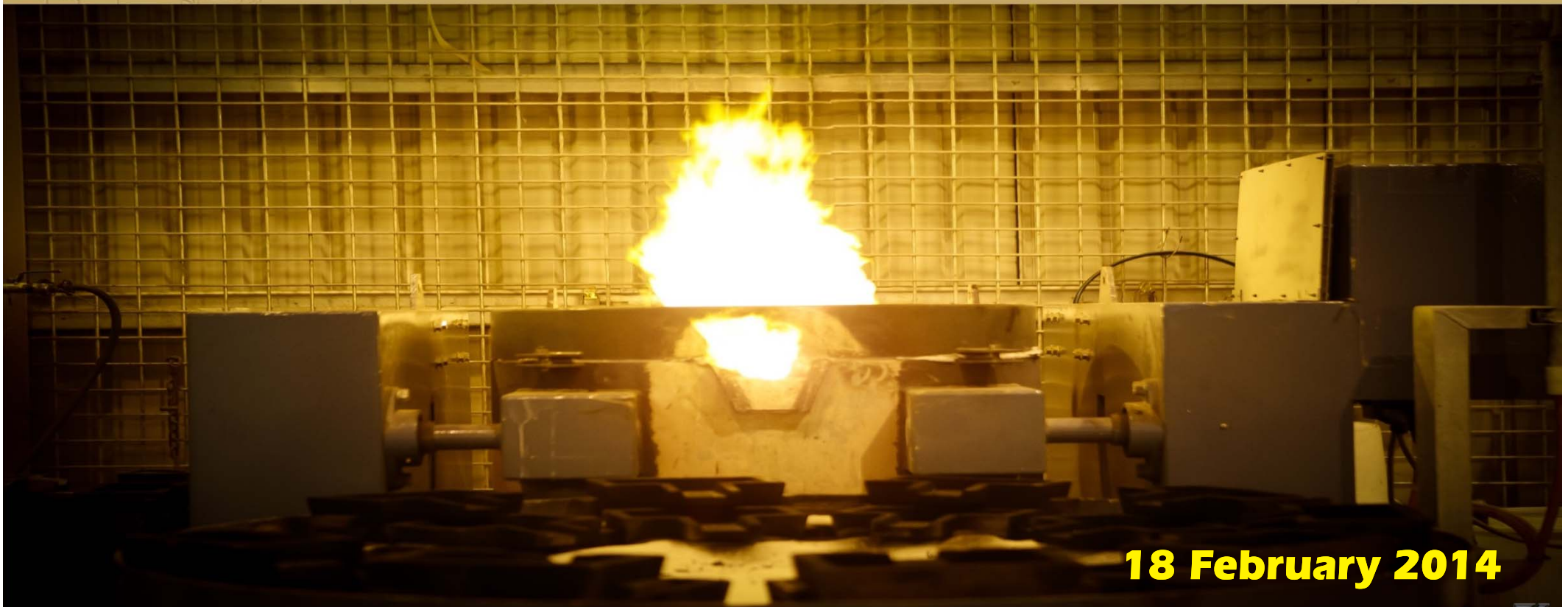




**Kingsgate Consolidated Limited**

**Financial Results for the Half Year  
to 31 December 2013**



**18 February 2014**



# Disclaimer

## Forward Looking Statements:

*These materials include forward looking statements. Forward looking statements inherently involve subjective judgment & analysis & are subject to significant uncertainties, risks & contingencies, many of which are outside of the control of, & may be unknown to, the company.*

*Actual results and developments may vary materially from that expressed in these materials. The types of uncertainties which are relevant to the company may include, but are not limited to, commodity prices, political uncertainty, changes to the regulatory framework which applies to the business of the company & general economic conditions. Given these uncertainties, readers are cautioned not to place undue reliance on such forward looking statements.*

*Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, the company undertakes any obligation to publicly update or revise any of the forward looking statements, changes in events, conditions or circumstances on which any such statement is based.*

*Some statements in this presentation regarding estimates or future events are forward looking statements. They involve risk and uncertainties that could cause actual results to differ from estimated results. Forward looking statements include estimates of future production, cash and total costs per ounce of production, reserve and mineralized material estimates, capital costs, and other estimates or prediction of future activities. They include statements preceded by words such as “believe,” “estimate,” “expect,” “intend,” “will,” and similar expressions. Actual results could differ materially depending on such things as political events, labour relations, currency fluctuations and other general economic conditions, market prices for Kingsgate Consolidated Limited products, timing of permits and other government approvals and requirements, changes in operating conditions, lower than expected ore grades, unexpected ground and mining conditions, availability and cost of materials and equipment, and risks generally inherent in the ownership and operation of mining properties and investment in foreign countries.*

