



# Kingsgate

Consolidated Limited

ABN 42 000 837 472

4 September 2012

**Via ASX Online  
(21 pages including cover)**

The Manager  
Company Announcements Office  
Australian Securities Exchange

Attached is 2012 Financial Results Presentation updated to include Metal Equivalent and Component Person Statements.

KINGSGATE CONSOLIDATED LIMITED



**Ross Coyle**  
Company Secretary



# **Kingsgate Consolidated Limited**

## **Financial Results for the Year to 30 June 2012**



**30 August 2012**



# 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 proceeded 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 Dominion Mining Limited and/or 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.*





# ***Record Financial Year***

- **Record Net profit before tax, up 413% to \$91M**
- **Record Net profit after tax, up 255% to \$75M**
- **Record EBITDA of \$168m, an increase of 129%**
- **Strong EPS of 52.5cps, an increase of 181%**
- **Final dividend of 10cps, unfranked (Total 20cps for the year)**
- **Record gold sales volume up 78% to 204,145oz**
- **Ave gold price received up 20% to \$1,663/oz**



# **Operating Highlights**

- **Record Group gold production 208,760oz up 85% on FY2011**
- **Group Total Cash Costs, US\$720/oz (inc royalties)  
(Chatree US\$618/oz Challenger US\$862/oz)**
- **Chatree North expansion in final stages of optimisation  
operating ~6.2Mtpa**
- **Challenger West exploration delivering results**
- **Nueva Esperanza feasibility nearing completion**
- **Bowdens resource drilling expected to increase mineral resource**

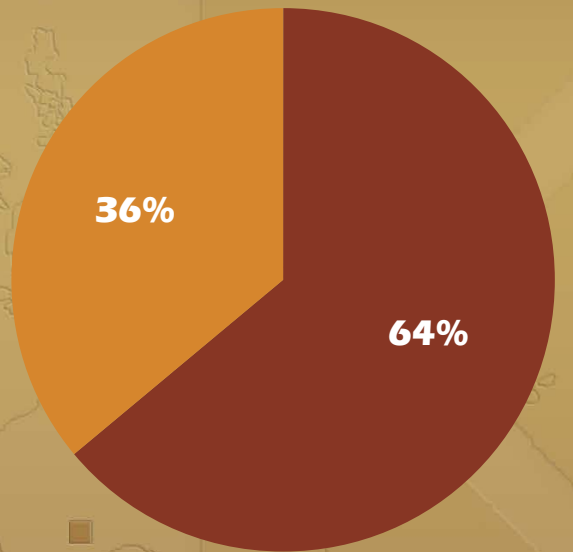


# Income Statement

Income Statement	A\$ Million :	FY 2012	FY2011	Change %
Sales revenue		357.3	172.4	+107
Cost of sales		(238.8)	(113.7)	+110
<b>Gross Profit</b>		<b>118.6</b>	<b>58.7</b>	<b>+102</b>
Exploration		(1.9)	(2.4)	(21)
Group admin		(19.3)	(17.8)	+8
Other income / (expenses)		1.6	0.9	+78
Forex		1.3	(15.8)	
Business acquisition costs		(1.0)	(4.8)	(80)
<b>Profit before finance and tax</b>		<b>99.2</b>	<b>18.7</b>	<b>+430</b>
Finance income		1.5	0.8	+97
Finance costs		(9.4)	(1.7)	+453
<b>Profit before tax</b>		<b>91.3</b>	<b>17.8</b>	<b>+413</b>
Income tax benefit/(expense)		(16.3)	(3.1)	+426
<b>Profit after tax</b>		<b>75.0</b>	<b>20.9</b>	<b>+259</b>
D&A		67.6	27.8	+143
Finance costs		9.4	1.7	
Forex		(1.3)	15.8	
Business acquisition costs		1.0	4.8	
Income tax expense / (benefit)		16.3	3.1	
<b>EBITDA (before significant items)</b>		<b>167.9</b>	<b>67.8</b>	<b>+129</b>

