

Kingsgate Consolidated Limited Precious Metals - Producer

Rating
SPECULATIVE BUY

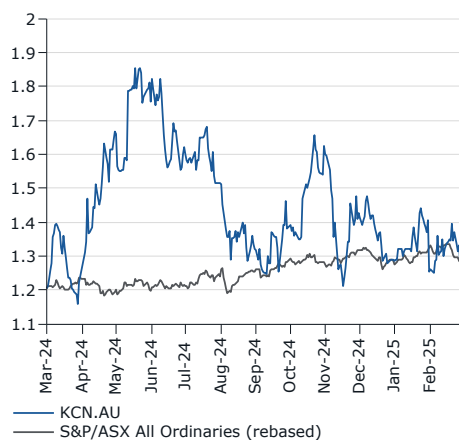
Price Target
A\$3.35

KCN-ASX

Price
A\$1.30

Market Data

52-Week Range (A\$) :	1.13 - 1.89
Avg Daily Vol (000s) :	553.24
Shares Out. (M) :	257.8
Market Cap (A\$M) :	335.1
Dividend /Shr (A\$) :	0.00
Dividend Yield (%) :	0.0



Priced as of close of business 28 February 2025

Kingsgate Consolidated an emerging mid-tier gold producer which owns 100% of the Chatree Gold Mine in Thailand and the Nueva Esperanza Gold-Silver Project in Chile.

Tom Prendiville | Analyst | Canaccord Genuity (Australia) Ltd. | TPrendiville@cgf.com | +61.2.9263.2720
Paul Howard | Analyst | Canaccord Genuity (Australia) Ltd. | phoward@cgf.com | +61.8.9263.1155

Exploration results point to Resource growth and LOM extension potential at Chatree

Exploration activities in full swing with five rigs spinning at Chatree

A total of 89 RC holes from three rigs and seven diamond holes from two rigs have been completed since 1 January 2025. This program is focused on testing new exploration targets and defining mineralised zones within the Chatree SE Complex (a SE extension of the main Chatree orebody). KCN expects exploration drilling to continue until end of JunQ'25.

Significant assay results released today...

Several significant intercepts were returned from all zones within the mineralised structures of the Chatree SE Complex (see below), within 1km of the Chatree gold processing complex in Thailand. Highlights from recent RC/DD drilling at Chatree SE Complex include:

- 25m at 1.79g/t Au from 10m (Western Zone)
- 36m at 3.53g/t Au from 0m (Main Zone)
- 3m at 1.75g/t Au from 47m (Northern Zone)
- 20m at 1.23g/t Au from 39m (Southern Zone)
- 13m at 3.54g/t Au from 0m (T Prospect)

A Resource update incorporating the Chatree SE complex is due in 2025.

...which points to Resource growth and LOM extension potential at Chatree

We continue to see Resource growth potential at Chatree with recent assays (>1g/t gold intercepts) from various zones (see above) within very close proximity to the processing complex. This suggests Resource tonnage and grade (~0.7g/t) could increase at the next update and LOM extension potential (our base case currently assumes ~9 years). Our NAV is highly sensitive to changes in grade, with a +10% increase leading to a +24% increase in NAV.

Valuation and recommendation

Our price target of \$3.35 (1.0x forward curve NPV5%) remains unchanged. We continue to think patient investors will likely be rewarded with a re-rate of KCN shares over the next 12 months as the company crosses a FCF inflection (from breakeven to positive), noting its appealing FCF yields of avg. ~31% over FY25E-27E. KCN remains one of the most undervalued gold companies in our ASX gold producer coverage P/NAV 0.38x; vs mid-tier producer avg 0.75x). Maintain SPECULATIVE BUY rating.

Appendix: Important Disclosures

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Individuals identified as "Sector Coverage" cover a subject company's industry in the identified jurisdiction, but are not authoring analysts of the report.

Investment Recommendation

Date and time of first dissemination: March 02, 2025, 18:44 ET

Date and time of production: March 02, 2025, 18:44 ET

Target Price / Valuation Methodology:

Kingsgate Consolidated Limited - KCN

Our price target for KCN is based on a risked NPV5% for Chatree. Our assumed production scenario is largely based on the company's existing LOMP and discussions with management, overlaid with our pricing and discount rates.

Risks to achieving Target Price / Valuation:

Kingsgate Consolidated Limited - KCN

Geopolitical risks

Chatree is located in Thailand which is considered an emerging market. As such, KCN, through the Chatree Gold Mine, carries a higher degree of economic, political, social, legal and legislative risk. We saw this risk play out in practice when the Thai government revoked KCN's licence to operate Chatree in 2016. There is a risk this happens again, albeit we think this is unlikely given the actions by the new Thai government and KCN to remedy the situation.