### *\*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 financial report.*



# First Half Summary FY14



# Financial Highlights

- **Underlying EBITDA\* of \$27.9 million**
- **Statutory net loss after tax \$4.9 million**
- **Gross cashflow from operations for the 6 months of \$41.5 million**
- **Higher gold sales (+19%) offset by lower gold price received**
- **Investment and capital expenditure reduced by 62%**
- **Corporate debt facilities restructured and ~A\$17 million repaid**

# Operating Highlights

GROUP OPERATING SUMMARY						
Operation	First Half FY14		First Half FY13		% Change	
	Production	Total Cash Costs	Production	Total Cash Costs	Production	Total Cash Costs
	(ounces)	(US\$/ounce)	(ounces)	(US\$/ounce)	%	%
<b>Chatree</b>	<b>66,462</b>	<b>774</b>	<b>57,018</b>	<b>747</b>	<b>17%</b>	<b>4%</b>
<b>Challenger*</b>	<b>38,863</b>	<b>1,327*</b>	<b>33,396</b>	<b>1,992*</b>	<b>16%</b>	<b>-33%</b>
<b>Total</b>	<b>105,325</b>	<b>978</b>	<b>90,414</b>	<b>1,187</b>	<b>16%</b>	<b>-18%</b>

(\*Challenger costs include mine development expenditure previously capitalised)

- Group "All-in Sustaining Costs" US\$1,139/oz (US\$1,055/oz Dec Qtr)
- Challenger mine restructure completed and delivering results
- Continued focus on operating efficiencies and cost reduction initiatives across the Group
- Nueva Esperanza project DFS nearing completion

