

Half-Year Financial Statements

For the six months ended 31 December 2023

Kingsgate Consolidated Limited

ABN 42 000 837 472

CORPORATE INFORMATION

Directors

Ross Smyth-Kirk OAM Executive Chairman
Jamie Gibson Managing Director &
Chief Executive Officer
Nucharee Sailasuta Non-Executive Director
Peter Warren Non-Executive Director

General Counsel & Company Secretary

Stephanie Wen

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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AUSTRALIA

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Email: info@kingsgate.com.au
Web: www.kingsgate.com.au

Thailand Office

Akara Resources Public Company Limited

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Amphur Thap Khlo
Phichit 66230
THAILAND

Tel: +66 56 614 500
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Email: admincgm@akararesources.com
Web: www.akararesources.com

Share Registry

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Auditor

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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 2023 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 2023.

DIRECTORS

The following persons were Directors of Kingsgate Consolidated Limited during the half-year ended 31 December 2023 and up to the date of this report.

Ross Smyth-Kirk OAM	Jamie Gibson	Nucharee Sailasuta	Peter Warren
Executive Chairman	Managing Director & Chief Executive Officer	Non-Executive Director	Non-Executive Director

PRINCIPAL ACTIVITIES

Kingsgate is a gold and silver mining, development and exploration company based in Sydney, Australia. Kingsgate owns and operates 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.

DIVIDENDS

- No final dividend was declared for the year ended 30 June 2023 (30 June 2022: nil).
- No interim dividend was declared for the half-year ended 31 December 2023 (31 December 2022: nil).

REVIEW OF OPERATIONS AND RESULTS

Operational Performance

Chatree

Akara Resources Public Company Limited (Akara), a subsidiary of Kingsgate, officially reopened the Chatree Gold Mine in March 2023 following approval by the Department of Primary Industries and Mines in Thailand and completion of the refurbishment of Plant #2. Plant #1 is anticipated to be completed shortly.

Performance of Plant #2 continues to exceed expectations with 17,846 ounces of gold and 222,609 ounces of silver produced during the half-year ended 31 December 2023¹.

A total of 1,613,863 dry tonnes were crushed and 1,618,653 dry tonnes were milled during the half-year. This is an annualised rate of approximately 3.2 million tonnes compared to the nameplate design rate of 2.7 million tonnes per annum for Plant #2. The average grade of milled ore was 0.43 g/t gold and 8.29 g/t silver. Recoveries averaged 82.2% gold and 54.2% silver.

A total of 1,609,327 tonnes of ore has been rehandled from the stockpiles to the Run-of-Mine (ROM) for the six months ended 31 December 2023.

Grade control drilling completed during the half-year in the north and western end of A Pit returned near-surface, high grade gold intercepts (see ASX: KCN release titled "High Grade Gold Intercepts from Grade Control Drilling at Chatree", dated 5 and 9 January 2024).

¹ Gold and silver production for the half-year was reconciled to the final outturn from the refinery.

Dewatering of the pits commenced this half-year with initial pumping focused at A Pit North. Akara has comprehensively tested the water remaining in the pits. High quality water will be repurposed within the local area for agricultural use during the dry season, whereas the remaining balance will be pumped to other storage facilities within the Chatree Gold Mine.

The Plant #1 Overhaul Project is substantively complete, with the plant anticipated to be commissioned shortly, which will bring the Chatree Gold Mine back up to its full operational capacity of over 5 to 5.5 million tonnes per annum. Recruitment for 100 new positions at Chatree is well advanced with over 430 applications received, and new recruits to commence work before the end of March 2024.

Chatree and the Thailand-Australia Free Trade Agreement (TAFTA)

Kingsgate, by joint agreement with the Kingdom of Thailand, deferred the arbitral award under the Thailand-Australia Free Trade Agreement (TAFTA) to 30 June 2024.

Nueva Esperanza

Nueva Esperanza is a feasibility-stage development project with a resource base (inclusive of ore reserves) of approximately 0.49 million ounces of gold and 83.4 million ounces of silver (See ASX: KCN release titled “Kingsgate Mineral Resources and Ore Reserves 2023”, dated 12 October 2023).

Kingsgate is continuing to work with a number of parties interested in acquiring the Nueva Esperanza Project. No exploration work was carried out during the period and management costs were kept to a minimum.

