



Kingsgate

Consolidated Limited

ABN 42 000 837 472

28 August 2015

Manager
Company Announcements Office
Australian Securities Exchange

Preliminary Final Results and Appendix 4E for the Year Ended 30 June 2015

Kingsgate has released its Preliminary Financial Results for the year ended 30 June 2015. This release is a summary document to be read in conjunction with the Appendix 4E release.

Key points:

- Strong cash flow generated from operations of \$100.2 million
- Improved balance sheet
 - Debt reduction of \$40.1 million
- A sound operating performance
 - Production within guidance with gold sold of 202,489 ounces
 - Total cash costs US\$833/oz, All-In Sustaining Costs (AISC) of US\$998/oz.
 - EBITDA* (before significant items) of \$70.9 million.
- Profitability impacted by lower US dollar gold prices
 - 6.4% lower realised gold price of US\$1,208 per ounce
 - Profit before tax and significant items of \$1.7 million.
 - Loss after tax and significant items of \$147.1 million.
 - Non-cash asset impairment of \$148.2 million, relating predominantly to the impact of lower gold price assumptions on the Chatree Gold Mine.

Revenue was impacted by lower gold sold for the year of 202,489 ounces (2014: 216,887 ounces), including 121,721 ounces from Chatree and 80,768 ounces from Challenger, and a lower realised gold price of US\$1,208 per ounce (2014: US\$1,291 per ounce). In spite of lower revenue, Kingsgate used its positive cash flow to reduce debt by \$40.1 million and finished the year with cash plus bullion/doré of \$82.1 million.

Both gold operations delivered positive cash flow for the year. The Chatree Mine continued to perform well despite the loss of 44 days of production due to a temporary suspension notice issued by the Department of Primary Industry and Mining ("DPIM") in Thailand. Issues relating to the closure were satisfactorily resolved. Gold production of approximately 15,000 ounces was effectively deferred by the temporary shutdown which

would otherwise have added approximately \$20 million to \$24 million of revenue to cash flow. Costs incurred during the shutdown were in the order of \$6.3 million including depreciation and amortisation charges of \$2.7 million.

Despite the closure, Chatree delivered an EBITDA before significant items of \$62.1 million for the year. At Challenger, a very good operating performance in both production and costs generated an EBITDA of \$14.3 million for the year.

The major contributors to the after tax loss of \$147.1 million were non-cash impairments to the carrying values of the Chatree Gold Mine and the Bowdens Silver Project (“Bowdens”). The Board of Kingsgate believes that Chatree remains a world class asset and considers that Bowdens remains an important asset within Kingsgate. However, in accordance with the current accounting standards, Kingsgate is required to assess the carrying value of the operating and development projects within a set valuation framework and the impairments are largely a function of the use of lower gold and silver price assumptions. The outcome of the assessment is a non-cash impairment of \$115.7 million against the carrying value of Chatree and \$22.6 million against Bowdens.

The major development project, Nueva Esperanza in Chile, continued to advance during the year with the discovery of Chimberos Gold, to the west of the historic Chimberos pit. The new gold rich deposit has increased gold resources by 250,000 ounces and silver resources by 5.1 million ounces with total Mineral Resources at Nueva Esperanza increasing by 21% to 1.9 million gold equivalent ounces (GEO[^]).

Outlook

The outlook for the Group in fiscal year 2016 is for gold production to be between 165,000 and 180,000 ounces. Production from the Chatree Gold Mine in Thailand is expected to be a total of 125,000 to 135,000 ounces but, due to the current stripping schedule, will be heavily weighted to the second half of the year. Under the current mine plan, the Challenger Mine in South Australia will exhaust the current Ore Reserves in the March quarter 2016 with a total of 40,000 to 45,000 ounces expected for the year. Work continues to explore options to extend the mine life at Challenger.

At Nueva Esperanza, an optimisation study is underway with Ausenco to determine indicative design, capital and operating parameters around a 2Mtpa agitated leach (milling) operation.

The Thai Government has advised that it intends to introduce a new Gold Policy which is expected to be enacted in the next six months. Kingsgate has engaged with the DPIM regarding the new policy and does not expect any material impact to the existing mining operations. It is hoped that the enactment of the Gold Policy could result in the granting of Kingsgate’s current exploration licence applications which were submitted by its Thai subsidiaries.

Kingsgate continues to adapt to the volatile operating environment for gold producers and remains focused on continuous improvement and operating efficiencies that complement ongoing cost saving initiatives. It is targeting further cost reductions in FY16.



Greg Foulis
Chief Executive Officer
Kingsgate Consolidated Limited

IMPORTANT NOTICES

Caution regarding forward-looking statements

This announcement contains forward-looking statements, which can usually be identified by the use of words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or words of similar effect. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual outcomes to differ materially from those expressed in the statements contained in this release. You should not place undue reliance on these forward-looking statements. These forward-looking statements are based on information available to us as of the date of this release. Except as required by law or regulation (including the ASX Listing Rules) we undertake no obligation to update these forward-looking statements.

Past performance not indicative of future performance

Past performance information given in this announcement is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

*EBITDA

EBITDA before significant items is a financial measure which is not prescribed by International Financial Reporting Standards (IFRS) and represents the profit under IFRS adjusted for specific significant items. The EBITDA before significant items has not been subject to any specific review procedures by our auditor but has been extracted from the accompanying preliminary final report

^ Notes for Mineral Resources and Mineral Equivalents:

Nueva Esperanza silver equivalent: $AgEq (g/t) = Ag (g/t) + Au(g/t) \times 60$.

Gold Equivalent Ounces (GEO): $AuEq (g/t) = Au (g/t) + Ag (g/t)/60$.

Calculated from long term historical prices for gold and silver and metallurgical recoveries of 70% Au and 75% Ag estimated from test work by Kingsgate.

It is the Company's opinion that all elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold.

Although gold is not the dominant metal, gold equivalent values are reported to allow comparison with Kingsgate's other projects.