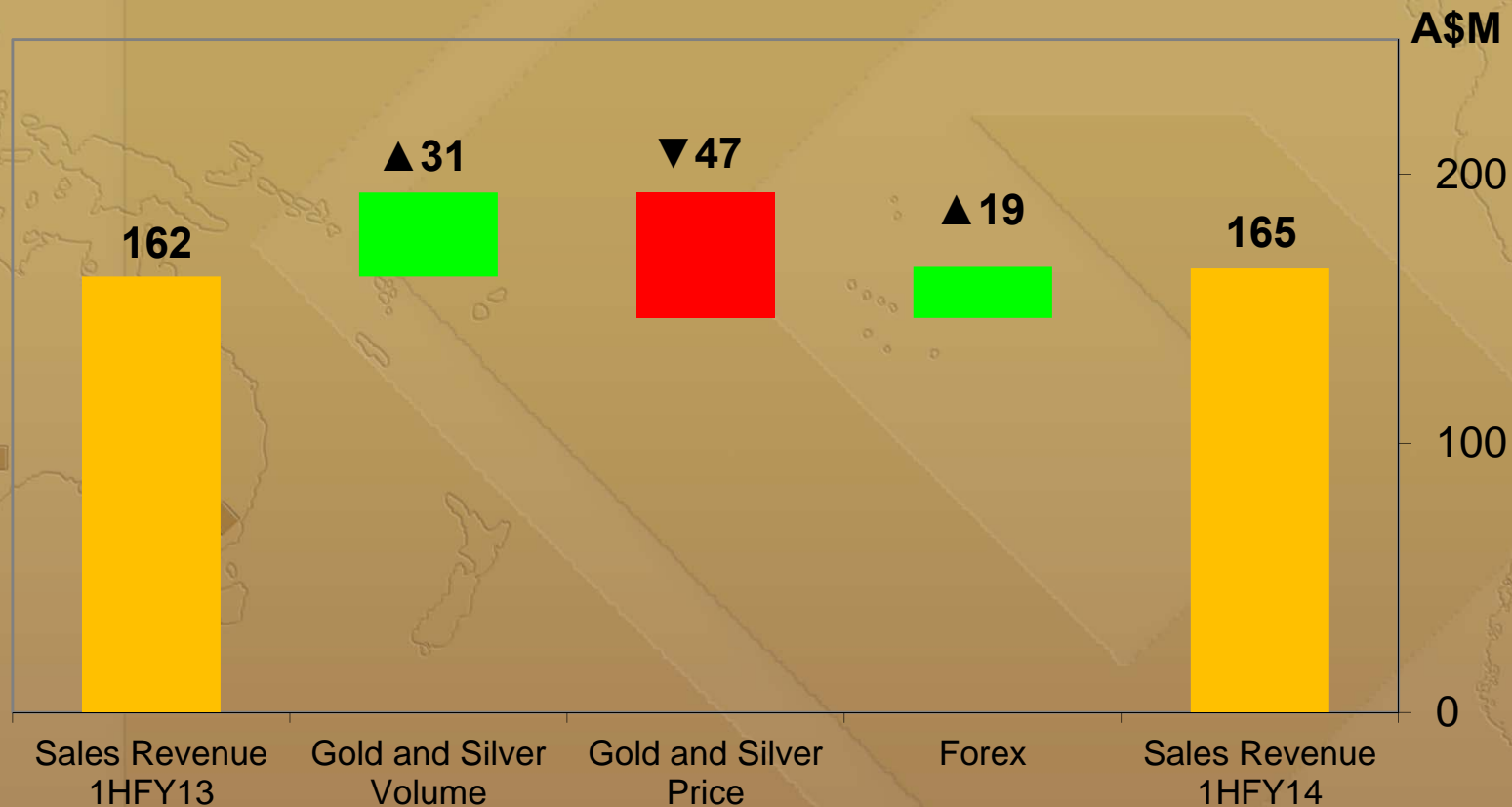


# Half Year Results



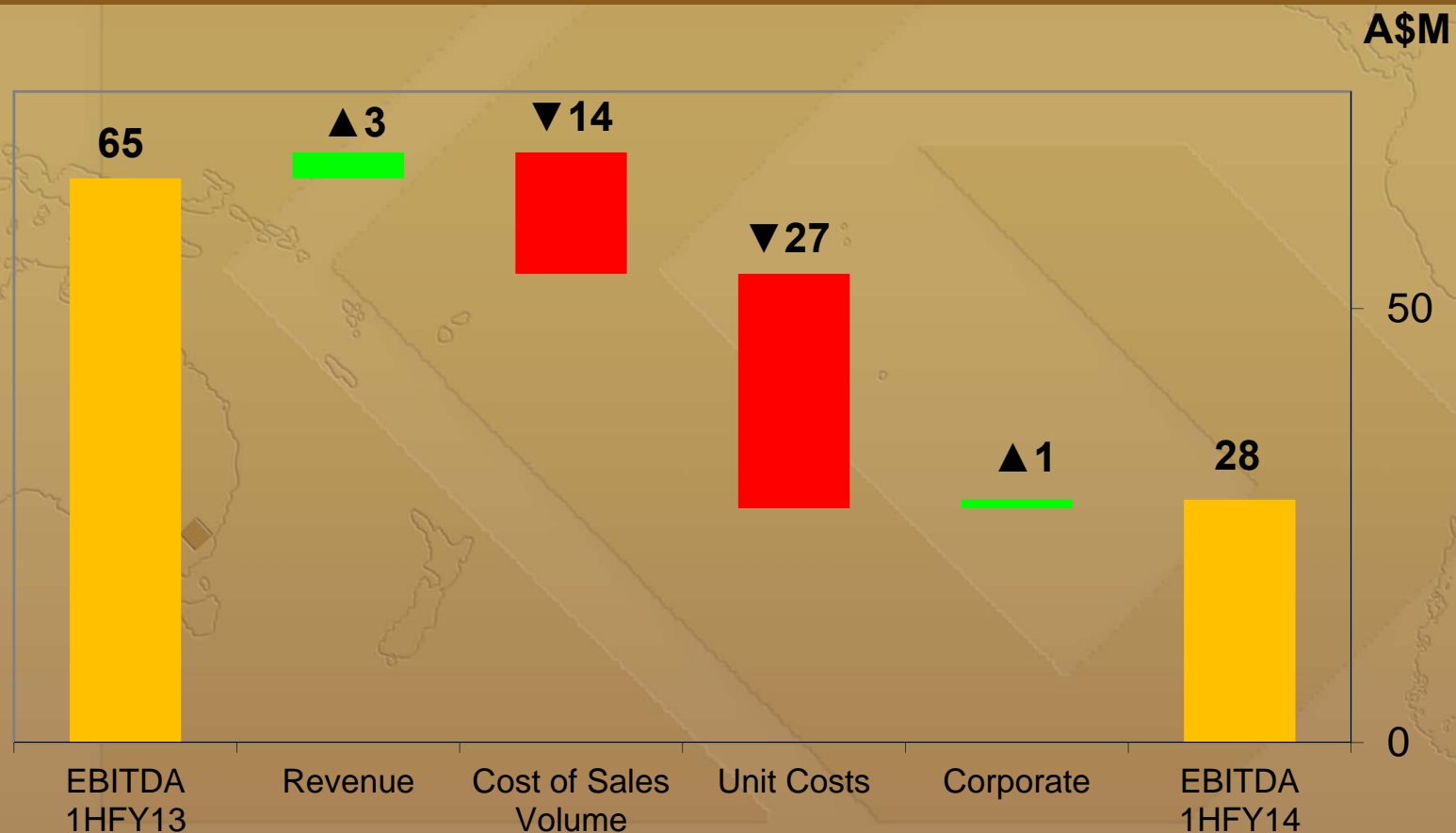
# Sales Revenue

- Higher sales volume offset by lower metal prices
- Positive impact from weaker A\$/US\$ exchange rate (0.92 vs 1.04)
- Average gold price received was US\$1,297/oz (2013: US\$1,676/oz)



