



**PRODUCTION HIGHLIGHTS**

**Gold Produced**

31 Dec 2013	54,539 oz
30 Sep 2013	50,786 oz
31 Dec 2012	46,151 oz

**Total Cash Costs (incl. Royalty)**

31 Dec 2013	US\$918/oz
30 Sep 2013	US\$1,044/oz
31 Dec 2012	US\$975/oz

**Average Gold Price Received**

31 Dec 2013	US\$1,285/oz
30 Sep 2013	US\$1,309/oz
31 Dec 2012	US\$1,719/oz

**SECURITIES**

**As at 31 December 2013**

Ordinary shares	164,059,349
Unlisted options	4,833,334
Deferred Rights	194,839
Performance Rights	1,111,790

**KEY POINTS**

- ◆ Strong Group operating performance with a 7% increase in quarterly gold production to 54,539 ounces, and a 12% reduction in total cash costs to US\$918/ounce, when compared to the September quarter.
- ◆ Challenger's performance highlights the benefits of the restructuring plan. Gold production of 20,318 ounces was at the highest level for seven quarters, and total operating costs were 17% lower than the September quarter.
- ◆ Continued optimisation at Chatree delivered a strong quarter with 34,221 ounces of gold produced and operating costs 8% lower than the previous quarter.
- ◆ Group debt repayments of approximately A\$17 million were made during the quarter and corporate borrowing facilities were restructured.
- ◆ The definitive feasibility study (DFS) for Nueva Esperanza is nearing completion.

**GROUP OPERATING SUMMARY**

Operation	December Quarter 2013		September Quarter 2013		Year To Date FY2014	
	Production (ounces)	Total Cash Costs (US\$/ounce)	Production (ounces)	Total Cash Costs (US\$/ounce)	Production (ounces)	Total Cash Costs (US\$/ounce)
Chatree	34,221	743	32,241	807	66,462	774
Challenger*	20,318	1,214	18,545	1,454	38,863	1,327
<b>Total</b>	<b>54,539</b>	<b>918</b>	<b>50,786</b>	<b>1,044</b>	<b>105,325</b>	<b>978</b>

\* Includes mine development costs



Weighing Chatree doré bars after the 'gold pour'.

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*Gavin Thomas*  
Gavin Thomas, MD & CEO

22 January 2014



Mining operations continue day and night at Chatree.

## DECEMBER QUARTER OVERVIEW

Kingsgate had a solid December quarter. Group gold production for the quarter was 54,539 ounces at a total cash cost of US\$918/ounce. This has delivered a first half of 105,325 ounces at US\$978/ounce, putting production on track for the upper end of the guidance range for the year.

This result reflects continued focus on operating efficiencies and cost reduction initiatives given the current volatile operating environment for gold producers.

Gold sales for the quarter were 52,813 ounces at an average gold price received of US\$1,285/ounce. The All-in Sustaining Cash Cost was US\$1,055/ounce for the quarter.

### OPERATIONS

#### CHATREE GOLD MINE, THAILAND

Chatree continued its recent strong performance during the December quarter. Gold production was 34,221 ounces, a 6% increase over the September quarter (32,241 ounces) with an increase in the grade of ore processed to 0.93 grams per tonne ("g/t"). The increase in grade largely reflected access to higher grade material in A Pit, at A North East, during the quarter.

Total cash costs for the December quarter were US\$743/ounce (including US\$99/ounce royalty), 8% lower than the September quarter reflecting higher gold production and the implementation of cost saving initiatives. Total production costs, after depreciation and amortisation, for the quarter were US\$948/ounce, 10% lower than the September quarter.

A re-optimisation of the mine plan at Chatree is currently underway, focussing on maximising life of mine returns given the current gold price environment.

Capital expenditure for the quarter at Chatree was A\$1.6 million, with an additional A\$3.0 million on TSF #2.