Financing

At the end of December 2023, Kingsgate’s Group cash totalled \$9,755,000, which does not include the following:

- bullion receivables of \$6,909,000 as at 31 December 2023 was received in January; and
- unrefined gold/silver \$7,234,000: 2,097 ounces of gold and 24,301 ounces of silver were held as doré at the end of December 2023. The doré is valued at \$7,234,000 before royalties based on a gold price of A\$3,058 per ounce and a silver price of A\$34 per ounce. Cash proceeds of \$7,234,000 was received before the date of this report. ²

Secured loan note

On 19 December 2023, Kingsgate entered into a Loan Note Subscription Agreement with Nebari Gold Fund 1, LP to provide funding for the Processing Plant #1 Overhaul Project at Chatree Gold Mine and general working capital within the Kingsgate Group for the amount of US\$11,500,000 (“Facility”). The Facility was provided subject to security over interests and shares held in Kingsgate’s subsidiaries.

Refer to the ASX: KCN release titled “Debt Facility” dated 19 December 2023 for the terms and conditions of the Facility.

Advances from preference shareholder

On 25 November 2022, Akara received an unsecured 200 million Thai baht advance from the preference shareholder. On 22 February 2023, Akara received an additional cash advance of 100 million Thai baht from the preference shareholder. On 25 October 2023, the repayment term for both advances was extended until at least 25 November 2024.

² Unrefined gold and silver ounces were reconciled to the final outturn from the refinery. The final number was 3 ounces of gold and 100 ounces of silver less than the ounces reported in the December quarterly activities report.

GOING CONCERN AND MATERIAL UNCERTAINTY

The financial statements have been prepared on a going concern basis, which indicates continuity of business activities and the realisation of assets and settlement of liabilities in the normal course of business.

At 31 December 2023, the Group held cash and cash equivalent of \$9,755,000 of available cash and experienced net cash outflows from operating and investing activities of \$13,358,000.

On 19 December 2023, a six month loan facility was entered into with Nebari Gold Fund 1, LP (Nebari), to provide funding for the Processing Plant #1 Overhaul Project at Chatree Gold Mine and general working capital. A net drawdown amount of US\$10,000,000 (\$14,694,000) was received on 20 December 2023 (see Note 7c).

The Group currently does not have sufficient cash available to fully repay this facility and fully repay the preference shareholder advances amounting to \$12,836,000 which are due for repayment within twelve months from the date of this report.

To ensure the continued viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due and to ensure that adequate funding is available to complete the Processing Plant #1 Overhaul Project and ramp up mining operations, the Group is dependent on being successful in achieving one or more of the following:

1. commissioning Processing Plant #1 and resuming full mining operations to generate positive cash flows; this includes being able to finalise a contract with the mining contractor and finalising agreements with suppliers to access the necessary mining equipment; and/or
2. negotiating and implementing additional financing facilities to repay short term debts and to provide standby facilities; and/or
3. extending the maturity date of the Nebari loan to September 2024 as available in the agreement; and/or
4. managing the balances owed to creditors; and/or
5. monetising the value of the Nueva Esperanza Project ; and/or
6. an equity raising.

As a result of these matters, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the Directors believe that a combination of these matters will be implemented and, accordingly, have prepared the financial report on a going concern basis. No adjustments have therefore been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

The attached half-year report for the six months ended 31 December 2023 contains an independent auditor's review report which highlights the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. For further information, refer to Note 1 in the half-year financial report, together with the auditor's review report.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matter or circumstance has arisen since 31 December 2023 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 have been rounded to the nearest thousand dollars except where otherwise indicated.

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

**Ross Smyth-Kirk OAM**

Chairman

Sydney

15 March 2024



Auditor's Independence Declaration

As lead auditor for the review of Kingsgate Consolidated Limited for the half-year ended 31 December 2023, 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 black ink, appearing to read 'Craig Thomason', with a long horizontal flourish extending to the right.