# Underlying EBITDA

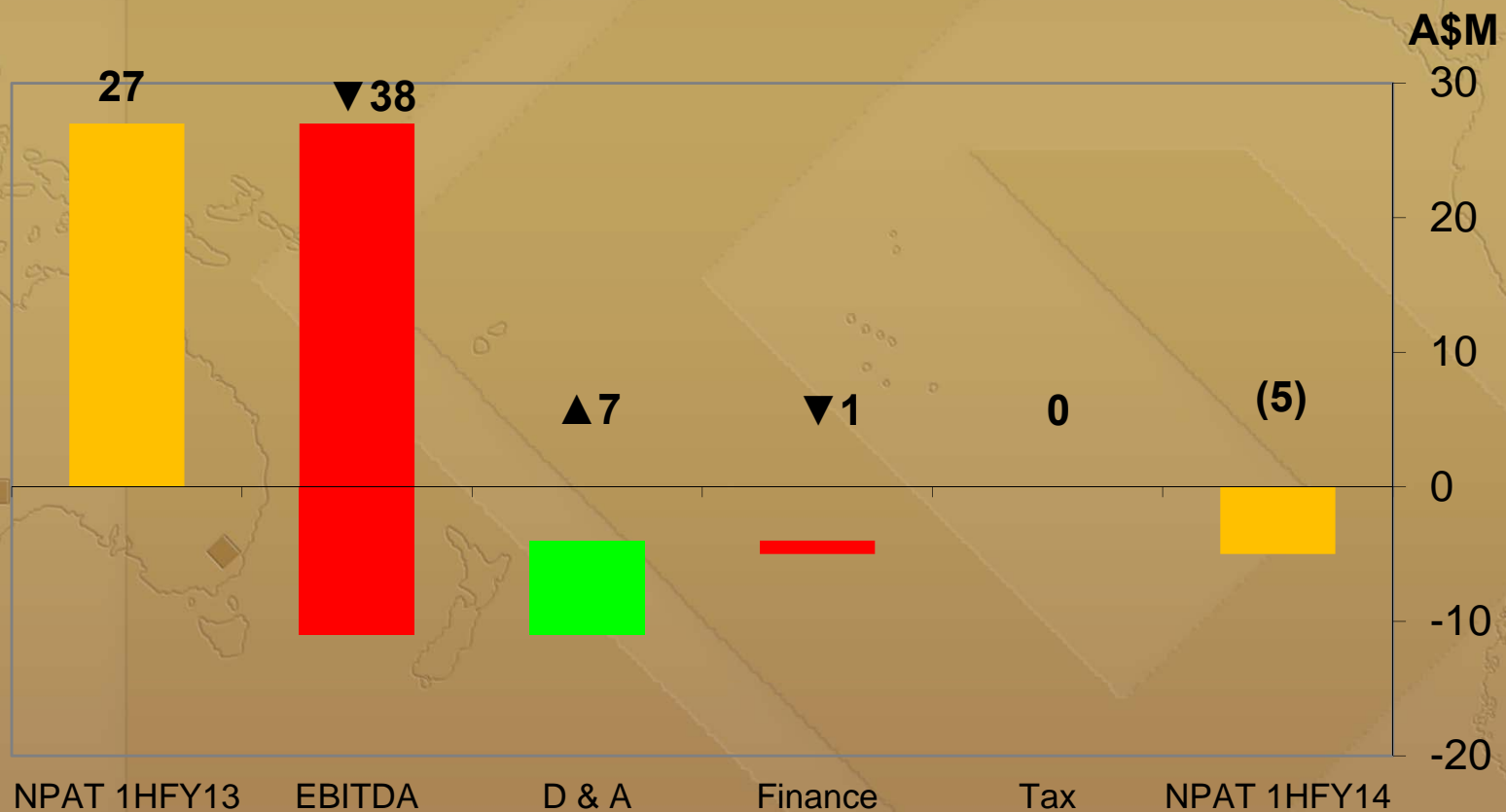
- Higher volume at Chatree increased cost of sales
- Lower A\$ increased converted US\$ costs
- Expensing mine development at Challenger increased unit costs