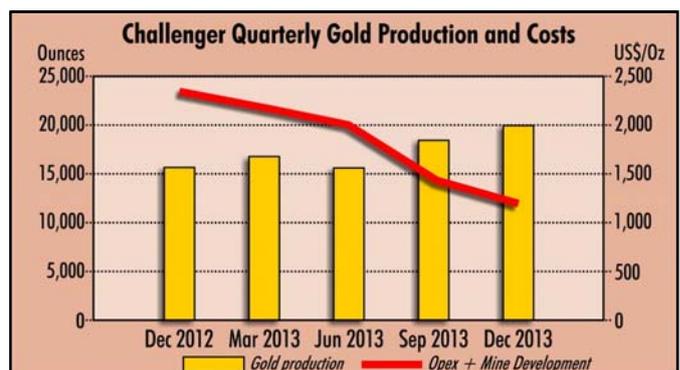
#### CHALLENGER GOLD MINE, SOUTH AUSTRALIA

Challenger continued to benefit from its restructure, with the new mine plan and new mining contractor delivering a strong performance in the December quarter. Gold production of 20,318 ounces was an increase of 10% over the September quarter and the highest level since the March 2012 quarter. Operating costs were US\$1,214/ounce (including US\$48/ounce royalty) for the quarter and represent a 17% reduction over the September quarter. Note that operating costs at Challenger currently include all mine development expenditure for the site (i.e. no mine development costs are being capitalised).

While the focus on cost reduction will remain, the mine has currently settled at an "All-in" cost base that is generating a cash surplus at the current spot price. This cash surplus is further improved by the hedge position implemented at the time of the Challenger restructure.

As previously advised, Challenger is transitioning to a new operating plan that focuses primarily on the higher grade Challenger West orebody. This transition was completed in December with the mining of the last available prepared stopes from Challenger Deeps, at the base of the mine below the 215 Shear.

Capital expenditure at Challenger for the quarter was A\$0.2 million.



## DEVELOPMENT PROJECTS

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### NUEVA ESPERANZA SILVER/GOLD PROJECT

The project is now in the final feasibility and design stage of the Definitive Feasibility Study (DFS) with results expected to be available during the March 2014 quarter. The addendum to the Environmental Impact Assessment (EIA) is on track for submission this quarter with approvals expected mid-year.

Total feasibility and assessment expenditure for the quarter was A\$1.6 million.

### BOWDENS PROJECT, NEW SOUTH WALES

The sterilisation drilling program over the proposed plant site was completed during the quarter with more than 1,550 metres of RC drilling and 1,230 metres of diamond drilling undertaken. The assay results for the drilling show no significant mineralisation in the proposed plant area.

Total project expenditure for the quarter at Bowdens was A\$1.0 million. Following the completion of the sterilisation drilling it is planned to minimise on-going expenditure.

## EXPLORATION

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Exploration activity has been scaled back as non-essential expenditure was curtailed in response to the on-going volatility in the gold price and as part of the Group-wide cost reduction focus.

Total regional exploration expenditure for the Group over the quarter was A\$0.2million.

## CORPORATE

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At the end of December, cash and bullion/doré totalled A\$37 million, comprising cash of A\$24.9 million and bullion/doré of A\$12.1 million.

Kingsgate repaid approximately A\$17 million of its outstanding debt during the quarter. At quarter end, Kingsgate had A\$44 million outstanding under its current corporate facilities, down from A\$55 million at the end of the September quarter, and approximately US\$119 million outstanding under the Akara loan facility following the initial repayment of US\$5.6 million in November.

In December, Kingsgate completed the documentation with Investec Bank (Australia) Ltd for a restructure of its corporate debt facilities. Following the satisfaction of Conditions Precedent, expected during the current quarter, Kingsgate's corporate debt will reduce further to A\$40 million under one new corporate debt facility. Further details and a summary of Kingsgate's debt facilities following the completion of the refinancing are included in the Corporate Section of this report.

During the quarter, Kingsgate drew A\$15.0 million under its Convertible Revolving Credit Facility for general corporate purposes. The amount was subsequently repaid through the issue of 11,774,572 ordinary shares at a price of approximately \$1.27 per share.

