

# Kingsgate Consolidated Limited

## Precious Metals - Producer

Rating  
**SPECULATIVE BUY**  
unchanged

Price Target  
**A\$4.00**  
unchanged

KCN-ASX

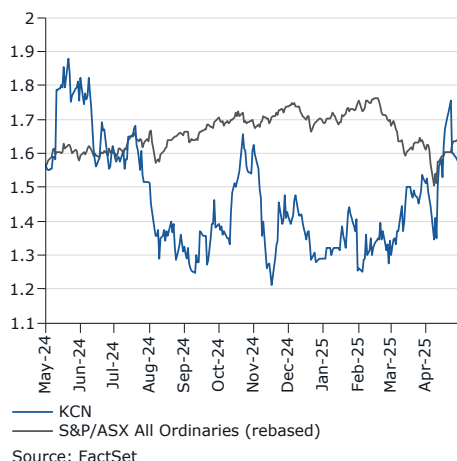
Price  
**A\$1.63**

### Market Data

|                           |             |
|---------------------------|-------------|
| 52-Week Range (A\$) :     | 1.16 - 1.89 |
| Avg Daily Vol (000s) :    | 623         |
| Market Cap (A\$M) :       | 418.8       |
| Shares Out. (M) :         | 257.8       |
| Enterprise Value (A\$M) : | 347.3       |
| NAV / Shr (A\$) :         | 3.98        |

| FYE Jun                                   | 2024A  | 2025E  | 2026E  | 2027E  |
|---|--------|--------|--------|--------|
| Gold Production (000oz)                   | 47     | 77     | 98     | 108    |
| All in Sustaining Cost (Gold) (US\$ / oz) | 0      | 1,992  | 1,694  | 1,582  |
| EBITDA (A\$M)                             | (20.5) | 110.9↑ | 214.4↑ | 261.7↑ |
| Previous                                  | -      | 100.0  | 208.0  | 255.4  |
| Cons. EBITDA <sup>1</sup> (A\$M)          | NA     | NA     | NA     | NA     |
| Net Income (A\$M)                         | 197.6  | 61.3↑  | 131.7↑ | 171.3↑ |
| Previous                                  | -      | 54.6   | 127.7  | 167.2  |
| Free Cash Flow (A\$M)                     | (16.2) | 47.5   | 166.6  | 226.7  |

<sup>1</sup> : Consensus not applicable



Priced intraday 1 May 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.

Please refer to the important disclosures section of this report.

**Reg Spencer** | Analyst | Canaccord Genuity (Australia) Ltd. | rspencer@cgf.com | +61.2.9263.2701  
**William Jones** | Associate Analyst | Canaccord Genuity (Australia) Ltd. | WJones@cgf.com | 61.2.9263.2798

## MarQ'25 report

### Miss on production, but operational improvement evident

MarQ Chatree production of 20.6koz at US\$1,839/oz represented a minor miss on CGe while costs were in line (23koz at US\$1,883/oz; DecQ24a 17.9koz at US\$2,125/oz). Lower production was mainly due to lower grades, but was still a 15% QoQ improvement as fresh ore volumes increase (vs treatment of stockpiles). Plant performance continues to be a highlight, running ~7% above design. We also note cost performance in spite of the lower production and impact of higher royalties on AISC.

Closing cash+bullion was better than expected at A\$60m, +33% QoQ, and implying FCF of A\$13m. Debt reduced slightly to ~A\$55m.

### Outlook - grades expected to improve

Previous guidance of 80-90koz at US\$1,650-1,800/oz is unchanged, noting that grades are expected to continue to improve through CY25 (less reliance on low grade stocks). However, our updated FY25 forecasts would see KCN come in just under guidance (77koz at US\$1,921/oz), noting the impact of higher royalty expenses on our AISC due to gold prices.

### Nueva Esperanza update - MRE update deferred

Nueva Esperanza is one of the world's largest undeveloped silver deposits, hosting Resources of ~134Moz at 106g/t AgEq. A Resource and Reserve update was originally scheduled for the MarQ but has been deferred due to a need to update cost inputs (the prior PFS was completed in 2016).

KCN is assessing options for the project. Should the project be divested, we think this could be a windfall for KCN (we carry nothing for the project in our valuation). A potential benchmark could be Andean Silver (ASL-ASX | SPEC BUY, TP A\$3.05 | Tim McCormack), which owns the 120Moz AgEq Cerro Bayo project, also in Chile. ASL is capitalised at A\$166m, and while Cerro Bayo is more advanced, it could be a valuation yardstick on any sale.