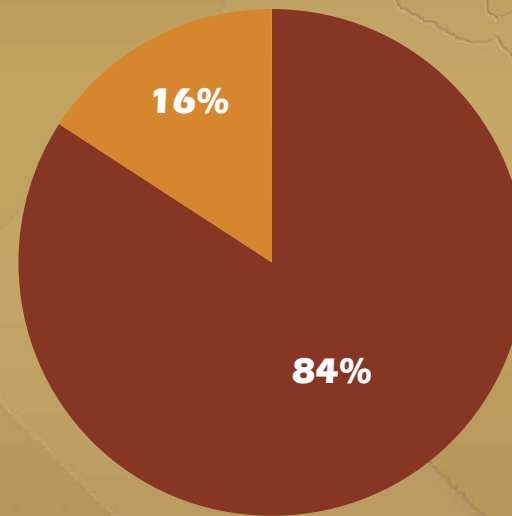
# Earnings by Operation

**EBITDA**



■ Chatree ■ Challenger

**PBIT**



■ Chatree ■ Challenger

# **Income Statement**

## **TAX**

**Effective tax rate 18%.**

**Chatree plant 2 BOI tax privileges begin post optimisation.**

## **Finance Costs**

**Finance costs of \$9.4M (2011, \$1.7M) mainly reflect interest expensed on the Akara debt facility.**

## **Royalties**

**Gold sales up 78% and ave higher gold price.**



# **Key Cashflow Items**

## **Inventory Movements**

Lower at \$8.1M (2011, \$23.9M) reflecting value of net stockpile movements.

## **Deferred Stripping**

Decreased to \$7.1M (2011, \$9.4M) reflecting continued mining above the life of mine strip ratio.

## **Capex**

Higher capex reflecting Chatree Plant 2 and TSF #2, and additional development costs at Challenger W and Challenger Deeps.



# Chatree Operations

## Strong Operational Performance

121,372oz up 59% on prior year.  
5,116Kt @ 0.90g/t (2,533Kt @ 1.1g/t)  
C North high grade zone completed

## Total Cash Costs US\$618/oz

Chatree total cash costs US\$460/oz  
(before US\$158/oz royalty).  
Higher costs for consumables and royalties.

## Chatree Plant Expansion

Thru'put of 6.2Mtpa achieved in optimisation.  
Incremental expansion under review.  
Plant 2 undergoing final verification by Thai  
authorities for 2-3 weeks in Sept.



# Challenger Operations

**Gold Production**  
**87,388oz**

644.6Kt @ 4.55g/t (683.9Kt @ 4.70g/t)  
Stope availability fell behind due to development shortfall.

**Total Cash Costs**  
**US\$862/oz**

Total cash costs US\$800/oz  
(before US\$62/oz royalty)

**Challenger**  
**Development**

Challenger West stope (800 level) in-line with expectations.  
New shoot identified – Aminus 2.  
Main decline advances across 79' Fault.



# **Challenger Strategy**

## **Turning around the operation**

### **Understand the issues**

#### **Contractor Underperforming**

Development shortfall mainly due to poor equipment availability lack of experienced operators.

### **Implementing change**

Site responsible for business unit.

Additional KCN experienced people in mine management and contractor supervision.