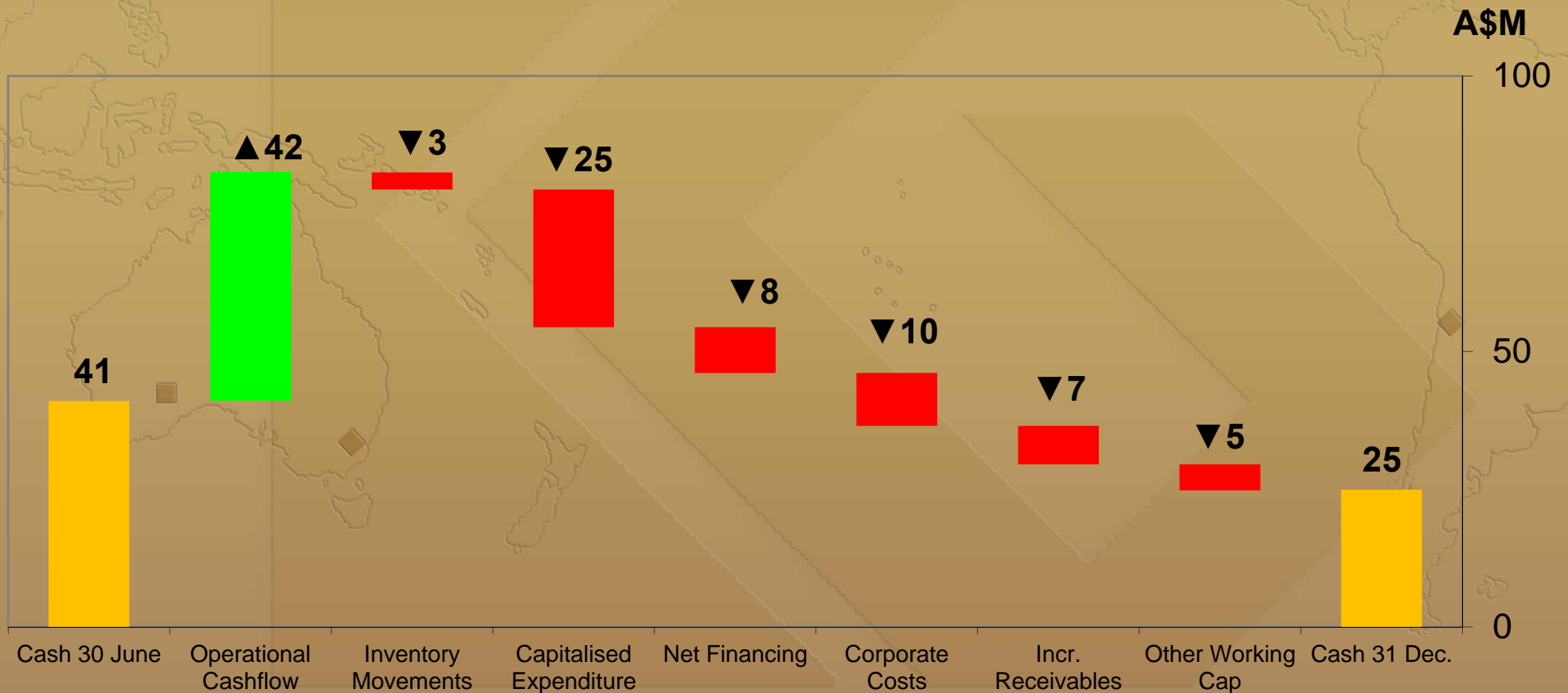
# Underlying NPAT

- Lower depreciation and amortisation reflects Challenger FY2013 impairment charges
- Higher finance costs reflect a full period of Akara debt facilities



# Cashflow

- **Gross operational cashflow of 41.5M for the 6 months despite a lower gold price**
- **Project and capital expenditure reduced by 62%**
- **Focus remains on efficiency and cost improvements across all assets**



# Balance Sheet

- Debt was reduced during the half year with A\$17M repaid.
- Existing facilities have repayment periods up to 6 years.
- Continued focus on optimising facilities over time, particularly in conjunction with Akara IPO and funding development projects.