Craig Thomason
Partner
PricewaterhouseCoopers

Sydney
15 March 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2023

	Note	Half-Year	
		2023 \$'000	2022 \$'000
Sales revenue	3a	58,483	-
Cost of sales	3b	(57,531)	-
Gross profit		952	-
Exploration expenses		(3,420)	(2,703)
Care and maintenance expenses		-	(4,717)
Plant overhaul/refurbishment expenses		(8,457)	(11,763)
Corporate and administration expenses	3c	(4,496)	(4,775)
Other income and expenses	3d	622	59
Foreign exchange losses		(494)	(1,667)
Rehabilitation provision revision		343	-
Loss before finance costs and income tax		(14,950)	(25,566)
Finance income		29	13
Finance costs	3e	(1,801)	(3,234)
Net finance costs		(1,772)	(3,221)
Loss before income tax		(16,722)	(28,787)
Income tax expense		-	-
Loss after income tax		(16,722)	(28,787)
Other comprehensive income			
<i>Item that may be reclassified to profit and loss</i>			
Exchange differences on translation of foreign operations (net of tax)		151	357
Total other comprehensive income for the half-year		151	357
Total comprehensive loss for the half-year		(16,571)	(28,430)
Loss attributable to:			
Owners of Kingsgate Consolidated Limited		(16,722)	(28,787)
Total comprehensive loss attributable to:			
Owners of Kingsgate Consolidated Limited		(16,571)	(28,430)
Loss per share		Cents	Cents
Basic and diluted loss per share	12	(6.49)	(13.01)

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 2023

	Note	31 Dec 2023 \$'000	30 Jun 2023 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		9,755	8,921
Restricted cash		2,017	649
Receivables		11,880	9,331
Inventories	4	40,937	34,800
Other assets	5	8,253	4,636
Total current assets		72,842	58,337
Non-current assets			
Restricted cash		140	-
Inventory	4	17,866	29,681
Property, plant and equipment		3,966	120
Right-of-use assets	6	8,690	-
Exploration, evaluation and development		26,633	26,436
Intangibles		867	711
Other assets	5	11,254	11,439
Total non-current assets		69,416	68,387
TOTAL ASSETS		142,258	126,724
LIABILITIES			
Current liabilities			
Payables		26,496	16,889
Finance lease liability	6	2,081	-
Borrowings	7	27,277	12,756
Provisions		2,306	2,436
Total current liabilities		58,160	32,081
Non-current liabilities			
Payables		6,495	7,441
Finance lease liability	6	6,604	-
Borrowings	7	11,357	11,286
Provisions		26,164	25,867
Total non-current liabilities		50,620	44,594
TOTAL LIABILITIES		108,780	76,675
NET ASSETS		33,478	50,049
EQUITY			
Contributed equity	8	727,307	727,307
Reserves	9a	60,582	60,431
Accumulated losses	9b	(754,411)	(737,689)
TOTAL EQUITY		33,478	50,049

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 2023

	Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2022	675,484	59,049	(742,427)	(7,894)
Loss after income tax	-	-	(28,787)	(28,787)
Total other comprehensive gain for the half-year	-	357	-	357
Total comprehensive loss for the half-year	-	357	(28,787)	(28,430)
Balance at 31 December 2022	675,484	59,406	(771,214)	(36,324)

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

	Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2023	727,307	60,431	(737,689)	50,049
Loss after income tax	-	-	(16,722)	(16,722)
Total other comprehensive income for the half-year	-	151	-	151
Total comprehensive income/(loss) for the half-year	-	151	(16,722)	(16,571)
Balance at 31 December 2023	727,307	60,582	(754,411)	33,478

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 2023

	Half-Year	
	2023	2022
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	59,526	60
Payments to suppliers and employees (inclusive of GST/VAT)	(64,805)	(18,509)
Interest received	29	13
Finance costs paid	(1,021)	(1,805)
Net cash outflow from operating activities	(6,271)	(20,241)
Cash flows from investing activities		
Payments for property, plant and equipment	(3,237)	(3)
Payment for exploration, evaluation and development	(395)	-
Payment for intangibles	(192)	-
Payments of deposits	(1,742)	(15)
Increase in restricted cash	(1,521)	-
Net cash outflow from investing activities	(7,087)	(18)
Cash flows from financing activities		
Proceeds from secured loan note with Nebari, net of transaction costs	14,489	-
Proceeds from secured bridge facility with Taurus, net of transaction costs	-	10,810
Proceeds from insurance premium funding	427	-
Repayment of insurance premium funding	(427)	-
Proceeds from advance from preference shareholder, net of transactions costs	-	8,499
Payments of finance lease liabilities	(383)	(20)
Net cash inflow from financing activities	14,106	19,289
Net increase/(decrease) in cash held	748	(970)
Cash at the beginning of the half-year	8,921	7,424
Effects of exchange rate on cash and cash equivalents	86	(184)
Cash at the end of the half-year	9,755	6,270
Non-cash financing activities		
Finance lease liability (Note 6)	8,685	-
Total non-cash financing activities	8,685	-

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 2023 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The 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 2023 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 consistent with those of the previous financial year and corresponding interim reporting period.