### **Plan for the future**

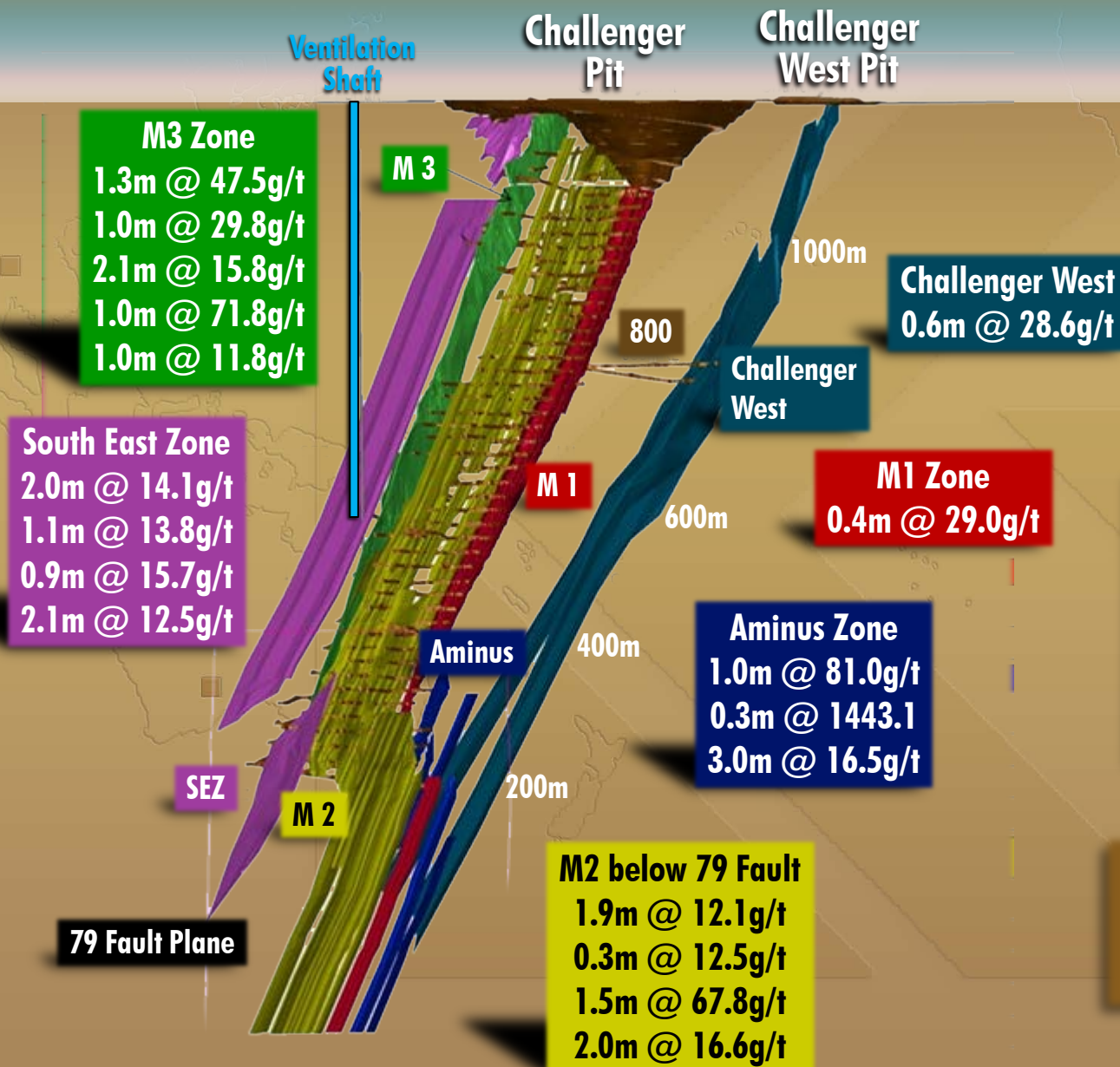
Establish two new mining fronts at Challenger West and across '79 Fault.  
Continue to implement over the next 6 months to set up the mine for the future.



