



Kingsgate

Consolidated Limited

ABN 42 000 837 472

23 February 2023

Scarlette de Lavaine Adviser,
Listings Compliance
Australian Securities Exchange Limited
By E-mail:

ListingsCompliancePerth@asx.com.au

Dear Ms de Lavaine,

ASX Aware Query

Thank you for your letter dated 20 February 2023 (Reference: 67634). Please find our responses below marked in red.

1. Does KCN consider the Taurus 1 Facility to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

Yes

2. If the answer to question 1 is “no”, please advise the basis for that view, commenting on the fact that KCN marked the Taurus Facility Announcement as sensitive.

N/A

3. Does KCN consider the Taurus Drawdown to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

Yes

4. If the answer to question 3 is “no”, please advise the basis for that view, commenting on the fact that KCN marked the Drawdown Announcement as sensitive.

N/A

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5. Does KCN consider the proposed US\$30 Million Facility to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

Yes

6. If the answer to question 5 is “no”, please advise the basis for that view, commenting on the fact that KCN marked the Taurus Facility Announcement as sensitive.

N/A

7. On what date is the \$US 15,000,000 Taurus 1 Facility repayable?

10 April 2023.

However we are negotiating with Taurus to extend the maturity date by up to 6 months.

8. Is KCN still negotiating with Taurus for the proposed US\$30 Million Facility?

Yes

9. If the answer to question 8 is “yes”, please provide details on the status of the negotiations with Taurus, including any date by which negotiations are anticipated to be concluded.

Taurus is still undertaking its due diligence and their final decision will be based on the success of Plant #2 operations and future cash flow requirements.

10. If the answer to question 8 is “no”, on what date did KCN cease negotiations with Taurus in respect of the proposed \$US30 Million Facility? Did KCN make any announcement that disclosed it had ceased negotiations with Taurus in respect of the proposed US\$30 Million Facility? If so, please provide details.

N/A

11. Does KCN consider the Finance Facility Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

No

12. If the answer to question 11 is “no”, please advise the basis for that view, commenting specifically on the following:

12.1 the value of the Finance Facility \$AUD 8,397,000 is materially higher than KCN’s closing cash balance as at 31 December 2022; and

12.2 the commentary contained in KCN’s Annual Report in respect of funding: ‘The Group currently does not have sufficient cash available to fully repay the Bridge Facility provided by Taurus or complete the Chatree Plant #2 refurbishment.’

It was also stated in the Annual Report that to ensure that adequate funding is available to complete the Chatree Plant #2 refurbishment and restart of the Chatree operations the Group is dependent on being successful in:

- 1. an equity raising; and/or*
- 2. deferring some payments to cover short term cash requirements by deferring if necessary the Chatree Plant #2 refurbishment schedule and managing the balances owed to creditors; and/or*
- 3. negotiating and implementing additional financing facilities; and/or*
- 4. subsequently re-opening the Chatree Gold Mine and generating sufficient positive cash flows.*

Furthermore, in the September 2022 Appendix 5B it was stated "Future funding is expected to be provided by proceeds from the sale of the Nueva Silver/Gold Project located in Chile and/or the provision of a further finance facility and/or an equity capital raising."

The Finance Facility of US\$5 million was offered to Akara Resources PCL by its the preference shareholder as an unsecured advance as a contingency and to allow flexibility and liquidity if the start-up of the Chatree Operations was deferred in any way.

As the Company had flagged in the 2022 Annual Report and the September 2022 Appendix 5B of the need for a possible further Finance Facility and given the value of the preference shareholder's advance was considered immaterial especially in comparison to the Taurus 1 Facility it is the Company's view that the Finance Facility Information is not information that a reasonable person would not expect to a material effect on the price or value of its securities.

13. When did KCN first become aware that it had secured the Finance Facility?

25 November 2022. We were first aware of the possibility of the offer of a facility from 16 November, and following negotiations secured the facility on the date the cash was received, refer to 15.

14. If KCN first became aware of the Finance Facility Information before the release of the December Appendix 5B, did KCN make any announcement prior to the release of the December Appendix 5B that disclosed the Finance Facility Information? If so, please provide details. If not, please explain why this information was not released, to the market at an earlier time, commenting specifically on when you believe KCN was obliged to release the Information under Listing Rules 3.1 and 3.1A and what steps KCN took to ensure that the information was released promptly and without delay.