The Thai Securities Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) are continuing to review the draft Prospectus in order to approve the listing of Akara Resources PCL. The decision to list Akara will depend on market conditions and other factors at the time of approval.

## OUTLOOK

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Kingsgate is on track to comfortably meet gold production guidance for the 2014 financial year following the strong first half. Group production guidance for the year remains at 190,000 and 210,000 ounces and includes 120,000 to 130,000 ounces from Chatree and 70,000 to 80,000 ounces from Challenger.

Kingsgate continues to pursue strategies to adapt to the volatile operating environment for gold producers in order to maximise shareholder returns. This may include consideration of partners for development projects and potential rationalisation of the asset base.

## OPERATIONAL PERFORMANCE

		December Quarter 2013			September Quarter 2013			Year to Date 2013		
		Chatree	Challenger	Consolidated	Chatree	Challenger	Consolidated	Chatree	Challenger	Consolidated
<b>Production Summary</b>										
Ore Mined	BCM's	702,271			502,981			1,205,252		
Waste Mined	BCM's	791,406			666,522			1,457,928		
Waste to Ore Ratio		1.1 : 1			1.3 : 1			1.2 : 1		
Ore Mined	tonnes	1,828,929	139,974	-	1,297,877	126,780	-	3,126,806	266,754	-
Ore Treated	tonnes	1,487,118	141,555	-	1,592,759	128,976	-	3,079,877	270,531	-
Head Grade - Gold	Au g/t	0.93	4.64	-	0.79	4.67	-	0.86	4.66	-
Head Grade - Silver	Ag g/t	11.8	-	-	12.8	-	-	12.3	-	-
Gold Recovery		80.3	95.9	-	80.1	95.5	-	80.2	95.7	-
Silver Recovery		49.8	-	-	38.1	-	-	44.4	-	-
Gold Poured	ounces	34,221	20,318	54,539	32,241	18,545	50,786	66,462	38,863	105,325
Silver Poured	ounces	290,315	777	291,092	235,922	903	236,825	526,237	1,680	527,917
<b>Financial Summary</b>										
<b>Cost Summary</b>										
Mining Cost	US\$/oz	336	809	512	322	1,008	573	329	904	541
Milling Cost	US\$/oz	401	250	345	417	271	364	409	260	354
Administration & Other	US\$/oz	55	91	68	63	128	86	59	108	77
Deferred Waste & Stockpile Adjustments	US\$/oz	3	17	8	39	(3)	24	21	7	16
By-Product Credit*	US\$/oz	(151)	(1)	(95)	(157)	(1)	(100)	(154)	(1)	(98)
<b>Cash Operating Cost</b>	US\$/oz	<b>644</b>	<b>1,166</b>	<b>838</b>	<b>684</b>	<b>1,403</b>	<b>947</b>	<b>664</b>	<b>1,278</b>	<b>890</b>
Gold Royalty	US\$/oz	99	48	80	123	51	97	110	49	88
<b>Total Cash Cost</b>	US\$/oz	<b>743</b>	<b>1,214<sup>^</sup></b>	<b>918</b>	<b>807</b>	<b>1,454<sup>^</sup></b>	<b>1,044</b>	<b>774</b>	<b>1,327<sup>^</sup></b>	<b>978</b>
Depreciation & Amortisation - Operating	US\$/oz	205	200	203	244	186	223	224	193	212
Depreciation & Amortisation - Acquisition	US\$/oz	-	-	-	-	-	-	-	-	-
<b>Total Production Cost</b>	US\$/oz	<b>948</b>	<b>1,414</b>	<b>1,121</b>	<b>1,051</b>	<b>1,640</b>	<b>1,267</b>	<b>998</b>	<b>1,520</b>	<b>1,190</b>
<b>Total Cash Cost per Tonne of Ore Treated</b>	US\$/t	<b>17.11</b>	<b>174.17</b>	-	<b>16.34</b>	<b>209.09</b>	-	<b>16.71</b>	<b>190.81</b>	-
<b>Revenue Summary</b>										
Gold Sold	ounces	33,163	19,650	52,813	36,203	19,594	55,797	69,366	39,244	108,610
Silver Sold	ounces	274,942	739	275,681	266,924	994	267,918	541,866	1,733	543,599
Average Gold Price Received	US\$/oz	1,272	1,306	1,285	1,324	1,281	1,309	1,299	1,293	1,297
Average Silver Price Received	US\$/oz	20.9	19.5	20.9	21.1	21.4	21.1	21.0	20.6	21.0
Revenue from Metal Production	US\$m	47.9	25.7	73.6	53.6	25.1	78.7	101.5	50.8	152.3
Average Exchange Rate	\$/US\$			0.93			0.92			0.92