# Challenger Exploration Upside

E

W



**Challenger West  
800 Level stope  
meets expectations**

**New shoot, Aminus  
2, identified within  
Challenger West  
corridor**

**Good results continue  
below '79 Fault'**





# **Nueva Esperanza**

## **Resource Evaluation**

**Teterita metallurgical work underway.  
Two drillholes completed at Chimberos.  
Camp reduced for winter .**

## **Feasibility Study**

**Integrated mine for Arqueros and Teterita  
completed and under review.  
Ausenco appointed to take feasibility  
through to definitive stage.**

## **Environmental Impact Assessment**

**The EIA process is well advanced and  
currently within expected timeframe.  
Required prior to mining lease grant.**

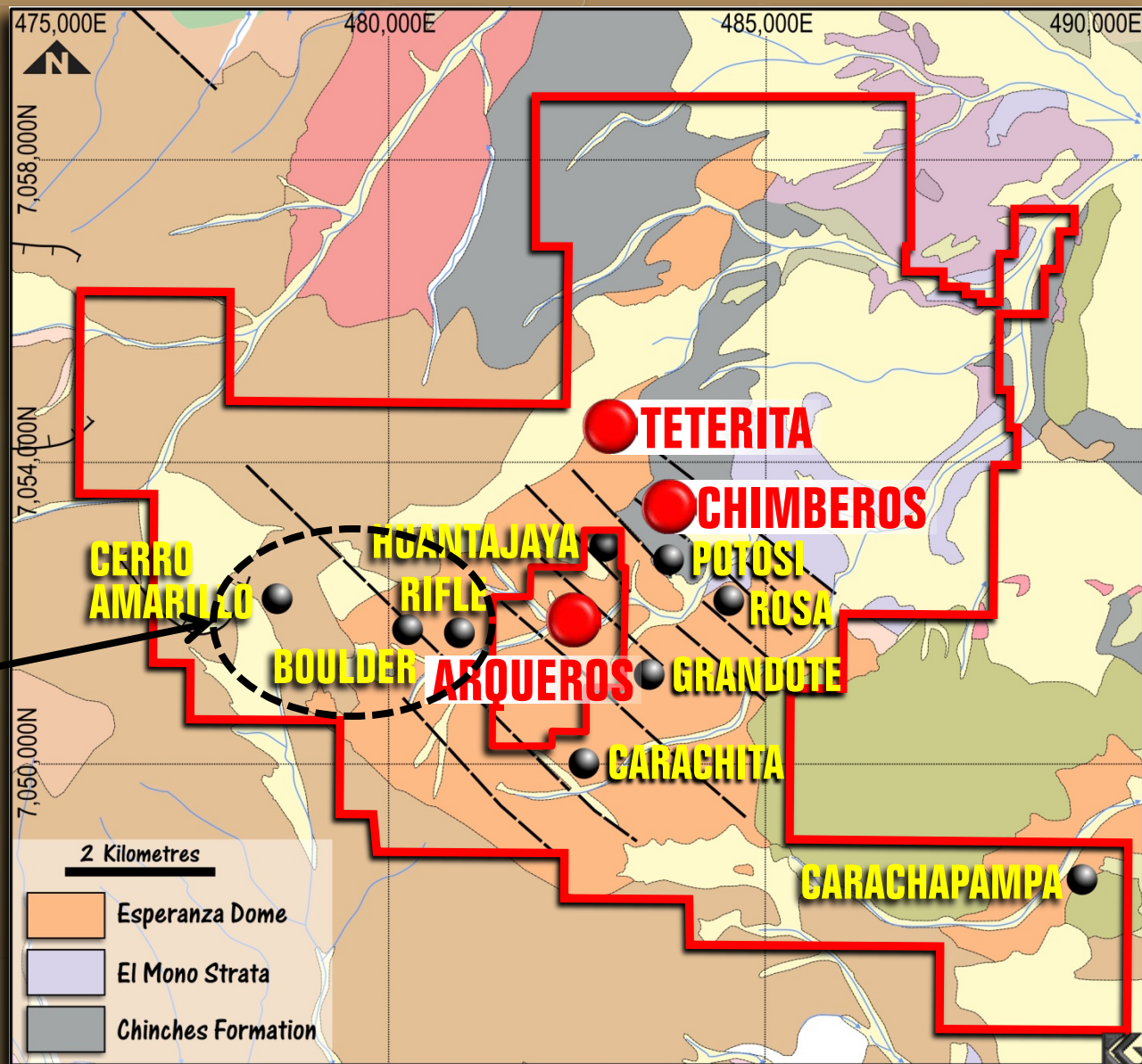
# Nueva Esperanza Upside

## Highly prospective regional exploration

Three established resources

Multiple highly prospective targets

High grade gold intercepts from historical drilling



# **Bowdens Silver Project**

## **Drill Program**

Resource definition drilling continuing.  
Geotech and metallurgical drilling completed.