New of revised standards and interpretations that are first effective in the current reporting period

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

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.

1. Basis of preparation of the half-year report (Continued)

Going concern and material uncertainty

The financial statements have been prepared on a going concern basis, which indicates continuity of business activities and the realisation of assets and settlement of liabilities in the normal course of business.

At 31 December 2023, the Group held cash and cash equivalent of \$9,755,000 of available cash and experienced net cash outflows from operating and investing activities of \$13,358,000.

On 19 December 2023, a six month loan facility was entered into with Nebari Gold Fund 1, LP (Nebari), to provide funding for the Processing Plant #1 Overhaul Project at Chatree Gold Mine and general working capital. A net drawdown amount of US\$10,000,000 (\$14,694,000) was received on 20 December 2023 (see Note 7c).

The Group currently does not have sufficient cash available to fully repay this facility and fully repay the preference shareholder advances amounting to \$12,836,000 which are due for repayment within twelve months from the date of this report.

To ensure the continued viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due and to ensure that adequate funding is available to complete the Processing Plant #1 Overhaul Project and ramp up mining operations, the Group is dependent on being successful in achieving one or more of the following:

1. commissioning Processing Plant #1 and resuming full mining operations to generate positive cash flows; this includes being able to finalise a contract with the mining contractor and finalising agreements with suppliers to access the necessary mining equipment; and/or
2. negotiating and implementing additional financing facilities to repay short term debts and to provide standby facilities; and/or
3. extending the maturity date of the Nebari loan to September 2024 as available in the agreement; and/or
4. managing the balances owed to creditors; and/or
5. monetising the value of the Nueva Esperanza Project ; and/or
6. an equity raising.

As a result of these matters, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the Directors believe that a combination of these matters will be implemented and, accordingly, have prepared the financial report on a going concern basis. No adjustments have therefore been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

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

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

2023	Chatree \$'000	Nueva Esperanza \$'000	Corporate \$'000	Total \$'000
Sales revenue	58,483	-	-	58,483
Other income	622	-	-	622
Total segment revenue	59,105	-	-	59,105
Segment EBITDA	(9,630)	(2,765)	(2,203) ¹	(14,598)
Depreciation and amortisation	(284)	(31)	(37)	(352)
Segment result (Operating EBIT)	(9,914)	(2,796)	(2,240)	(14,950)
Finance income				29
Finance costs				(1,801)
Net finance costs				(1,772)
Loss before tax				(16,722)
Other segment information				
Segment assets	97,399	34,095	10,764	142,258
Segment liabilities	(76,531)	(12,401)	(19,848)	(108,780)
Net asset/(liabilities)	20,868	21,694	(9,084)	33,478
¹ includes foreign exchange losses of \$494,000 for the Group.				
2022	Chatree \$'000	Nueva Esperanza \$'000	Corporate \$'000	Total \$'000
Other income	60	-	-	60
Total segment revenue	60	-	-	60
Segment EBITDA	(17,105)	(2,199)	(6,232) ¹	(25,536)
Depreciation and amortisation	-	(27)	(3)	(30)
Segment result (Operating EBIT)	(17,105)	(2,226)	(6,235)	(25,566)
Finance income				13
Finance costs				(3,234)
Net finance costs				(3,221)
Loss before tax				(28,787)
Other segment information				
Segment assets	6,263	33,949	4,279	44,491
Segment liabilities	(47,204)	(10,527)	(23,084)	(80,815)
Net asset/(liabilities)	(40,941)	23,422	(18,805)	(36,324)
¹ includes foreign exchange gain of \$1,667,000 for the Group.				