### Model revisions

We have made minor revisions to our production and cost modelling. Estimate changes for FY26 forward (see sidebar) are largely immaterial.

### Valuation & Recommendation

Our target price (risked NPV5%) is unchanged at \$4.00.

While the miss on production is a drawback, we highlight a positive cashflow quarter and achieving net cash ahead of our prior expectations. We think Chatree needs to demonstrate it can consistently achieve targeted grades (Reserves at 0.78g/t), but it looks to be headed in the right direction. The delay in the updated MRE for Nueva Esperanza is disappointing as any divestment could be a valuation/liquidity catalyst, in our view. That said, we continue to see a significant re-rating opportunity should KCN execute successfully. SPEC BUY.

**Figure 1: KCN Financial Summary**

**Kingsgate Consolidated (KCN:ASX)**

Analyst : Reg Spencer  
Date: 1/05/2025  
Year End: Jun

Rating:  
Target Price:

**SPEC BUY**  
**A\$4.00**

**Market Information**

|                       |      |      |
|-----------------------|------|------|
| Share Price           | A\$  | 1.63 |
| Market Capitalisation | A\$m | 419  |
| 12 Month Hi           | A\$  | 1.89 |
| 12 Month Lo           | A\$  | 1.16 |
| Issued Capital        | m    | 258  |
| ITM Options           | m    |      |
| Fully Diluted         | m    | 258  |

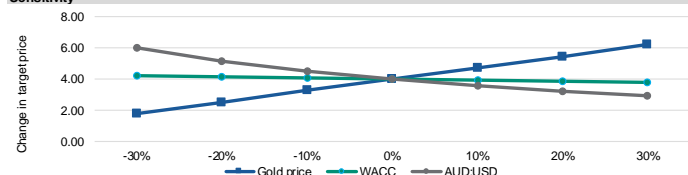
**Valuation**

|                               | A\$m         | A\$/share   |
|-------------------------------|--------------|-------------|
| Chatree NPV @5%               | 1,110        | 4.31        |
| Exploration, Projects & Other | -            | -           |
| Gold Forwards                 | -            | -           |
| Corporate                     | (100)        | (0.39)      |
| (Net debt)/cash               | 72           | 0.28        |
| <b>Total</b>                  | <b>1,025</b> | <b>3.98</b> |
| Price/NAV                     |              | 0.41x       |
| NAV @ Spot                    |              |             |
| <b>Target Price</b>           |              | <b>4.00</b> |
| Price/TP                      |              | 0.41x       |

**Assumptions**

|                        | 2024a | 2025e | 2026e | 2027e |
|------------------------|-------|-------|-------|-------|
| Gold Price (US\$/oz)   | 2,076 | 2,761 | 3,126 | 3,257 |
| Silver Price (US\$/oz) | 25    | 31    | 31    | 32    |
| Copper Price (US\$/lb) | 3.95  | 4.21  | 4.69  | 5.25  |
| AUD:USD                | 0.66  | 0.64  | 0.64  | 0.67  |

**Sensitivity**



**Production (kt) - by asset**

|                        | 2024a | 2025e | 2026e | 2027e |
|------------------------|-------|-------|-------|-------|
| <b>Chatree</b>         |       |       |       |       |
| Gold Production (koz)  | 47    | 77    | 98    | 108   |
| AISC (US\$/oz)         | -     | 1,992 | 1,694 | 1,582 |
| <b>Neuva Esperanza</b> |       |       |       |       |
| Gold Production (koz)  | -     | -     | -     | -     |
| AISC (US\$/oz)         | -     | -     | -     | -     |
| <b>Group</b>           |       |       |       |       |
| Gold Production (koz)  | 47    | 77    | 98    | 108   |
| AISC (US\$/oz)         | -     | 1,992 | 1,694 | 1,582 |

**Reserves & Resources**

|                  | Mt   | Grade | Moz  |
|------------------|------|-------|------|
| <b>Reserves</b>  | Gold | 68    | 0.71 |
| <b>Resources</b> | Gold | 203   | 0.60 |

**Directors & Management**

| Name               | Position                |
|--------------------|-------------------------|
| Ross Smyth-Kirk    | Exec Chairman           |
| Jamie Gibson       | Managing Director & CEO |
| Nucharee Sailasuta | NE Director             |
| Peter Warren       | NE Director             |
| Mischa Mutadzic    | CFO                     |

**Company Description**

Kingsgate Consolidated (KCN:ASX) owns and operates the Chatree Gold Mine in Thailand. The gold mine restarted processing tailings in 2023 after a period of closure.