## Akara Debt Facilities

- US\$119M multi currency amortising loan facility, with quarterly payments from Nov. '13 to Nov '19
- Undrawn ~A\$17M working cap facility

## Kingsgate Debt Facility

- A\$40M senior corporate facility pending completion of CP's

# Outlook



# Guidance for FY2013/14

Group gold production guidance maintained  
at 190,000 to 210,000oz

Mine/Project	Gold Production (oz)	Total cash costs <sup>3</sup> (\$/oz)	Capital Expenditure FY2013/14 (\$M)
Chatree	120,000 – 130,000	US\$775 – US\$875	US\$20M – US\$25M
Challenger <sup>1</sup>	70,000 – 80,000	A\$1,300 – A\$1,400	A\$3M – A\$4M <sup>1</sup>
Nueva Esperanza	n/a	n/a	A\$4M – A\$5M
			A\$4M <sup>2</sup>
Bowdens	n/a	n/a	A\$3M – A\$5M

- <sup>1</sup> Note that currently all mine development at Challenger is expensed as incurred.
- <sup>2</sup> Prepayments of water and future royalties to be paid to Anglo American
- <sup>3</sup> Includes royalties



# Summary for FY2013/14

## Gold Production

Group gold production 190,000oz to 210,000oz  
(Chatree 120,000oz - 130,000oz, Challenger 70,000oz to 80,000oz)

## Nueva Esperanza

DFS for heap leach and on-site power being finalised in the March quarter.  
EIA addendum approvals expected mid-year.

## Bowdens

DFS and EIS work to continue in parallel.

## Re-building for the Future

Continue to pursue strategies to adapt to volatile operating environment. This may include consideration of partners for projects and potential rationalisation of the asset base.



# **Kingsgate** Consolidated Limited



**Listed: ASX**

**Shares: 164 Million**

**Code: KCN**

**Market Cap: ~A\$250M**

***[www.kingsgate.com.au](http://www.kingsgate.com.au)***



# Appendix

## General Disclaimer:

*The information contained in this presentation is for informational purposes only and does not constitute an offer to issue, or arrange to issue securities or other financial products. The information contained in this presentation is not investment or financial product advice and has been prepared without taking into account the investment objectives, financial situation or particular needs of any person. To the maximum extent permitted by law, none of Kingsgate Consolidated Limited, its directors, employees or agents, nor any other person accepts any liability including without limitation any liability arising out of fault or negligence for any loss caused from the use of the information contained in this presentation. No representation or warranty, express or implied, is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forecasts or other forward looking statements.*

## Competent Persons Statements:

*In this report, information concerning Thailand operations relates to Exploration Results, Mineral Resources and Ore Reserve estimates is based on and fairly represents information compiled by the following Competent Persons: Ron James, Brendan Bradley Kevin Woodward and Suphanit Suphananthi who are employees of the Kingsgate Group. All except Brendan Bradley are members of The Australasian Institute of Mining and Metallurgy; Brendan Bradley is a member of the Australian Institute of Geoscientists. These people qualify as Competent Persons as defined in the Australasian code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2012 edition) and possess relevant experience in relation to the mineralisation of being reported herein as Exploration Results, Mineral resources and Ore reserves. Each Competent Person has consented to the Public reporting of these statements and the inclusion of the material in the form and context in which it appears.*

*In this report, the information concerning Challenger operations that relates to Exploration Results, Mineral Resources and Ore Reserves estimates is based on and fairly represents information compiled by Stuart Hampton and Luke Phelps who are full-time employees of the Kingsgate Group. Both are members of The Australasian Institute of Mining and Metallurgy. These persons have sufficient experience that is relevant to the mineralisation and type of deposit under consideration and to the activity that they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Paul Androvic and Tim Benfield consent to the inclusion in the report of the matters based on their information in the form in which it appears.*

*The information in this report that relates to Bowdens and Nueva Esperanza Mineral Resource estimation is based on and fairly represents work completed by Jonathon Abbott who is a full-time employee of MPR Geological Consultants and a member of the Australian Institute of Geoscientists and Mr Ron James. Mr Abbott and Mr James have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Abbott and Mr James consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.*





# Income Statement

Income Statement	A\$ Million :	1HFY14	1HFY13
Sales revenue		165.1	161.7
Cost of sales		(153.6)	(119.6)
<b>Gross Profit</b>		<b>11.5</b>	<b>42.1</b>
Exploration		(0.7)	(15.6)
Group admin		(9.6)	(10.1)
Other income / (expenses)		2.3	(0.2)
Forex		2.3	(1.4)
Other		(0.2)	-
<b>(Loss) / Profit before finance and tax</b>		<b>5.6</b>	<b>14.8</b>
Finance income		0.2	0.8
Finance costs		(9.4)	(6.6)
<b>(Loss) / Profit before tax</b>		<b>(3.6)</b>	<b>9.0</b>
Income tax expense		1.3	0.9
<b>Profit after tax</b>		<b>(4.9)</b>	<b>8.1</b>
D&A		25.9	33.1
Net finance costs		5.5	4.8
Forex		1.5	1.4
Impairments and other		(1.6)	17.1
Income tax expense		1.3	0.9
<b>EBITDA (before significant items)</b>		<b>27.9</b>	<b>65.4</b>