3. Revenue and expenses

	Half-Year	
	2023	2022
	\$'000	\$'000
a. Sales revenue		
Gold sales	51,034	-
Silver sales	7,449	-
Total sales revenue	58,483	-
b. Cost of sales		
Direct costs of mining and processing	41,083	-
Royalties	7,283	-
Inventory movements	8,881	-
Depreciation (operations)	284	-
Total cost of sales	57,531	-
c. Corporate and administration expenses		
Administration	4,036	2,908
Statutory and professional fees	392	1,837
Depreciation	68	30
Total corporate and administration expenses	4,496	4,775
d. Other income and expenses		
Other income	621	60
Gain/(loss) of sale of assets	1	(1)
Total other income and expenses	622	59
e. Finance costs		
Interest and finance charges	1,699	1,760
Amortisation of deferred borrowing costs	-	1,474
Interest expense – lease liability	102	-
Total final costs	1,801	3,234
f. Depreciation and amortisation		
Property, plant and equipment	38	10
Right-of-use assets	276	20
Intangibles	38	-
Total depreciation and amortisation expenses	352	30
<i>Included in:</i>		
Cost of sales	284	-
Corporate and administration expenses	68	30
g. Employee benefits expenses		
<i>Included in:</i>		
Cost of sales	6,295	-
Care and maintenance expenses	-	549
Corporate and administration expenses	1,474	1,006
Total employee benefits expenses	7,769	1,555

4. Inventories

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Current		
Raw materials and stores	6,772	4,057
Stockpiles and work in progress	28,606	27,398
Gold bullion	5,559	3,345
Total inventories - current	40,937	34,800
Non-current		
Stockpiles	17,866	29,681
Total inventories - non-current	17,866	29,681

5. Other assets

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Current		
Prepayments	1,356	634
Other deposits	5,251	3,477
Other assets	1,646	525
Total other assets - current	8,253	4,636
Non-current		
Prepayments	8,970	9,195
Other deposits	2,284	2,244
Total other assets - non-current	11,254	11,439

Prepayments

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

6. Right-of-use assets and finance lease liabilities

This note provides information for leases where the Group is a lessee.
The consolidated statement of financial position shows the following amounts relating to leases:

Right-of-use assets

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Plant and machinery	7,483	-
Property	1,207	-
Total right-of-use assets	8,690	-

Finance lease liabilities

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Current	2,081	-
Non-current	6,604	-
Total finance lease liabilities	8,685	-

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

Depreciation charge of right-of-use assets

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Plant and machinery	211	-
Property	65	-
Total depreciation charge of right-of-use assets	276	-

Other item

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Interest expense	102	-
Total other item	102	-

The total cash outflow related to finance leases in the current period was \$383,000.

The tables below analyse the Group's finance lease liabilities into relevant maturity groupings based on their contractual maturities.

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000	Carrying amount \$'000
At 31 December 2023					
Finance lease liabilities	2,562	7,292	-	9,854	8,685

7. Borrowings

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Current		
Advances from preference shareholder ^b	12,836	12,756
Secured loan note ^c	14,441	-
Total borrowings – current	27,277	12,756
Non-current		
Preference shares in controlled entity ^a	11,357	11,286
Total borrowings – non-current	11,357	11,286
Total borrowings¹	38,634	24,042

¹ The Group has nil unused facilities as of 31 December 2023.

a. 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	Face value \$'000	Carrying amount \$'000
Preference shares in controlled entity	Thai baht	12%	n/a	11,357	11,357

During the half-year ended 31 December 2023 the terms of the Preference Shareholder Agreement, which is between the Preference Shareholder, Akara and Kingsgate Capital Pty Ltd relating to Preference Shares issued by Akara were amended. The amendment has extended the date whereby the Preference Shareholder may exercise a put option for the Preference Shares to be repaid at any time commencing from January 2026, by giving a six month written notice of such intention resulting in the preference shares being repayable at the earliest in July 2026.

b. Advance from preference shareholder

On 25 November 2022, Akara received an unsecured THB200,000,000 advance from the preference shareholder. Terms and conditions of the advance were as follows:

	Currency	Interest rate	Financial year of maturity	Face value \$'000	Carrying amount \$'000
Advance from preference shareholder	Thai baht	12%	2025 ²	8,557	8,557

² The advance from preference shareholder is repayable in 12 months from drawdown. On 25 October 2023, the repayment date was amended until at least 25 November 2024.

On 22 February 2023, Akara received an additional cash advance of THB100,000,000 from the preference shareholder.

7. Borrowings (Continued)

Terms and conditions of the advance were as follows:

	Currency	Interest rate	Financial year of maturity	Face value \$'000	Carrying amount \$'000
Advance from preference shareholder	Thai baht	12%	2025 ³	4,279	4,279

³ The advance from preference shareholder is repayable in 12 months from drawdown. On 25 October 2023, the repayment date was amended until at least 25 November 2024.

c. Secured loan note

	Currency	Interest rate	Financial year of maturity	Face value \$'000	Carrying amount \$'000
Secured loan note	USD	SOFR+2.5%	2024	15,553	14,441

On 19 December 2023, Kingsgate entered into a Loan Note Subscription Agreement with Nebari Gold Fund 1, LP to provide funding for the Processing Plant #1 Overhaul Project at Chatree Gold Mine and general working capital within the Kingsgate Group for the amount of US\$11,500,000 ("Facility"). The Facility was provided subject to security over interests and shares held in Kingsgate's subsidiaries.