**Profit and Loss A\$m**

|                                       | 2024a        | 2025e        | 2026e        | 2027e        |
|---------------------------------------|--------------|--------------|--------------|--------------|
| Revenue                               | 133.1        | 359.5        | 515.8        | 560.3        |
| Operating Costs                       | -126.4       | -229.3       | -279.4       | -276.6       |
| SG&A                                  | -27.2        | -19.2        | -22.0        | -22.0        |
| <b>EBITDA</b>                         | <b>-20.5</b> | <b>110.9</b> | <b>214.4</b> | <b>261.7</b> |
| Impairment/other non cash adjustments | 228.7        | 0.0          | 0.0          | 0.0          |
| D&A                                   | -0.6         | -17.0        | -24.9        | -23.7        |
| Net Interest                          | -7.2         | -6.3         | -1.4         | 6.7          |
| Tax                                   | -2.8         | -26.3        | -56.4        | -73.4        |
| NPAT (reported)                       | 197.6        | 61.3         | 131.7        | 171.3        |
| <b>NPAT</b>                           | <b>197.6</b> | <b>61.3</b>  | <b>131.7</b> | <b>171.3</b> |

**EBITDA Margin**

|                       | 2024a         | 2025e       | 2026e       | 2027e       |
|-----------------------|---------------|-------------|-------------|-------------|
| <b>EV/EBITDA</b>      | <b>-24.0x</b> | <b>4.4x</b> | <b>2.3x</b> | <b>1.9x</b> |
| EPS                   | 0.77          | 0.24        | 0.51        | 0.66        |
| EPS Growth            |               | -69%        | 115%        | 30%         |
| PER                   | 2.1x          | 6.8x        | 3.2x        | 2.4x        |
| Dividend Per Share    | -             | -           | -           | -           |
| <b>Dividend Yield</b> | <b>0.0%</b>   | <b>0.0%</b> | <b>0.0%</b> | <b>0.0%</b> |

**Cash Flow A\$m**

|                                       | 2024a        | 2025e        | 2026e        | 2027e        |
|---------------------------------------|--------------|--------------|--------------|--------------|
| Cash Receipts                         | 134.9        | 359.5        | 515.8        | 560.3        |
| Cash paid to suppliers & employees    | -123.2       | -248.5       | -301.4       | -298.6       |
| Tax Paid                              | 0.0          | 0.0          | 0.0          | 0.0          |
| Net Interest                          | -4.2         | -6.3         | -1.4         | 6.7          |
| Other                                 | 0.0          | -18.0        | 0.0          | 0.0          |
| <b>Operating Cash Flow</b>            | <b>7.5</b>   | <b>86.7</b>  | <b>213.0</b> | <b>268.4</b> |
| Proceeds/payments from sale/purchases | 0.0          | 0.0          | 0.0          | 0.0          |
| Capex                                 | -17.8        | -39.1        | -46.4        | -41.7        |
| Other                                 | -5.9         | 0.0          | 0.0          | 0.0          |
| <b>Investing Cash Flow</b>            | <b>-23.7</b> | <b>-39.1</b> | <b>-46.4</b> | <b>-41.7</b> |
| Debt Drawdown (repayment)             | 14.6         | 16.7         | -10.6        | -8.6         |
| Share capital                         | 0.0          | 0.0          | 0.0          | 0.0          |
| Dividends                             | 0.0          | 0.0          | 0.0          | 0.0          |
| Financing Expenses                    | -1.9         | 0.0          | 0.0          | 0.0          |
| <b>Financing Cash Flow</b>            | <b>12.6</b>  | <b>16.7</b>  | <b>-10.6</b> | <b>-8.6</b>  |
| Opening Cash                          | 9.6          | 7.0          | 71.2         | 227.2        |
| Increase / (Decrease) in cash         | -3.6         | 64.2         | 156.0        | 218.0        |
| FX Impact                             | 0.6          | 0.0          | 0.0          | 0.0          |
| <b>Closing Cash</b>                   | <b>6.6</b>   | <b>71.2</b>  | <b>227.2</b> | <b>445.2</b> |