\* Net of silver royalties. ^ Includes mine development costs.

## OPERATIONAL PERFORMANCE

### CHATREE GOLD MINE, THAILAND

Mining continued in areas of A Pit with further development at Q Prospect on hold while a revision of the mine plan is undertaken.

Despite overall material moved ex-pit being below budget due to low excavator availability, ore mined was above budget being the result of a change in mining sequence to focus on higher grade ore blocks.

Mining of A Stage 2 continued to advance to access higher grade areas with mining of available near-surface high grade ore in A North East commencing during December. Ore mined for the quarter was 1,828,929 tonnes at a strip ratio 1.1:1 (previous quarter 1.3:1).

The Stage 3 lift at TSF#2 commenced in November.

The process plant treated 1,487,118 tonnes of ore at an average gold head grade of 0.93 grams per tonne to produce 34,221 ounces of gold. Silver production was 290,315 ounces. Gold recovery of 80.3% was marginally above the September quarter (80.1%). Further work to improve the recovery is on-going.

Stockpiled ore at the end of December was 9,762,849 tonnes at 0.55 grams per tonne containing 173,516 ounces of gold.

#### Safety, Environment and Community

There were no lost time injuries during the quarter. The current Lost Time Injury Frequency Rate (LTIFR) is 0.11.

#### Exploration

With the continuing volatility in the gold price, exploration activity has been effectively curtailed with only minor activity focused on near-surface oxide gold targets within the mining lease.

### CHALLENGER GOLD MINE

Operating performance at Challenger continued to improve with gold production of 20,318 ounces for the quarter. This was 10% above the September quarter and the highest level since the March 2012 quarter. Total operating costs inclusive of both operating and mine development (i.e.: "all-in costs") for the quarter were US\$1,214/ounce (including royalties). This represents a 17% reduction in total costs on the September quarter.

The first full quarter of operation by Byrncut (December) has continued to achieve the lower operating costs that were demonstrated in the early months of the new contract. Monthly cost savings are in the order of 30% compared to the average monthly contractor costs in FY2013.

A total of 1,493 metres of development was achieved for the quarter, a 25% improvement on the September quarter's development performance. Ore mined for the quarter totalled 139,974 tonnes.

#### Processing

The process plant operated consistently over the quarter with 141,555 tonnes of ore treated at an average gold grade of 4.64 grams per tonne. Metallurgical recovery was better than expected at 95.9%.

#### Resource Development Drilling

A total of 7,933 metres of underground development and exploration diamond drilling was completed during the quarter. This was lower than the previous quarter due to the increased length of holes that slowed the drilling rate. The drilling continued to target the Challenger West structures.

Significant intersections are summarized in Appendix A.

#### Safety, Environment and Community

There were no Lost Time Injuries (LTI's) during the quarter and the site was 189 days LTI free as at 31 December 2013.