Terms and conditions of the Facility were as follows:

1. Facility

The Facility is a secured loan note providing an initial drawing of US\$10,526,000 with a US\$526,000 Original Issue Discount ("OID") payable on drawdown. On 20 December 2023, Kingsgate received a net drawn amount of US\$10,000,000 (A\$14,771,000).

The initial Facility Limit is US\$11,500,000 (A\$16,898,000) and may be increased to accommodate Payment In Kind ("PIK") of interest, fees and royalties capitalised during the term of the Facility.

2. Fees, royalties and interest costs

- Royalty payments: a monthly royalty payment of 0.75% on gold produced by the Chatree Gold Mine;
- Interest costs: interest costs equal to the 30-day Secured Overnight Financing Rate ("SOFR") with a minimum 5% per annum plus a margin of 2.5% per annum applied to aggregate amounts outstanding;
- Line fee: a monthly line fee of 2.50% per annum of the facility limit;
- PIK: capitalisation of interest, fees and royalties during the term of the Facility;
- Termination fee: on the maturity date, any amounts outstanding up to the initial facility limit and not less than US\$11,500,000.

During the six months ended 31 December 2023, a total of US\$585,000 (A\$859,000) was capitalised into liabilities including OID, interest, line fee and royalties.

3. Term and Maturity

The maturity date is six months from the drawdown, unless Kingsgate elects to extend the maturity date for a further three months. An extension fee of US\$250,000 (A\$367,000) is payable for an extension. All other fees, royalties and interest costs will remain unchanged.

7. Borrowings (Continued)

d. Secured Bridge Facility

On 10 May 2022 a secured Bridge Facility of US\$15,000,000 was entered into with Taurus Mining Finance Fund No.2 L.P. (Taurus). On 31 March 2023, US\$15,000,000 loan was fully repaid out of the net proceeds received by the Group from a placement.

Issue of options to Taurus

Under the terms of the Bridge Facility, 2,500,000 options were issued to Taurus and have the following conditions attached to them:

- each option will entitle the holder to subscribe for one ordinary share of the Company;
- options are granted for no consideration; and
- options granted under the plan carry no dividend or voting rights.

Set out below are summaries of options granted to Taurus:

Grant date	13 May 2002
Expiry date	12 May 2027
Exercise price (\$)	\$2.00
Balance at the start of year (Number)	-
Granted during the year (Number)	2,500,000
Exercised during year (Number)	-
Balance end of year (Number)	2,500,000
Vested and exercisable at end of year (Number)	2,500,000

The options will expire at the end of its vesting periods.

Fair value of options granted

The fair value at grant date of the options is determined using the Black-Scholes option pricing model which incorporates the following inputs.

Term	5 years
Exercise price (\$)	\$2.00
Underlying share price at the date of grant	\$1.385
Exercised share price volatility over the term of the options	65%
Risk free rate for the term of the options (based on Government bond rate)	3%

The assessed fair value of the share options issued was \$0.6678 resulting in a value of \$1,669,000.

8. Contributed equity

	31 Dec 2023 Shares	30 Jun 2023 Shares	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Opening balance	257,751,692	221,320,453	727,307	675,484
Shares issued via placement	-	30,698,067	-	46,047
Shares issued via Share Purchase Plan	-	5,733,172	-	8,600
Share issue costs	-	-	-	(2,824)
Closing balance	257,751,692	257,751,692	727,307	727,307

9. Reserves and accumulated losses

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
a. Reserves		
Foreign currency translation reserve	53,112	52,961
Share-based payment reserve	10,811	10,811
General reserve	(3,341)	(3,341)
Total reserves	60,582	60,431
Movements:		
Foreign currency translation reserve		
At the beginning of the financial year	52,961	51,579
Exchange differences on translation of foreign controlled entities (net of tax)	151	1,382
At the end of the financial year	53,112	52,961
Share-based payment reserve		
At the beginning of the financial year	10,811	10,811
Share-based payment expense	-	-
At the end of the financial year	10,811	10,811
General reserve		
At the beginning of the financial year	(3,341)	(3,341)
Net change	-	-
At the end of the financial year	(3,341)	(3,341)

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve.