No. The Company did not release the information prior to the release of the December Appendix 5B because it did not (and does not) consider the Finance Facility Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

15. On what date(s) were the Finance Facility funds received by KCN?

25 November 2022.

16. If KCN received the Finance Facility funds prior to the release of the December Appendix 5B, did KCN make any announcement of the receipt of the Finance Facility funds prior to the release of the December Appendix 5B? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe KCN was obliged to release the Information under Listing Rules 3.1 and 3.1A and what steps KCN took to ensure that the information was released promptly and without delay.

No. The Company did not release the information prior to the release of the December Appendix 5B because it did not (and does not) consider the receipt of the Finance Facility funds to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

17. On what date are the Finance Facility funds repayable by KCN?

25 November 2023.

18. Does KCN consider that the financial condition of KCN is sufficient to warrant its continued listing on ASX as required under Listing Rule 12.2? In answering this question, please explain the basis for this conclusion, commenting specifically on the following:

18.1 the December Cash Outflow;

18.2 the December Cash Balance; and

18.3 KCN quarter's funded as at 31 December 2022 of 0.70.

Yes.

Future funding is expected to be provided by proceeds from the sale of the Nueva Esperanza Silver/Gold Project located in Chile and/or the provision of a further finance facility, cash flow generated from the Chatree operation and/or an equity capital raising.

Kingsgate is still negotiating the provision of a US\$30 million Project Facility with Taurus (refer to question 9) and as an alternative are also in discussions with 2 Thai Banks (Bangkok Bank and Krung Thai Bank) for provision of a similar valued facility which is significantly advanced.

Kingsgate is confident it will have available financial support and the focus will be the restart of the Chatree Gold Operations Plant 2 with refurbishment of Plant 2 now completed with production commenced and generation of cash flow anticipated during the first quarter of calendar year 2023.

19. If the answer to question 18 is "no", please explain what steps KCN has taken, or proposes to take, to warrant its continued listing on ASX under the requirements of Listing Rule 12.2.

N/A

20. Do the directors of KCN consider that KCN is a going concern?

Yes

21. If the answer to question 20 is "yes", please explain the basis for this conclusion.

To ensure that adequate funding is available for the Company to meet its commitments and debts as they fall due is dependent on being successful in:

- 1. an equity raising; and/or*
- 2. negotiating and implementing additional financing facilities (refer to ASX Release 20th February 2023); and/or*
- 3. subsequently re-opening the Chatree Gold Mine and generating sufficient positive cash flows. (Refurbishment of Plant # 2 was completed at the end of December 2022 with commissioning and first production cash flow now scheduled for March 2023 due to delays in the final inspection of the refurbished plant and sign off by Thai Authorities.); and/or*
- 4. the sale of the Nueva Esperanza Silver/Gold Project in Chile (RFC Ambrian have been appointed as corporate advisor to assist and manage the sale process).*

In addition Kingsgate is still negotiating a US\$30 million Project Facility with Taurus (refer to question 9) and as an alternative are also in discussions with 2 Thai Banks (Bangkok Bank and Krung Thai Bank) for provision of a similar valued facility.

Kingsgate is confident it will have available financial support and the focus will be the restart of the Chatree Gold Operations Plant 2 with refurbishment of Plant 2 now completed with production and generation of cash flow by the end of the March 2023 quarter.

The Directors believe that a combination of these matters will be implemented, and the Company will continue as a going concern.

22. If the answer to question 20 is “no”, on what basis does KCN consider its securities warrant continued quotation and listing on ASX under the requirements of Listing Rule 12.2?

N/A

23. Please confirm that KCN is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.

Confirmed

24. Please confirm that KCN’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of KCN with delegated authority from the board to respond to ASX on disclosure matters.

Confirmed

Other

The Board of Kingsgate is of the opinion that the Company is in full compliance with its obligations under the ASX Listing Rules and always has been.

However the Board is concerned that there is a permanent short position in our shares and anecdotally consistent reports of unusual manipulations of our share price are constantly being reported to us by our shareholders.

Yours faithfully

On behalf of the Board of Directors

Paul Mason
Company Secretary
KINGSGATE CONSOLIDATED LIMITED



20 February 2023

Reference: 67634

Mr Paul Mason
Company Secretary
Kingsgate Consolidated Limited

By email: pmason@kingston.com.au

Dear Mr Mason

Kingsgate Consolidated Limited ('KCN'): Aware - Query

ASX refers to the following:

- A. KCN's announcement entitled "Funding underway for the restart of the Chatree Gold Mine" and marked as 'price sensitive', released on the ASX Market Announcements Platform ('MAP') on 4 March 2022, which disclosed, among other things:
- i. that KCN had mandated Taurus Mining Finance Fund No2 LP ('Taurus') to provide funding, and has received a credit approved term sheet for a secured facility for US\$15 million ('Taurus 1 Facility') to support the refurbishment and restart of the Chatree Gold Mine ('Chatree') ('Taurus Facility Announcement');
 - ii. the funds under the Taurus 1 Facility were to be used for general working capital by the KCN Group, associated costs with the recommissioning of the Chatree Project and Chatree regional exploration programs; and
 - iii. that the Company was concurrently negotiating a project facility of US\$30 million ('US\$30 Million Facility') to ensure KCN had adequate capital to fully fund the refurbishment and restart of Chatree.
- B. KCN's announcement entitled "Funding secured for the Chatree Gold Mine" and marked as 'price sensitive' released on MAP on 10 May 2022 which disclosed, among other things:
- i. that the Taurus 1 Facility documentation had been executed and conditions precedent to initial utilisation had been completed; and
 - ii. KCN was still negotiating the US\$30 Million Facility with Taurus, which remained subject to further due diligence. It was to replace the Taurus 1 Facility.
- C. KCN's announcement entitled "Funding received for the Chatree Gold Mine" and marked as 'price sensitive', released on MAP on 12 May 2022 which disclosed, among other things:
- i. that KCN had received the first tranche of funds of US\$7.5 million provided by Taurus, to refurbish and restart Chatree ('Taurus Drawdown') ('Drawdown Announcement'); and
 - ii. that KCN was still in negotiations with Taurus for the US\$30 Million Facility to replace the Taurus 1 Facility. The proposed US\$30 Million Facility remained subject to the satisfaction of further due diligence by Taurus.
- D. KCN's announcement entitled "Update on the Chatree Gold Mine Restart" and marked as 'price sensitive' released on MAP on 25 July 2022 which disclosed, among other things:
- i. that the complete amount of the Taurus 1 Facility totalling US\$15 million had been drawn down following receipt of the second tranche of US\$7.5 million for the refurbishment and restart of Chatree;

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- ii. The Taurus 1 Facility terms include annual interest rate of 9% paid quarterly in arrears, a 2% arranging fee and a 2% commitment fee on any undrawn amount. The Taurus 1 Facility is to be repaid within 12 months from the date of entering the Taurus 1 Facility agreement ('Taurus 1 Facility Agreement').
- E. KCN's Audited Annual Report released to MAP on 30 September 2022 which disclosed, among other things:
- i. *'In May 2022 a secured Bridge Facility of US\$15,000,000 (\$21,766,000) was negotiated with Taurus Mining Finance Fund No.2 L.P. (Taurus). The first tranche of US\$7,500,000 (\$10,883,000) was drawn on 11 May 2022, and the second tranche of US\$7,500,000 (\$10,883,000) was drawn on 22 July 2022. This Facility is due for payment the earlier of 12 months from the date of the Bridge Facility Agreement or refinancing.'*
- ii. *'The Group currently does not have sufficient cash available to fully repay the Bridge Facility provided by Taurus or complete the Chatree Plant #2 refurbishment. 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 Chatree Plant #2 refurbishment and restart of the Chatree operations the Group is dependent on being successful in:*
- a. *an equity raising; and/or*
- b. *deferring some payments to cover short term cash requirements by deferring if necessary the Chatree Plant #2 refurbishment schedule and managing the balances owed to creditors; and/or*
- c. *negotiating and implementing additional financing facilities; and*
- d. *subsequently re-opening the Chatree Gold Mine and generating sufficient positive cash flows.'*
- F. KCN's Appendix 5B quarterly report for the period ended 31 December 2022 released on MAP on 31 January 2023 (the 'December Appendix 5B') which disclosed the following, among other things:
- i. KCN's net cash used in operating activities for the quarter ended 31 December 2022 was \$8,922,000;
- ii. KCN's cash and cash equivalents as at 31 December 2022 was \$6,270,000;
- iii. KCN's estimated that it had 0.70 quarters of funding available as at 31 December 2022; and
- iv. *'KCN's funding was anticipated to be in line with the current quarter with refurbishment work continuing on Plant 2 at the Chatree Gold Operations in Thailand and future funding was expected to be provided by proceeds from the sale of the Nueva Silver/Gold project located in Chile and/or the provision of a further finance facility, cash flow generated from the Chatree operation and/or equity capital raising.'*
- v. *'KCN's Thai subsidiary, Akara Resources had secured an advance of THB 200,000,000 from its preference shareholder, which attracts an interest rate of 12% per annum, is unsecured and is payable within 12 months of being drawn down' ('Finance Facility Information').*
- G. Listing Rule 3.1 which states:
- 3.1 Once an entity is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities the entity must immediately tell ASX that information.*
- H. Section 4.15 of Guidance Note 8 which includes the following:
- i. *"...Wherever possible, an announcement under Listing Rule 3.1 should contain sufficient detail for investors or their professional advisers to understand its ramifications and to assess its impact on the price or value of the entity's securities."; [footnotes omitted]*
- ii. *"An announcement under Listing Rule 3.1 must be accurate, complete¹¹⁷ and not misleading."; and*