Challenger Quarterly Results		Dec 2012	Mar 2013	Jun 2013	Sep 2013	Dec 2013	% Change Sep 2013 Qtr to Dec 2013 Qtr
Gold production	oz	15,759	16,900	15,920	18,545	20,318	+10%
Operating Cost	US\$/oz	1,228	1,278	1,215	1,454	1,214	
Capital Development	A\$M	16.9	14.9	13.1	0.0	0.0	
Capital Development	US\$/oz	1,115	917	815	0	0	
Opex + Mine Development	US\$/oz	2,344	2,195	2,030	1,454	1,214	-17%
FX AUD:USD		1.04	1.04	0.99	0.92	0.93	

## NUEVA ESPERANZA PROJECT

Nueva Esperanza project work during the quarter was focussed on progressing the definitive feasibility study and preparation for the submission of the additional environmental assessment requirements.

### Project Status

Following the end of winter, field activities recommenced at Nueva Esperanza with the focus on collection of data in support of the heap leach pad design and environmental approvals process. This work included geotechnical studies, hydrology, surveying and condemnation geological work. In addition, bulk samples were collected for continuation of HPCR (High Pressure Grinding Roll) supported column leach testwork, and in preparation for pilot plant studies.

The project has moved into the final feasibility and design stage with results expected to be available during the March 2014 quarter. This work is building upon the engineering work previously undertaken for the agitated leach (milling) option and is being completed with only modest additional expenditure.

Process design work including detailed engineering and quotation based cost estimates is progressing to schedule. Detailed mine planning is also on schedule.

### Environmental Licensing

Environmental approval for the original Arqueros project was received in July based on the mill and agitated cyanide leaching. Modifications to the environmental approval to incorporate the heap leach process, stand-alone power generation and Teterita and Chimberos pits is underway, and will be submitted to the authorities at the end of January. This has not involved re-doing original work as mine installations including the Arqueros pit and waste dumps, hydrology, camp and offices, water and crushing facilities are covered under the original approval.

## BOWDENS SILVER PROJECT

### Project Status

Major elements of the Definitive Feasibility Study (DFS) have now been largely completed, particularly the design of the process plant and related infrastructure. With the updated timetable for lodgement of the Environmental Impact Statement (EIS) now due in mid-2014, further technical analysis has been reduced and is being phased with the EIS work.

The sterilisation drilling program over the proposed plant site was completed with a total of 2,780 metres of RC and diamond drilling. Assay results received to date indicate no significant mineralisation was intersected.

### Environmental Licensing

Work continues on the preparation of an Environmental Monitoring Plan that includes surface water, groundwater, air quality, stream-gauging, noise, weather and lead studies. This study is a record of continuous environmental monitoring and is an important component of the Director General's Requirements (DGR's).



*Digital motion-sensor cameras are installed to record wildlife traffic.*

## REGIONAL EXPLORATION

### SAYABOULY PROJECT – LAO PDR

Exploration was curtailed during the wet season with a follow-up program planned in early 2014 to identify the source of the gold anomaly as outlined in the September quarter.



*Kingsgate exploration team in the field.*

## CORPORATE

### Akara IPO

The Thai Securities Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) are continuing to review the draft Prospectus in order to approve the listing of Akara Resources PCL. The decision to list Akara will depend on market conditions and other factors at the time of approval.

### Finance

Following the completion of the Corporate Debt restructure scheduled to occur during the March quarter, Kingsgate's debt facilities will consist of:

#### Senior Corporate Facility

An A\$40 million Senior Corporate Loan Facility consisting of two tranches:

- Tranche one is an A\$25 million Akara Resources PCL ("Akara") Pre-IPO Bond with a maturity date of 31 July 2015. The current intention is for this tranche to be repaid from proceeds raised through the Akara IPO although at Kingsgate's election repayment can be made by Kingsgate either in cash or Kingsgate shares.
- Tranche two is an A\$15 million amortising loan facility with A\$5 million to be repaid during the 2014 financial year and the remaining balance to be repaid during the 2015 financial year.

#### Convertible Revolving Credit Facility (unchanged)

An undrawn three-year A\$25 million Convertible Revolving Credit Facility. Under the terms of this facility, Kingsgate has the option of repaying any funds drawn down under the facility through either cash or by issuing ordinary shares.