**Op. Cashflow/Share**

|                  | 2024a        | 2025e        | 2026e        | 2027e        |
|------------------|--------------|--------------|--------------|--------------|
| <b>P/CF</b>      | <b>56.0x</b> | <b>4.8x</b>  | <b>2.0x</b>  | <b>1.6x</b>  |
| <b>FCF</b>       | <b>-16.2</b> | <b>47.5</b>  | <b>166.6</b> | <b>226.7</b> |
| <b>FCF Yield</b> | <b>-3.9%</b> | <b>11.3%</b> | <b>39.8%</b> | <b>54.1%</b> |

**Balance Sheet A\$m**

|                          | 2024a        | 2025e        | 2026e        | 2027e        |
|--------------------------|--------------|--------------|--------------|--------------|
| Cash + S/Term Deposits   | 7.0          | 71.2         | 227.2        | 445.2        |
| Receivables              | 9.8          | 9.8          | 9.8          | 9.8          |
| Other current assets     | 34.0         | 34.0         | 34.0         | 34.0         |
| <b>Current Assets</b>    | <b>50.8</b>  | <b>115.0</b> | <b>270.9</b> | <b>489.0</b> |
| Property, Plant & Equip. | 96.8         | 118.9        | 140.4        | 158.4        |
| Investments              | 0.0          | 0.0          | 0.0          | 0.0          |
| Other Non-current Assets | 241.4        | 215.1        | 158.6        | 85.2         |
| Payables                 | 34.4         | 16.4         | 16.4         | 16.4         |
| Short Term Debt          | 29.7         | 0.0          | 0.0          | 0.0          |
| Long Term Debt           | 10.8         | 57.2         | 46.6         | 38.0         |
| Other Liabilities        | 66.4         | 66.4         | 66.4         | 66.4         |
| <b>Net Assets</b>        | <b>247.7</b> | <b>309.0</b> | <b>440.7</b> | <b>612.0</b> |
| Shareholders Funds       | 727.3        | 727.3        | 727.3        | 727.3        |
| Reserves                 | 58.3         | 58.3         | 58.3         | 58.3         |
| Retained Earnings        | -537.9       | -476.6       | -344.9       | -173.7       |
| <b>Total Equity</b>      | <b>247.7</b> | <b>309.0</b> | <b>440.7</b> | <b>612.0</b> |

**Debt/Equity**

|                             | 2024a       | 2025e        | 2026e         | 2027e         |
|-----------------------------|-------------|--------------|---------------|---------------|
| <b>Net debt/(cash)</b>      | <b>33.5</b> | <b>-14.0</b> | <b>-180.6</b> | <b>-407.2</b> |
| <b>Net gearing (book)</b>   | <b>14%</b>  | <b>-5%</b>   | <b>-41%</b>   | <b>-67%</b>   |
| <b>Net gearing (market)</b> | <b>8%</b>   | <b>-3%</b>   | <b>-43%</b>   | <b>-97%</b>   |

Source: Company Reports, Canaccord Genuity estimates

# 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: May 01, 2025, 02:01 ET

Date and time of production: May 01, 2025, 02:01 ET

### Target Price / Valuation Methodology:

Andean Silver Limited - ASL

Our valuation of ASL is based on a risked NPV10% for Cerro Bayo. We note, any restart of Cerro Bayo is subject to studies (targeted for 2025), so our assumed production scenario is notional in nature and is loosely based on a technical report (NI 43-101, commissioned by Mandalay in 2017) and discussions with management, overlaid with our pricing and discount rate assumptions.

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:

Andean Silver Limited - ASL

### Financing risks

As MMC seeks to re-start Cerro Bayo, there is a risk that additional external funding may be required (via equity or debt markets) to assist with its working capital requirements. Furthermore, accurate estimates of capital costs for the project remain subject to completion of feasibility studies, which may see capital requirements exceed our model assumptions. There is no guarantee that studies will result in a positive investment decision for the project.

### 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.

### Commodity price and currency fluctuations

The company is looking to be a near-term silver and gold producer and will therefore be 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.

### Operating risks

If Cerro Bayo restarts successfully, it 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.

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 05/01/25)

| Rating          | Coverage Universe |        | IB Clients |
|-----------------|-------------------|--------|------------|
|                 | #                 | %      | %          |
| Buy             | 642               | 69.48% | 26.79%     |
| Hold            | 126               | 13.64% | 13.49%     |
| Sell            | 11                | 1.19%  | 0.00%      |
| Speculative Buy | 137               | 14.83% | 55.47%     |
|                 | 924*              | 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)

A list of all the recommendations on any issuer under coverage that was disseminated during the preceding 12-month period may be obtained at the following website (provided as a hyperlink if this report is being read electronically) <http://disclosures-mar.canaccordgenuity.com/EN/Pages/default.aspx>

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Canaccord Genuity or one or more of its affiliated companies intend to seek or expect to receive compensation for Investment Banking services from Kingsgate Consolidated Limited and Andean Silver Limited in the next three months.