## **Feasibility Study**

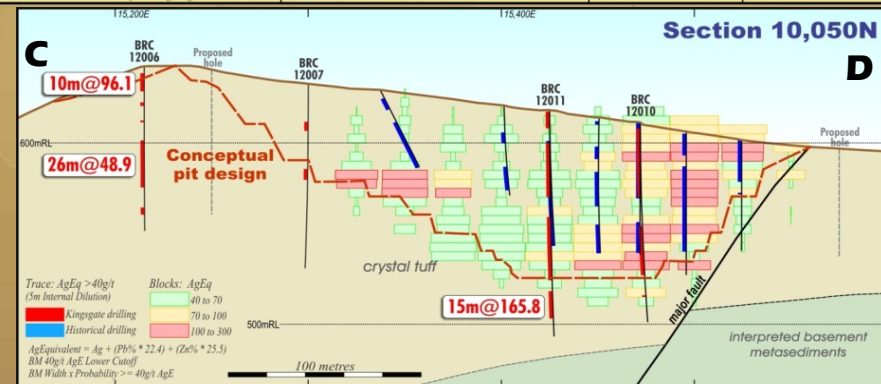
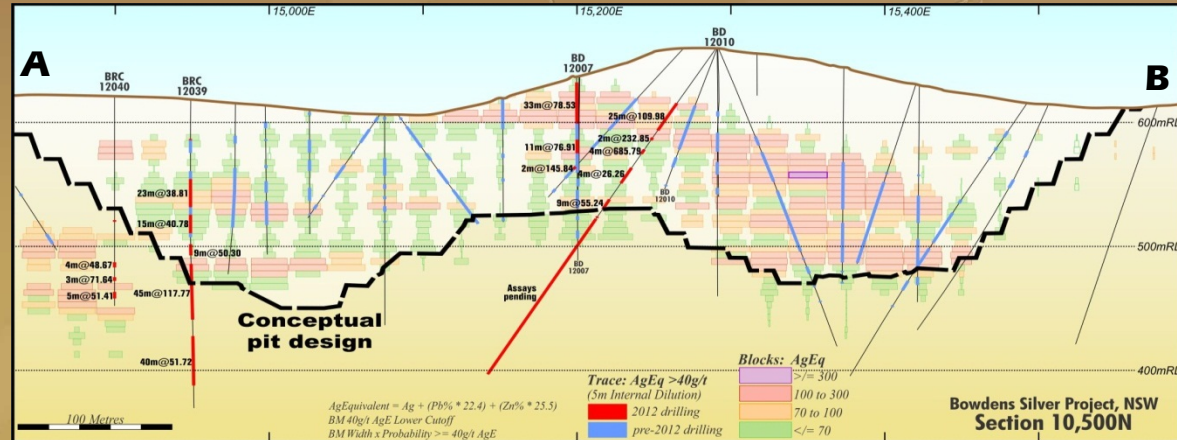
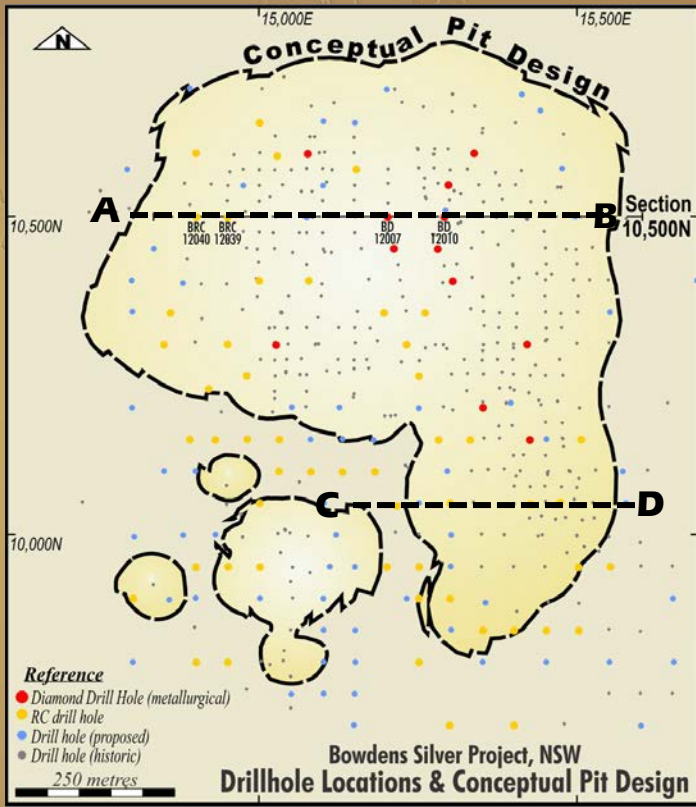
Feasibility study well advanced.  
Environmental baseline work continuing.  
Data collected will add to previous work.