#### Multi-currency, syndicated loan facility (unchanged)

Kingsgate's Thai operating subsidiary, Akara, has an amortising multi-currency loan facility with 5 years remaining. It is currently drawn to the equivalent of US\$119 million, following the commencement of quarterly repayments in November 2013 with an initial re-payment of approximately US\$5.6 million. Akara also has an additional undrawn Thai Baht denominated working capital facility equivalent to US\$15 million.

### Revenue and costs

As at 31 December 2013, the Group has 32,600 ounces of gold sold forward at an average price of approximately A\$1,405/ounce. This is scheduled to be delivered over the next 6 months as part of the mitigation of Australian gold price risk and is associated with forecast production from the Challenger Mine. In addition, there is a residual forward sale from the Dominion merger of 4,000 ounces at A\$1,160.

### ALL-IN SUSTAINING CASH COSTS - DECEMBER QUARTER 2013 (BASED ON GOLD SALES)

		Chatree	Challenger	Group
Adjusted Total Cash Cost <sup>1</sup> (incl royalties)	US\$/oz	731	1,195 <sup>1</sup>	906
Sustaining Capex	US\$/oz	132	15	89
Exploration Expense	US\$/oz	-	-	-
Corporate and Administration Costs <sup>2</sup>	US\$/oz	-	-	60
All-in Sustaining Cash Cost	US\$/oz	863	1,210	1,055

<sup>1</sup> Challenger Adjusted Cash Costs include underground development.

<sup>2</sup> Corporate and Administration costs have been allocated 73:27 between operating assets and development projects. This allocation will vary each quarter depending on the relative activity between operations and development projects.

<sup>3</sup> Adjusted operating costs are based on gold sales and include movements in gold inventory, stockpiles and deferred stripping balances over the period.



Chatree doré bars following a 'gold pour'

## APPENDIX A

### UNDERGROUND DIAMOND DRILLING CHALLENGER WEST

Hole ID	From (m)	To (m)	Interval (m)	Au (g/t)	Midpoint (mRL)
13CUD1239	139.10	142.32	3.22	38.47	623
13CUD1277	148.00	150.64	2.64	85.08	764
13CUD1278	144.00	146.00	2.00	27.67	757
13CUD1291	86.00	86.70	0.70	32.52	600
13CUD1293	99.00	86.00	4.33	11.02	927
13CUD1294	84.40	195.61	1.60	14.01	928
13CUD1305	195.29	200.00	0.32	339.44	583
13CUD1305	198.00	86.70	2.00	16.86	581

### UNDERGROUND DIAMOND DRILLING CHALLENGER NW

Hole ID	From (m)	To (m)	Interval (m)	Au (g/t)	Midpoint (mRL)
13CUD1282	468.00	469.00	1.00	20.88	669

### UNDERGROUND DIAMOND DRILLING CHALLENGER SSW

Hole ID	From (m)	To (m)	Interval (m)	Au (g/t)	Midpoint (mRL)
13CUD1154	330.91	331.21	0.30	72.17	865
13CUD1155	161.29	162.00	0.71	18.39	882

# KINGSGATE CONSOLIDATED LIMITED

## BOARD OF DIRECTORS

**Ross Smyth-Kirk**  
Chairman

**Gavin Thomas**  
Managing Director and Chief Executive Officer

**Peter Alexander**  
Non-Executive Director

**Craig Carracher**  
Non-Executive Director

**Peter McAleer**  
Non-Executive Director

## COMPANY SECRETARY

**Ross Coyle**

## SENIOR MANAGEMENT TEAM

**Duane Woodbury**  
Chief Financial Officer

**Tim Benfield**  
Chief Operating Officer

**Ross Coyle**  
General Manager Finance and Administration

**Joel Forwood**  
General Manager Corporate & Markets

**Ron James**  
General Manager, Exploration & Resources Development

**Brett Dunstone**  
General Manager, Human Resources

**Pakorn Sukhum**  
Chief Executive Officer, Akara Resources PCL

## REGISTERED OFFICE

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## EXCHANGE LISTING

ASX:KCN

## ISSUED SHARE CAPITAL

Kingsgate has 164,059,349 ordinary shares on issue, 4,833,334 unlisted options, 194,839 Deferred Rights and 1,111,790 Performance Rights.