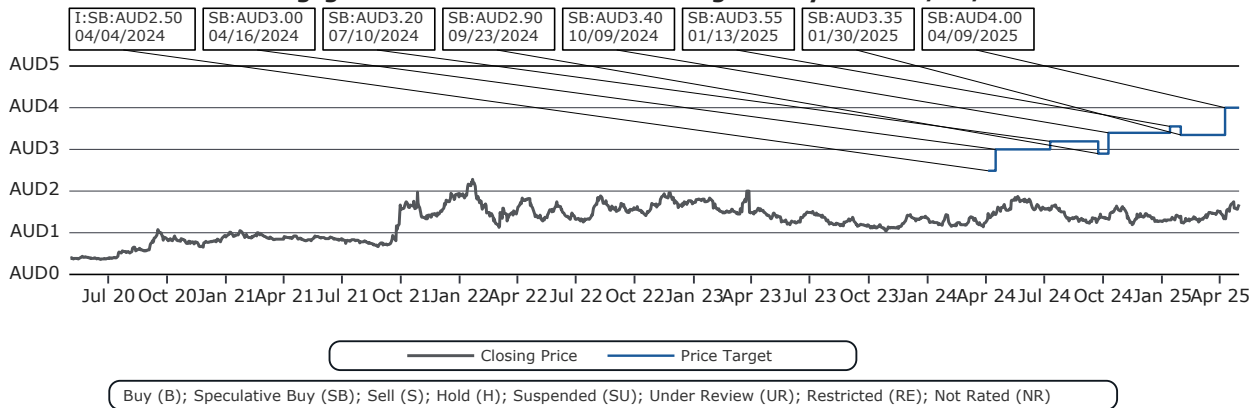
An analyst has visited the material operations of Andean Silver Limited. Partial payment was received for the related travel costs. Canaccord Genuity, and/or its associates, holds an option position in ASL.AU.

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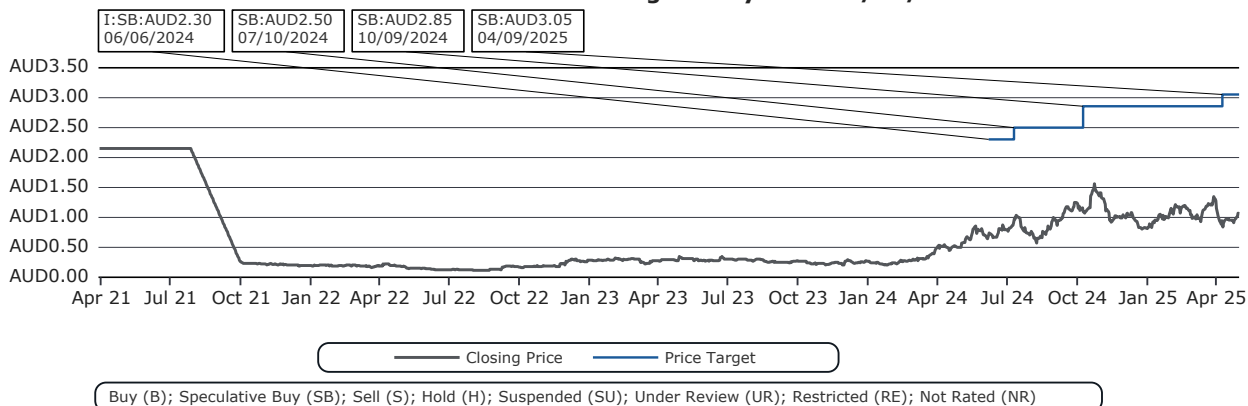
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| Ticker | Quantity  | Strike | Date of Expiry |
|--------|-----------|--------|----------------|
| ASL    | 1,000,000 | \$0.40 | 19/06/2026     |

**Kingsgate Consolidated Limited Rating History as of 04/30/2025**



**Andean Silver Limited Rating History as of 04/30/2025**



**Past performance**

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 note price history refers to actual past performance, and that past performance is not a reliable indicator of future price and/or performance.

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