



Kingsgate

Consolidated Limited

ABN 42 000 837 472

14 November 2019

Dear Sir/Madam,

**Chairman's Address
2019 Annual General Meeting**

Please find attached the Chairman's Address at our 2019 Annual General Meeting held at 2:00 p.m. today at the Museum of Sydney on the Corner of Bridge and Phillip Streets, Sydney NSW 2000.

Yours faithfully,
KINGSGATE CONSOLIDATED LIMITED

Ross Coyle
Company Secretary

CHAIRMAN'S ADDRESS 2019

I was planning to tell you that in just 4 days we will be in Hong Kong for the long awaited commencement of our international arbitration proceedings against the Kingdom of Thailand.

You may be generally aware that Hong Kong has been experiencing its own upheaval in recent months with a marked escalation in the level of violence in and around the city over the past 4 days.

Kingsgate has been monitoring the decision closely and today has made the decision to seek a deferral of the arbitration as a duty of care to all our staff, colleagues and witnesses.

We are seeking to have it rescheduled in Singapore as soon as possible.

I want to make it very clear that this is in no way a concession on the strength of our case, as we remain confident in the strength of our argument and claims, this is simply about a duty of care to our people, our colleagues and our witnesses.

While we were hoping the situation in Hong Kong would improve before arbitration commenced unfortunately it has significantly deteriorated.

We will update you as soon as we have the new details but I do believe it's the right decision and I repeat it in no way diminishes our claim.

We have tried to engage in meaningful negotiations with the Thai government with little success. We have continually, publicly announced our willingness to negotiate, and only in recent weeks has it seemed to have hit home to the authorities the seriousness of the situation.

Whilst one can never predict the outcome of litigation all of our legal advisors (and, indeed, anybody who has witnessed the facts of the case over the last few years) are confident of the validity of our claims.

We are prohibited from giving too much detail of the case because of a confidentiality clause sought by Thailand and granted by the Tribunal early in proceedings, but there has been much speculation in the Thai press for some time about the outcome. Almost to a man Thai legal experts have claimed that the Thai government cannot win and there has been much speculation to the effect that if they lose the Prime Minister should be held personally liable for any compensation awarded.

At a recent gold conference in America a number of Australian companies extolled the virtues of the World Gold Council's initiatives on gold mining practices and sustainable development in emerging countries. While such initiatives are important, motherhood statements and box ticking achieve very little in reality. I can assure you Kingsgate did everything listed by the World Gold Council and much more and still fell foul of the Thai authorities.

The combination of greed, avarice, covetousness, an uncontrollable press and, when all else fails jingoistic nationalism, is, and will continue to be, a difficult hurdle for gold mining companies to climb.

As you are aware, earlier in the year we were able to settle on our political risk insurance policy and received a significant payment. Whilst most observers believed we did a good deal to achieve this result, I must say, I was a little disappointed.

Anecdotally, however our insurance settlement seems to have had an adverse effect on the cost and ability to get political risk insurance in Thailand, a consequence we warned the Thai government about early on.

Whilst we've been single minded in our preparation for the arbitration against Thailand, we have continued talking to potential buyers and joint venture parties for our Chilean asset, Nueva Esperanza. This has necessarily taken a back seat since our insurance settlement, but we do have some proposals to consider, and, at a recent mining conference in the US we were approached by 4 companies all wanting to have another look. Nothing has yet developed from these approaches and we have continued with the permitting process, which is expected to be completed in the first quarter of next year.

Once the arbitration hearings are completed we hope again to revisit Chile and make a decision on its future.

In the meantime, we have further cut costs in all areas and are watching our cash situation very closely. The timeline moving forward is that we can expect to wait up to 6 to 9 months for a decision from the arbitral Tribunal. There is then a very limited avenue for appeal, but we cannot assume that it won't be appealed, and, of course we then have to recover anything if we win. Clearly a settlement is in all parties' best interests.

This has been a terrible few years for all of us and I cannot pretend that it hasn't taken its toll. I would like to thank our families who have had to put up with so much for so long. I thank our staff in all 3 locations, and particularly our Sydney people – my PA Myrna, Corinne, Mary, Olivia, and Ross Campbell. We could not have got to where we are without the support of Jamie Gibson and Ross Coyle and my fellow directors Peter Warren and Peter Alexander, and before that, Sharon Skeggs. Thank you all most sincerely.

But most of all I want to thank so many of our loyal shareholders, many of whom are here today and who have weathered the ups and downs of this journey for so long. We do believe that we can get a suitable solution and I have made the commitment for some time that the majority of any resolution of our dispute with Thailand will flow directly to shareholders.