



# Kingsgate

Consolidated Limited

ABN 42 000 837 472

2 March 2015

Manager

Company Announcements Office

Australian Securities Exchange

## **Financial Results and Appendix 4D for the Half-Year Ended 31 December 2014**

Kingsgate has recorded the following financial performance for the half year to 31 December 2014:

- **Revenue of \$172.6 million.**
- **EBITDA\* (before significant items) of \$43.2 million.**
- **Profit after tax of \$7.9 million before non-cash impairment.**
- **Loss after tax and significant items of \$12.7 million.**
- **Non cash impairment of \$20.6 million relating to the Bowdens Silver Project.**
- **Higher gold sold (+7%) offset by lower gold price received.**
- **Net cashflow from operations for the half-year of \$49.9 million.**
- **Debt repayments of \$23.5 million.**
- **Cash and cash equivalents of \$64.5 million.**

Gold sold for the half-year was up 7% to 116,517 ounces (1HFY14: 108,610 ounces) with higher production from both Chatree and Challenger. This was offset by the lower realised gold price of US\$1,236 per ounce (1HFY14: US\$1,297 per ounce). Net operating cashflow for the half-year was \$49.9 million with the implementation of cost reduction initiatives and despite of the lower gold price.

The major contributor to the after tax loss of \$12.7 million is the non-cash impairment to the carrying value of the Bowdens Silver Project ("Bowdens"). The Board of Kingsgate believes that Bowdens remains an important asset in the Kingsgate development portfolio, however in accordance with the current accounting standards the Company is required to assess the carrying value of the operating and development projects within a set valuation framework. The outcome of the assessment is a non-cash impairment of \$20.6 million against the carrying value of Bowdens.

During the half-year the Kingsgate Group repaid A\$23.5million of its debt. At 31 December, Kingsgate had A\$25 million outstanding under its corporate loan facility and approximately US\$92 million outstanding under the Thai operating subsidiary (Akara Resources PCL) loan facility.

While work continued on the development projects during the half year, the main focus was on new exploration drilling at Nueva Esperanza silver/gold project where strong and consistent drilling results from gold rich targets at Chimberos West are expected to significantly expand the gold resource base of the project. There has been a large number of intercepts intersecting exceptional gold and silver mineralisation

that extends for over 300 metres outside the current resource boundary and remains open at depth and along strike.

## **Outlook**

With the Chatree mine back in full operation following the lifting of the suspension order, Kingsgate remains on track to meet gold production guidance for the 2015 financial year following the strong first half. Group production guidance for the year remains at 195,000 to 215,000 ounces.

Kingsgate is focussed on continuous improvement and operating efficiencies that couple with ongoing cost saving initiatives in order to maximise shareholder returns in the volatile operating environment for gold producers.



**Ross Smyth-Kirk**  
Executive Chairman  
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 half financial report.*