iii. *“Complete”¹¹⁷ in this context means not omitting material information.”*

I. Listing Rule 12.2 which states:

12.2 An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

Request for information

In light of the above, ASX asks KCN to answer separately each of the following questions and requests for information:

1. Does KCN consider the Taurus 1 Facility to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view, commenting on the fact that KCN marked the Taurus Facility Announcement as sensitive.
3. Does KCN consider the Taurus Drawdown to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
4. If the answer to question 3 is “no”, please advise the basis for that view, commenting on the fact that KCN marked the Drawdown Announcement as sensitive.
5. Does KCN consider the proposed US\$30 Million Facility to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
6. If the answer to question 5 is “no”, please advise the basis for that view, commenting on the fact that KCN marked the Taurus Facility Announcement as sensitive.
7. On what date is the \$US 15,000,000 Taurus 1 Facility repayable?
8. Is KCN still negotiating with Taurus for the proposed US\$30 Million Facility?
9. If the answer to question 8 is “yes”, please provide details on the status of the negotiations with Taurus, including any date by which negotiations are anticipated to be concluded.
10. If the answer to question 8 is “no”, on what date did KCN cease negotiations with Taurus in respect of the proposed \$US30 Million Facility? Did KCN make any announcement that disclosed it had ceased negotiations with Taurus in respect of the proposed US\$30 Million Facility? If so, please provide details.
11. Does KCN consider the Finance Facility Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
12. If the answer to question 11 is “no”, please advise the basis for that view, commenting specifically on the following:
 - 12.1 the value of the Finance Facility \$AUD 8,397,000 is materially higher than KCN’s closing cash balance as at 31 December 2022; and
 - 12.2 the commentary contained in KCN’s Annual Report in respect of funding: *‘The Group currently does not have sufficient cash available to fully repay the Bridge Facility provided by Taurus or complete the Chatree Plant #2 refurbishment.’*
13. When did KCN first become aware that it had secured the Finance Facility?
14. If KCN first became aware of the Finance Facility Information before the release of the December Appendix 5B, did KCN make any announcement prior to the release of the December Appendix 5B that disclosed the Finance Facility Information? If so, please provide details. If not, please explain why this information was not released

to the market at an earlier time, commenting specifically on when you believe KCN was obliged to release the Information under Listing Rules 3.1 and 3.1A and what steps KCN took to ensure that the information was released promptly and without delay.

15. On what date(s) were the Finance Facility funds received by KCN?
16. If KCN received the Finance Facility funds prior to the release of the December Appendix 5B, did KCN make any announcement of the receipt of the Finance Facility funds prior to the release of the December Appendix 5B? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe KCN was obliged to release the Information under Listing Rules 3.1 and 3.1A and what steps KCN took to ensure that the information was released promptly and without delay.
17. On what date are the Finance Facility funds repayable by KCN?
18. Does KCN consider that the financial condition of KCN is sufficient to warrant its continued listing on ASX as required under Listing Rule 12.2? In answering this question, please explain the basis for this conclusion, commenting specifically on the following:
 - 18.1 the December Cash Outflow;
 - 18.2 the December Cash Balance; and
 - 18.3 KCN quarter's funded as at 31 December 2022 of 0.70.
19. If the answer to question 18 is "no", please explain what steps KCN has taken, or proposes to take, to warrant its continued listing on ASX under the requirements of Listing Rule 12.2.
20. Do the directors of KCN consider that KCN is a going concern?
21. If the answer to question 20 is "yes", please explain the basis for this conclusion.
22. If the answer to question 20 is "no", on what basis does KCN consider its securities warrant continued quotation and listing on ASX under the requirements of Listing Rule 12.2?
23. Please confirm that KCN is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.
24. Please confirm that KCN's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of KCN with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **1:00 PM AWST Thursday, 23 February 2023**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, KCN's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on MAP.

Suspension

If you are unable to respond to this letter by the time specified above or if ASX does not consider your responses to be satisfactory, the suspension of trading in KCN's securities will likely continue under Listing Rule 17.2 or 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to KCN's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that KCN's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Scarlette de Lavaine
Adviser, Listings Compliance