



Kingsgate

Consolidated Limited

ABN 42 000 837 472

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Manager

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FOR PUBLIC RELEASE

Thailand Update

Kingsgate Consolidated Limited (“Kingsgate” or the “Company”) is pleased to announce that negotiations between the Company and the Royal Thai Government are now entering the final stages. Kingsgate has also been advised that the arbitral tribunal is now ready to issue the award after a lengthy period of deliberations.

In this regard, Kingsgate and the Thai Government have jointly requested that the arbitral tribunal hold the award until 31 October 2021, to allow the parties a short extension to conclude their settlement negotiations.

As referenced in the ASX release dated 18 February 2021 titled “TAFTA Update”, Kingsgate has been negotiating with the Thai Government with a view to a settlement in which certain steps will be taken, including (but not limited to):

- The grant of all operating licences and permit applications required to re-start and operate the Chatree Gold Mine;
- The renewal/approval of key exploration licence applications to enable access to previously unavailable but highly prospective areas;
- The establishment of improved processes around expediting approvals of mining leases and mine plans;
- The issuance of Board of Investment incentives in relation to royalty and tax relief for the re-start and continuance of operations;
- The ability to access development funding (if required) for plant refurbishment/expansion;

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- The examination by Kingsgate of the feasibility of developing a local Thai gold refinery with international accreditation;
- Support from the Thai Government for the potential listing of Akara Resources on the Thai Stock Exchange, which if implemented would give Thai investors the opportunity to participate in the re-invigorated gold industry;
- The successful resolution of all outstanding local legal issues;
- The examination by Kingsgate of options for the construction of a renewable energy plant at the Chatree Gold Mine;
- The establishment of a local COVID-19 vaccination hub by Kingsgate to ensure the health of Chatree employees and local communities; and
- The re-instatement of previous commitments by Kingsgate to continue supporting local communities through various education, health, and infrastructure programs.

Kingsgate can further advise that the **Metallurgical Processing Licence** (“MPL”) **is now available** for the Company to activate subject to payment of the relevant processing fees.

As reported in the Kingsgate Reserve and Resource Statement dated 2 September 2020 (See ASX release titled “Kingsgate Mineral Resources and Ore Reserves 2020”) the re-instatement of the MPL would equate to the ability to exploit Chatree’s Mineral Resources which were estimated at 3.4 million ounces of gold and 29 million ounces of silver, and the re-instatement of Chatree’s Mineral Reserves of approximately 900,000 ounces of gold, and 8 million ounces of silver which were based on a US\$1,200 per ounce gold price.

In addition, Kingsgate commissioned an independent Life of Mine Plan (“LOM”) based on Chatree’s Mineral Resources. This LOM at a gold price of US\$1,700 an ounce indicated the potential for a mining inventory (not yet to JORC standards) of more than double the current reserves, and involves a major expansion of the existing pits.

As previously advised in the June Quarterly Activities Report dated 29 July 2021, Kingsgate has also undertaken independent CAPEX studies to ascertain the refurbishment of the plant and re-start costs of Chatree. These studies indicate that, in the current market conditions, it would be feasible to re-start the mine, subject to the Thai Government completing the actions outlined above.

With the future operating certainty and exploration upside that could flow from a settlement on these terms, a successful re-start of the Chatree Gold Mine combined with the sustained rise in both the gold and silver prices could give Kingsgate significant optionality with the asset, and a path forward which may include continuing operations, selling the asset or listing Akara Resources on the Thai Stock Exchange.

While there can be no guarantee that a negotiated settlement will be reached, Kingsgate is comforted by its recent engagement with the Thai Government, and Kingsgate maintains it has excellent prospects of a successful arbitral outcome if these negotiations do not successfully conclude.

Kingsgate also appreciates that the period since the Chatree Gold Mine was closed and up until now has been frustrating at times for shareholders, and the Company would like to sincerely thank shareholders for their ongoing patience and support as we approach the final stages of the international dispute resolution process.

The Company would also like to state that at every turn, setback, and difficulty experienced over the last 5 years it has found a way forward without resorting to capital raisings or increasing debt, again in the interests of shareholders.

As a result of the Company's exercise of its legal rights under the Australia-Thailand Free Trade Agreement, there is now the prospect of a negotiated outcome and a real opportunity to re-start the Chatree Gold Mine in the near term which will provide significant economic benefits to both the local and national Thai economies.

(Please note that Kingsgate and Akara Resources are subject to all applicable Thai Government mining laws and regulations as part of the negotiated settlement).

Nueva Esperanza - Chile

Kingsgate would also like to advise that work continues negotiating a Binding Agreement with TDG Gold Corp (TXSV:TDG) for the sale of Nueva Esperanza an advanced gold-silver exploration and development project, located in the Maricunga Belt of the Atacama Region of Northern Chile. The process is taking longer than anticipated in part due to the impact of COVID-19 and the cross jurisdictional nature of the transaction between Australia, Chile and Canada.



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