## QUARTERLY SHARE PRICE ACTIVITY

QUARTER	HIGH	LOW	LAST
September 2007	\$5.70	\$4.06	\$5.37
December 2007	\$5.74	\$3.87	\$4.65
March 2008	\$5.41	\$3.34	\$4.40
June 2008	\$5.69	\$3.69	\$5.23
September 2008	\$6.30	\$3.78	\$4.64
December 2008	\$4.85	\$2.20	\$3.54
March 2009	\$5.38	\$3.20	\$5.22
June 2009	\$7.11	\$4.93	\$6.70
September 2009	\$8.39	\$6.26	\$8.14
December 2009	\$10.30	\$7.30	\$9.21
March 2010	\$10.00	\$8.30	\$8.51
June 2010	\$10.86	\$8.14	\$9.47
September 2010	\$12.22	\$9.18	\$11.60
December 2010	\$12.15	\$10.00	\$10.88
March 2011	\$10.81	\$7.45	\$8.69
June 2011	\$9.06	\$7.08	\$8.00
September 2011	\$9.39	\$6.73	\$7.18
December 2011	\$7.97	\$5.69	\$5.70
March 2012	\$8.04	\$5.99	\$6.40
June 2012	\$5.91	\$4.85	\$4.85
September 2012	\$6.09	\$3.95	\$6.04
December 2012	\$6.12	\$4.36	\$4.40
March 2013	\$5.06	\$3.32	\$3.89
June 2013	\$4.00	\$1.265	\$1.265
September 2013	\$2.81	\$1.28	\$1.695
December 2013	\$1.70	\$0.875	\$0.93

## SHARE REGISTRY

**Security Transfer Registrars Pty Ltd**

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Phone: (61 8) 9315 2333 Facsimile: (61 8) 9315 2233  
Email: [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)

## COMPETENT PERSONS STATEMENTS

*In this report, information concerning Thailand operations and Lao exploration relates to Exploration Results, Mineral Resources and Ore Reserve estimates based on and fairly represents information compiled by the following Competent Persons: Ron James, Brendan Bradley, Kevin Woodward and Suphanit Suphananthi who are employees of the Kingsgate Group. All except Brendan Bradley are members of The Australasian Institute of Mining and Metallurgy; Brendan Bradley is a member of the Australian Institute of Geoscientists. These people qualify as Competent Persons as defined in the Australasian code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2012 edition) and possess relevant experience in relation to the mineralisation of being reported herein as Exploration Results, Mineral resources and Ore reserves. Each Competent Person has consented to the Public reporting of these statements and the inclusion of the material in the form and context in which it appears.*

*In this report, the information concerning Challenger operations that relates to Exploration Results, Mineral Resources and Ore Reserves estimates based on and fairly represents information compiled by Stuart Hampton and Luke Phelps who are full-time employees of the Kingsgate Group. Stuart Hampton and Luke Phelps are members of The Australasian Institute of Mining and Metallurgy. These persons have sufficient experience that is relevant to the mineralisation and type of deposit under consideration and to the activity that they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Stuart Hampton and Luke Phelps consent to the inclusion in the report of the matters based on their information in the form in which it appears.*

*The information in this report that relates to Bowdens and Nueva Esperanza Mineral Resource estimation is based on and fairly represents work completed by Jonathon Abbott who is a full-time employee of MPR Geological Consultants and a member of the Australasian Institute of Geoscientists. Mr Abbott has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Abbott consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The information in this report that relates to data quality, comments on the resource estimates and economic potential of the estimated resources for Bowdens and Laguna Nueva Esperanza is based on and fairly represent information compiled by Ron James, a member of the Australasian Institute of Mining and Metallurgy. Mr James has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.*