# Chatree

## Chatree Ore Reserves as at 30 April 2013 (>0.35g/t gold cut-off grade)

Source	Category	Tonnes	Gold Grade	Silver Grade	Gold Contained	Silver Contained	AuEq
		(million)	(g/t)	(g/t)	(Moz)	(Moz)	(Moz)
From Pits	Proven	45.4	0.87	7.8	1.27	11.39	
	Probable	14.8	0.78	6.0	0.37	2.86	
Stockpiles		9.3	0.58	9.3	0.17	2.78	
<b>Chatree Total</b>	<b>Total</b>	<b>69.5</b>	<b>0.81</b>	<b>7.6</b>	<b>1.82</b>	<b>17.04</b>	

## Chatree Mineral Resources as at 30 April 2013 (>0.3g/t gold cut-off grade)

Source	Category	Tonnes	Gold Grade	Silver Grade	Gold Contained	Silver Contained	AuEq
		(million)	(g/t)	(g/t)	(Moz)	(Moz)	(Moz)
From Pits	Measured	92.8	0.72	6.60	2.15	19.7	
	Indicated	49.8	0.64	4.69	1.02	7.51	
	Inferred	45.7	0.58	3.81	0.85	5.60	
<b>Chatree Total</b>	<b>Total</b>	<b>188.3</b>	<b>0.66</b>	<b>5.42</b>	<b>4.03</b>	<b>32.8</b>	

*Competent Persons Statement.* Information in this presentation relates to Exploration Results, Mineral Resource and Ore Reserve estimates based on and fairly represents information compiled by the following Competent Persons: Ron James, Brendan Bradley, Kevin Woodward and Suphanit Suphananthi who are employees of the Kingsgate Group. All except Brendan Bradley are members of The Australasian Institute of Mining and Metallurgy. Brendan Bradley is a member of The Australian Institute of Geoscientists. These people qualify as Competent Persons as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2012 edition) and possess relevant experience in relation to the mineralisation being reported herein as Exploration Results, Mineral Resources and Ore Reserves. Each Competent Person has consented to the Public Reporting of these statements and the inclusion of the material in the form and context in which it appears.



# Challenger

## Challenger Ore Reserves as at 30 June 2013

Source	Category	Tonnes	Gold Grade	Gold Contained
		(million)	(g/t)	('000 oz)
From Mine	Proven	0.25	5.52	40
	Probable	0.22	8.30	60
<b>Challenger Total</b>	<b>Total</b>	<b>0.47</b>	<b>6.82</b>	<b>100</b>

## Challenger Mineral Resources as at 30 June 2013

Source	Category	Tonnes	Gold Grade	Gold Contained
		(million)	(g/t)	('000 oz)
From Mine	Measured	0.44	8.97	130
	Indicated	1.04	10.6	350
	Inferred	0.68	12.1	260
<b>Challenger Total</b>	<b>Total</b>	<b>2.16</b>	<b>10.7</b>	<b>750</b>

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# Nueva Esperanza

## Nueva Esperanza Mineral Resources as at 30 June 2013 (0.5g/t AuEq60 cut-off grade)

Category	Tonnes	Gold Grade	Silver Grade	Gold Equiv Grade	Gold Contained	Silver Contained	AgEq Contained	AuEq Contained
	(millions)	(g/t)	(g/t)	(g/t)	(Koz)	(Moz)	(Moz)	(Moz)
<b>Measured</b>	<b>1.5</b>	<b>0.01</b>	<b>101</b>	<b>1.69</b>	<b>1.0</b>	<b>4.9</b>	<b>4.9</b>	<b>0.08</b>
<b>Indicated</b>	<b>21.3</b>	<b>0.28</b>	<b>88</b>	<b>1.74</b>	<b>190</b>	<b>60.2</b>	<b>71.6</b>	<b>1.19</b>
<b>Inferred</b>	<b>6.1</b>	<b>0.3</b>	<b>67</b>	<b>1.4</b>	<b>60</b>	<b>13.0</b>	<b>16.8</b>	<b>0.28</b>
<b>Total</b>	<b>28.9</b>	<b>0.27</b>	<b>84</b>	<b>1.67</b>	<b>251</b>	<b>78.2</b>	<b>93.3</b>	<b>1.56</b>

Notes: Au = gold; Ag = silver; M = million; g/t = grams per tonne; MOz = million ounces.