Share-based payment reserve

The share-based payment reserve is used to recognise the fair value of deferred rights, performance rights and options issued but not exercised. The share-based payment reserve also records the value of the equity instrument issued to Taurus as part of the Bridge Facility (refer Note 7d).

General reserve

The general reserve represents changes in equity as a result of changes in non-controlling interests and revaluation of employee benefit obligations recognised in other comprehensive income in prior periods.

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
b. Accumulated losses		
At the beginning of the financial year	(737,689)	(742,427)
(Loss)/profit after income tax	(16,722)	4,738
Total accumulated losses	(754,411)	(737,689)

10. Events occurring after reporting date

No matter or circumstance has arisen since 31 December 2023 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.

11. Contingent assets and liabilities

In March 2019, Kingsgate settled a Political Risk Insurance claim against Zurich Insurance Australia Ltd, and other named insurers. The settlement consisted of:

- a cash payment of US\$55,000,000 received in April 2019;
- a contribution totalling US\$3,500,000 and A\$750,000 for future costs incurred towards the Thailand-Australia Free Trade Agreement (TAFTA) Arbitration.

To the extent that any amount is recovered by Kingsgate (being Kingsgate Consolidated Limited and/or Kingsgate Capital Pty Ltd) in connection with the TAFTA Arbitration, the Award Proceeds (meaning "any monetary amount finally received under, or from enforcement of, an Arbitral Award") or any amount received by Kingsgate following a negotiated settlement or compromise of the TAFTA Arbitration, the settlement allows for a sharing arrangement between Kingsgate and the Insurers. The Insurers are only entitled to the amount of their original financial contribution including interest.

The Group had no other contingent assets or liabilities at 31 December 2023 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.

12. Loss per share

	Half-Year	
	2023	2022
	Cents	Cents
Basic and diluted loss per share	(6.49)	(13.01)

	\$'000	\$'000
Net loss used to calculate basic and diluted earnings per share	(16,722)	(28,787)

	Number	Number
Weighted average number of ordinary shares used as the denominator: basic	257,751,692	221,853,852
Adjustment for dilutive effect	-	-
Weighted average number of ordinary shares used as the denominator: diluted	257,751,692	221,853,852

13. Impairment of non-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 2023 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 2023 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 which included impairment criteria noted in AASB 6 *Exploration for and Evaluation of Mineral Resources*, Kingsgate's market capitalisation, the sustained high gold and silver prices and recent expressions of interest for the acquisition of the Nueva Esperanza Gold/Silver Project.

14. Related party transactions

During the half-year ended 31 December 2023, the Group entered into a drilling agreement with LotusHall Mining Heavy Engineering Construction. Ms Nucharee Sailasuta, a director of Kingsgate Consolidated Limited, is also the Chairman of LotusHall Mining Heavy Engineering Construction. The contract is based on normal commercial terms and conditions. The Group has recorded right-of-use assets of \$6,876,000 and lease liabilities of \$6,856,000 relating to the leased drill rigs accordingly (see Note 6).

15. Capital commitments

The Group entered into a purchase order with Metro Machinery Co. Ltd regarding 41 pieces of mining equipment with a total value of \$62,314,000³. A deposit of \$4,051,000³ was paid before the end of December and the remaining balance of \$58,263,000³ is due on or before each delivery.

³ Excluding Value Added Tax (VAT).

DIRECTORS' DECLARATION

In the Directors' opinion:

- a) the financial statements and notes set out on pages 6 to 21 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 2023 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.



Ross Smyth-Kirk OAM
Chairman

Dated at Sydney on 15 March 2024
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 2023, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, selected 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 2023 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.

Material uncertainty relating to going concern

We draw attention to Note 1 "Going concern and material uncertainty" in the half-year financial report, which indicates that the Group held cash and cash equivalents of \$9,755,000 as at 31 December 2023, experienced net cash outflows from operating and investing activities of \$13,358,000 for the 6 months then ended, and is dependent on being successful in raising additional funds through one or more sources, as described in Note 1. These conditions, along with other matters set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our 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 2023 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.

PricewaterhouseCoopers

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Craig Thomason', written over a horizontal line.

Craig Thomason
Partner

Sydney
15 March 2024