## **Geology and Metallurgy**

Detailed surface geological mapping completed.  
Metallurgical testwork underway.



# Bowdens Upside Potential



- Resource drilling continues to intersect mineralisation outside current resource
- Assays include 45m @ 117.8 AgEq and 40m @ 96.1 AgEq

## Notes:

1. Rounding of numbers may generate rounding errors. 2. Recovery factors Ag 81%, Pb 73% and Zn 83% 3. Price basis Ag US\$28/oz, Pb US\$2,200/t and Zn US\$2,200/t 4. Bowdens silver equivalent (AgEq) g/t = Ag (g/t) + 22.4 x Pb (%) + 25.5 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.



# Outlook for FY2013

## Gold Production

Group gold production 200,000oz to 220,000oz.  
First half year to be weaker than second half year.

## Chatree

Chatree gold production 120,000oz to 130,000oz  
Higher throughput at lower grade.  
Metallurgical licence expected after verification complete.

## Challenger

Challenger gold production 80,000oz to 90,000oz  
Addressing underground development issues.  
Six months to implement change.

## Nueva Esperanza

Integrated mine plan received and being reviewed.  
Draft technical feasibility to be complete by end Sept.  
Development decision in the December quarter.

## Bowdens

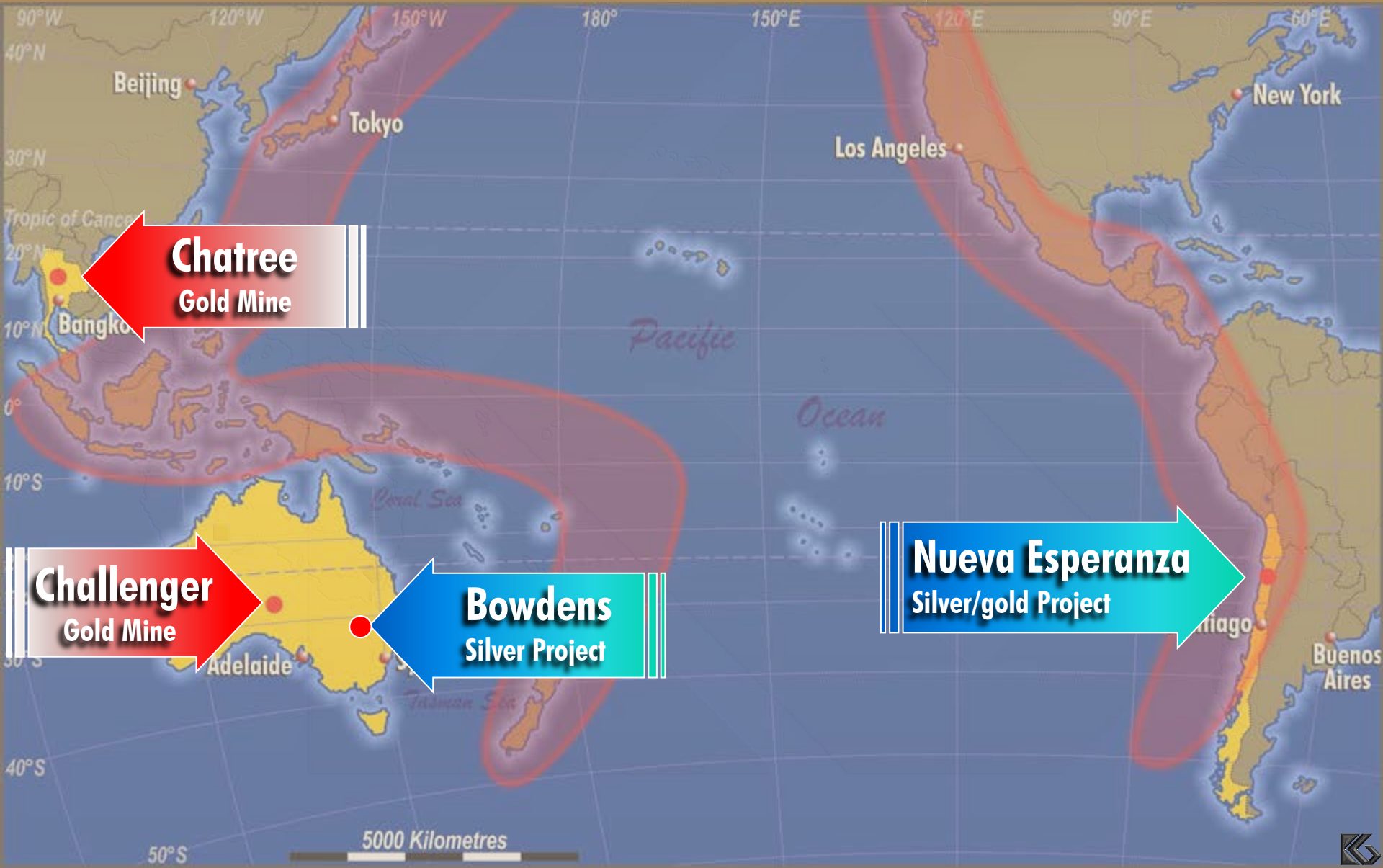
Resource model to be updated after drilling.  
Draft feasibility study to be completed during the year.





# Delivering on its Growth Strategy

## Geographic and operational diversity in Asia/pac



# **Kingsgate Consolidated Limited**



**Shares: 151 Million**

**Market Cap: ~A\$750M**

**ASX: KCN**

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



# COMPETENT PERSONS STATEMENTS

In this report, information concerning Thailand operations relates to Exploration Results, Mineral Resources and Ore Reserve estimates based on information compiled by the following Competent Persons: Ron James, Guy Davies, Fiona Davidson and Suphanit Suphananthi who are employees of the Kingsgate Group and members of The Australasian Institute of Mining and Metallurgy. 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, 2004 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 based on information compiled by Tony Poustie and Andrew Giles who are full-time employees of the Kingsgate Group. Tony Poustie is a member of The Australasian Institute of Mining and Metallurgy and Andrew Giles is a member of the Australian Institute of Geoscientists. 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Tony Poustie and Andrew Giles 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 Laguna Resources Mineral Resource estimation is based on work completed by Jonathon Abbott who is a full-time employee of Hellman & Schofield Pty Ltd and a member of the Australasian Institute of Mining and Metallurgy. Mr Abbott has 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Abbott consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to data quality, comments on the resource estimates and economic potential of the estimated resources for Bowdens and Laguna Resources is based on information compiled by Ron James who is a member of the Australasian Institute of Mining and Metallurgy. Mr James has 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.