



Kingsgate

Consolidated Limited

24 November 2016

**Via ASX Online
(3 pages)**

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir/Madam,

**Chairman's Address
2016 Annual General Meeting**

This is to advise Chairman's Address for the Company's 2016 Annual General Meeting held today is available on the Company's website at www.kingsgate.com.au

Yours faithfully,
KINGSGATE CONSOLIDATED LIMITED

Ross Coyle
Company Secretary

Chairman's Address - 2016

Since the announcement of the unprecedented forced closure of the Chatree Mine in May your Board and Management have been totally focused on maximising our gold production up to 31st December.

To date we are well on schedule to be in a position to generate enough cash to completely repay our debt before the end of the year and to cover all our known obligations.

In fact I can report today that we are now already net debt free and on best estimations our cash position at 31st December should well exceed the \$18 million estimated in our recently released Target Statement for the failed takeover bid.

This is a scenario that few outside the Company would have thought possible in May and is a testament to the professionalism of our Management and the forthright leadership from your Board.

We have already announced that production for October was 15,461 ounces of gold and we are well on the way to more than achieving our budgeted production for November of 17,500 ounces. Again, we believe production in the quarter should even exceed the top end of our current guidance.

At the same time both Board and Management have been working tirelessly over the last 6 months to convince the Thai government that their actions in forcibly closing the mine is not only unfair but counter to the interests of the local community and the Thai economy as a whole.

They have been unable to prove that any of the various accusations against us have any substance and there has even been an apparent admission that they are aware that they may not have any legal reason to do what they have done.

We have had great support from the Australian Government, in particular the Trade Minister, the Right Honourable Steve Ciobo, the Department of Foreign Affairs and Trade, the Ambassador to Thailand and, apart from our representations in Thailand, we have pushed our case to the Thai Ambassador to Australia in Canberra.

In the meantime, because we don't know anything to the contrary, we have to assume that the mine will cease operating on 31st December. We have already had to modify operations, make do with equipment that normally would have been replaced and been forced to lay-off staff over a period, with the remainder to be given notice next week. At this stage, even if there is some last minute reprieve, it is likely that the operation would go onto a care and maintenance basis from early January.

We are continuing to look at all the legal and other rights available to us with regard to our situation, but because of the sensitive nature of much of this, I do not propose to elaborate any further at this stage. Suffice to say, all options are open at the moment.

Meanwhile, the Nueva Esperanza Silver/Gold Project in Chile goes from strength to strength as we move towards conclusion of the feasibility study. A planned exploration programme over the next few months has been announced and is underway, and we await with interest the results.

Nueva Esperanza is shaping up as one of the most attractive new precious metals mining projects in South America, a fact reinforced by the number of industry players and financiers contacting us with a view to participating in some way in the project.

We have also announced that we have under application quite a number of prospective exploration areas in fairly near vicinity of the current project. This is part of our strategic plans to expand our Chilean footprint beyond Nueva Esperanza.

Your Company has a proud record of looking after Shareholders. We paid our first dividend after only 7 months of production –almost unheard of at the time. We were a leader in

changing the concept of a mining company, through dividends, meaningfully sharing in the good times with its Shareholders, a concept now seemingly accepted in mining circles.

Despite the false claims we built a world standard mining complex in Thailand that has been viewed for many years as the gold standard for mining companies in South East Asia. Those of you who have visited the site can attest to this.

I sincerely want to thank all of those many loyal long term Shareholders, who have shared with us the good times and the bad, who have contacted us in recent months with words of encouragement and support.

I do want to apologise to those who were inconvenienced by the long suspension of trading, but I truly believe that, because of the degree of uncertainties, it was in the best interests of Shareholders. If it wasn't for the recent ill-fated frivolous takeover attempt it is more than probable that the shares would still be suspended. Apart from the fact that the shares can be purchased at historically low prices I am not sure that you as shareholders are particularly advantaged by current levels of trading.

I cannot let this opportunity go by without congratulating Gerry Harvey on his recent criticism of the iniquitous practice of short- selling in our markets. It is a pity more people don't speak up and point out the harm it is doing to the integrity of markets.

I can absolutely reassure you that I, and the Board, are determined to restore real value to your shareholding. I thank the Board and Management for their efforts over this last demanding year and hope that the actions now in place will result in rewarding you for the confidence you have placed in us.

Ross Smyth-Kirk
Chairman