



Kingsgate

Consolidated Limited

ABN 42 000 837 472

25 November 2021

Dear Sir/Madam,

**Chairman's Address
2021 Annual General Meeting**

Please find attached the Chairman's Address at our 2021 Annual General Meeting held at 2:00 p.m. today which is being communicated via the online platform.

Yours faithfully,
KINGSGATE CONSOLIDATED LIMITED

Ross Coyle
Company Secretary

Chairman's Address 2021

The past year has been a disastrous one, of course, for much of the world's population with governmental overreach and the loss of so many basic freedoms previously taken for granted.

The inability to travel has severely hampered your Company in its two main activities of the last couple of years - the satisfactory settlement of our dispute with the Kingdom of Thailand and the sale of our Nueva Esperanza project in Chile.

We do feel that if some of our Australian management may have been able to travel to Thailand we may have been able to push the process a little harder. As it is, enormous progress has been made in achieving an amicable settlement, particularly in the last few months. Very early in the negotiating process we presented the Thai Government with a comprehensive list of what needed to be achieved for the Chatree mine to reopen, either by ourselves or another party.

As the time for the Arbitration Tribunal to hand down its judgement grew closer there has been a clear determination by the Thais to achieve a settlement that could be seen as a win-win situation for both parties.

We have outlined in a fair amount of detail the major components of a successful agreement in recent ASX releases and we are pleased to acknowledge that as of today the majority of the components have been, or almost been, agreed. As with always in Thailand there are a small number of minor, but irritating, items still to be resolved, but both sides are confident of that happening in the near future.

Because of the political situation and the inevitable emergence of the misguided and dishonest NGO agitators, the Thai Government is meticulous in its negotiations that anything it is agreeing to is absolutely compliant with all Thai legislation and that no special deals are being done for Kingsgate. The facts are that much of what we are getting access to we were illogically, and in some cases illegally, denied for long periods (in the case of exploration leases for over 10 years).

The substantial rise in the price of gold over the last few years has naturally changed the economics of Chatree and, as such, is a major component in us preferring to negotiate rather than rely on the uncertainty of a Tribunal award for compensation. The previous JORC compliant reserve and resource figures were calculated at a

\$US1,200 per ounce gold price and naturally will be restored after all licenses to produce are finally approved.

However, with the gold price now over 50% higher, because of the nature of the Chatree orebodies and the low cost of production, preliminary work on this indicates that the reserve figure could be more than twice the previous figure of 900,000 ounces of gold. More drilling will be needed to be undertaken in the mine to prove this to a JORC standard and this will be embarked on early in any re-opening scenario.

Additionally, initial studies of the low grade stockpile, previously used for blending ore, have shown that it could be very profitably processed as a stand-alone in the early stages of opening up processing. Numerous alternatives are being considered as to the most profitable and most efficient way to operate in an opening scenario. Again, because of the rise in the price of gold, the level of overburden needed to get to producing ore in the area known as the Quartz Lease, is likely to be less than originally envisaged.

The Chatree mine, when operating, had had a profound effect on the economy of Central Thailand. So much so that it was the poster child of the Board of Investment, as it produced the goods as far as the intentions of the Government were to assist the economy of a poor rural area of Thailand. It is quite apparent that since the closure of the mine the area has suffered immensely and this is why the local populace is so supportive of the mine re-opening. Importantly, the coronavirus saga has had such a profound effect on the Thai economy, mainly because of its dependence on tourism, and the Government recognises what a lift to the economy a rejuvenated Chatree mine would be.

We hope to be able to update the market on progress in the near future, and as already announced, it is hoped to have a signed agreement before 31st January, 2022.

As far as the Nueva Esperanza project goes there is little doubt that a deal could have been concluded earlier if not for the coronavirus debacle. However, as you are aware, we have signed an agreement with TDG Gold Corp of Canada to purchase the project. As part of the deal we have already received a non-refundable amount of

C\$500,000 and are set to receive a further non-refundable payment of C\$1 million by 30th November.

Whilst there are still some doubters about the project out there, this has not seemed to dampen the enthusiasm of the numerous parties who have approached us since announcing the deal wanting to deal with us if the TDG one did not proceed.

We are still of the opinion that Nueva Esperanza is one of the better new projects on the table today.

I am the first to admit that the last few years have been enormously difficult for all of us, not to mention the impact on our collective health. It is now almost five years since the Chatree mine was closed based on totally bogus accusations of health and environmental concerns. At long last there appears to be the proverbial light at the end of the tunnel.

What can be confidently said is that if we did not have the current Board and management the Company would not be in the advantageous position it is in at the present time and would have long ago lost most of its value to shareholders. As one astute shareholder noted recently it is amazing the Company has survived for 5 years without having an operating mine, still be afloat and have less shares on issue, than when it started.

Accordingly, I must commend our small management team, my fellow Board members and our small but effective staff in Sydney, Thailand and Chile. There is no doubt that we all have an enormous task ahead of us over the next few months.