1. In situ density 2.0 t/bcm, based on 350 measurements at Arqueros. This is lower than previously used 2.2 t/bcm. 2. Gold equivalent on basis of gold/silver revenue ratio of 60; calculated as Au + Ag/EQ (gold plus [silver divided by 60]). 3. Silver equivalent on the basis of gold/silver revenue ratio of 60; calculated as Au x EQ + Ag ([gold times 60] plus silver). 4. EQ = (Price Gold x Recovery Gold) / (Price Silver x Recovery Silver). 5. Price basis US\$1,380/oz Au and US\$21.50/oz Ag. 6. Metallurgical recovery basis 70% Au and 75% silver. 7. It is the company's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered. 8. Rounding of numbers may generate rounding errors.



# Bowdens

## Bowdens Mineral Resources as at 30 June 2013

(30g/t AgEq cut-off grade)

Category	Tonnes (million)	Grade				Contained Metal		
		Silver g/t	Lead %	Zinc %	AgEq g/t	Silver (Moz)	AgEq (Moz)	AuEq (Moz)
<b>Measured</b>	<b>23.6</b>	<b>56.6</b>	<b>0.31</b>	<b>0.41</b>	<b>74.5</b>	<b>43.0</b>	<b>57</b>	<b>1.25</b>
<b>Indicated</b>	<b>28.4</b>	<b>48.0</b>	<b>0.27</b>	<b>0.36</b>	<b>63.6</b>	<b>43.8</b>	<b>58</b>	<b>1.28</b>
<b>Meas &amp; Ind</b>	<b>52.0</b>	<b>51.9</b>	<b>0.29</b>	<b>0.38</b>	<b>68.6</b>	<b>86.8</b>	<b>115</b>	<b>2.53</b>
<b>Inferred</b>	<b>36</b>	<b>41</b>	<b>0.3</b>	<b>0.4</b>	<b>58</b>	<b>47.5</b>	<b>68</b>	<b>1.47</b>
<b>Total</b>	<b>88.0</b>	<b>47.4</b>	<b>0.29</b>	<b>0.39</b>	<b>64.4</b>	<b>134.1</b>	<b>182</b>	<b>4.00</b>

### Notes:

1. Rounding of numbers may generate rounding errors. 2. NSR metallurgical recoveries of 72% Ag, 75% Pb, and 66% Zn estimated from test work by Kingsgate. NSR or net smelter return metallurgical recovery is defined as the payable metal recovered after allowing for smelter deductions, which includes deductions for precious metals. 3. Price basis Ag US\$26.33/oz, Pb US\$2,206/t and Zn US\$2,111/t 4. Bowdens silver equivalent equation (AgEq) g/t = Ag (g/t) + 27.5 x Pb (%) + 22.8 x Zn (%) 5. It is the company's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered. 6. Cut-off grade for Bowdens is 30g/t AgEq.

### Kingsgate Group Metal Equivalent Notes:

#1. Nueva Esperanza silver equivalent:  $AgEq (g/t) = Ag (g/t) + Au(g/t) \times EQa$ . Gold Equivalent:  $AuEq (g/t) = Au (g/t) + Ag (g/t)/EQa$ ;  $EQa = (\text{price gold} * \text{recovery gold}) / (\text{price silver} * \text{recovery silver})$ . Calculated from prices of US\$1380/oz Au and US\$21.50/oz Ag, and metallurgical recoveries of 70% Au and 75% Ag estimated from test work by Kingsgate and Laguna. #2. Bowdens silver equivalent:  $AgEq (g/t) = Ag (g/t) + 27.5 \times Pb (\%) + 22.8 \times Zn (\%)$ . Calculated from prices of US\$26.33/oz Ag, US\$2,206/t Pb, US\$2,111/t Zn and NSR recoveries of 72% Ag, 75% Pb, and 66% Zn estimated following test work by Kingsgate. #3. Bowdens gold equivalent:  $AuEq (g/t) = 45 (\text{gold price} / \text{silver price})$ . Calculated from prices of US\$1200/oz Au, US\$26.33/oz Ag. #4. Chatree gold equivalent:  $AuEq/t = Au (g/t) + Ag (g/t) / EQa$ . EQa see note 1 above. Calculated from prices of US\$1480/oz Au and US\$26/oz Ag and metallurgical recoveries of 80.5% Au and 43.6% silver based on metallurgical test work and plant performance. #5. Cut-off grade for Chatree is 0.35g/t Au; Nueva Esperanza is 0.5g/t AuEq; Bowdens is 30g/t AgEq. #6. In the company's opinion, the silver, gold lead and zinc included in the metal equivalent calculations have a reasonable potential to be recovered.