Financing risks

As KCN continues to ramp up operations at Chatree, there is a risk that additional external funding may be required (via equity or debt markets) to assist with its working capital requirements.

Exploration risks

Exploration is subject to several risks and can require a high rate of capital expenditure. Risks can also be associated with conversion of inferred resources and lack of accuracy in the interpretation of geochemical, geophysical, drilling and other data. No assurances can be given that exploration will delineate further mineral Resources nor that the company will be able to convert the current mineral resource into minable Reserves, noting our base case mineable inventory is underpinned by Reserves only.

Operating risks

Companies in production will be subject to risks such as plant/equipment breakdowns, metallurgical (meeting design recoveries within a complex flowsheet), materials handling and other technical issues. An increase in operating costs could reduce the profitability and free cash generation from its operating asset considerably and negatively impact valuation. Further, the actual characteristics of an ore deposit may differ significantly from initial interpretations which can also materially impact forecast production from original expectations.

Commodity price and currency fluctuations

The company as a gold producer is exposed to commodity price and currency fluctuations, often driven by macro-economic forces including inflationary pressure, interest rates and supply and demand of commodities. These factors are external and could reduce the profitability, costing and prospective outlook for the business.

Distribution of Ratings:

Global Stock Ratings (as of 03/02/25)

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	634	68.03%	27.60%
Hold	131	14.06%	12.21%
Sell	13	1.39%	0.00%
Speculative Buy	147	15.77%	53.74%
	932*	100.0%	

*Total includes stocks that are Under Review

Canaccord Genuity Ratings System

BUY: The stock is expected to generate returns greater than 10% during the next 12 months.

HOLD: The stock is expected to generate returns from -10% to 10% during the next 12 months.

SELL: The stock is expected to generate returns less than -10% during the next 12 months.

NOT RATED: Canaccord Genuity does not provide research coverage of the relevant issuer.

Given the inherent volatility of some stocks under coverage, price targets for some stocks may imply target returns that vary temporarily from the ratings criteria above.

*As of January 1, 2024, the Ratings History Chart will reflect the new Canaccord Genuity Ratings System as defined above.

Risk Qualifier

SPECULATIVE: The stock bears significantly above-average risk and volatility. Investments in the stock may result in material loss.

12-Month Recommendation History (as of date same as the Global Stock Ratings table)

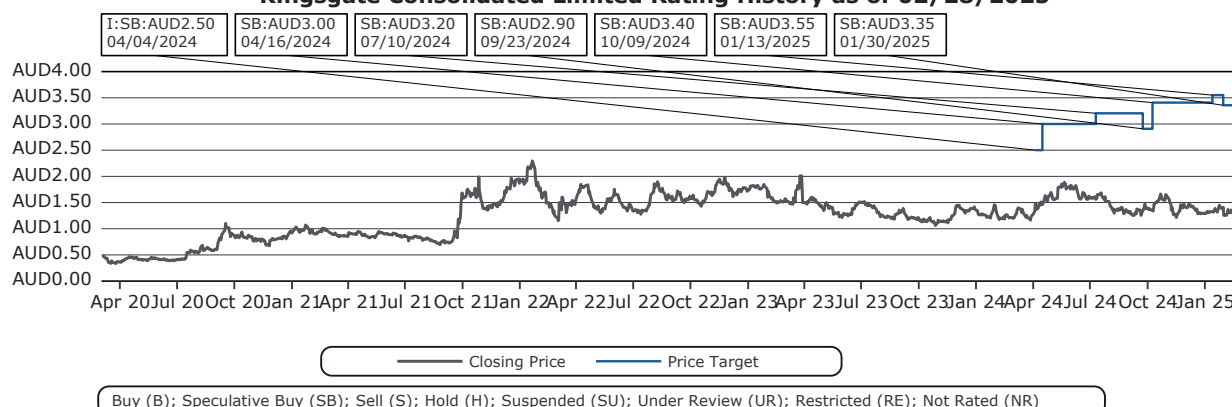
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An analyst has visited the material operations of Kingsgate Consolidated Limited. Partial payment was received for the related travel costs.

Kingsgate Consolidated Limited Rating History as of 02/28/2025



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In line with Article 44(4)(b), MiFID II Delegated Regulation, we disclose price performance for the preceding five years or the whole period for which the financial instrument has been offered or investment service provided where less than five years. Please

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