kingsgate Mineral Resources and Ore Reserves 2020", dated 2 September 2020. Kingsgate is currently in the process of costing the refurbishment and restart of the operation.

Kingsgate cannot guarantee reaching a negotiated settlement with the Thai Government. However, the TAFTA framework and claim to date remains in place in the event that a settlement cannot be reached.

## **Investment Forums**

Kingsgate from time to time becomes aware of various comments made about the company on investment forums, social media or in the Thai media. As previously stated, Kingsgate would urge shareholders with concerns to contact the company directly for information and to refer to trusted sources such as the ASX platform or company website for updates.



**Ross Smyth-Kirk OAM**  
**Executive Chairman**  
**KINGSGATE CONSOLIDATED LIMITED**

1. Calculated on an AUD-CAD exchange rate of A\$1:00 is equal to C\$0.93 as at 29 June 2021.
2. Subject to balance sheet adjustments, which is a normal process under a transaction of this type.