



Kingsgate Consolidated Limited

**Financial Results for the Year to
30 June 2013**



29 August 2013



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.

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**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.



2013 Financial Year Summary



Financial Highlights

- Underlying EBITDA of \$116 million
- Underlying net profit before tax \$17 million
- Underlying NPBT affected by lower gold price and industry wide cost pressures
- Statutory loss after tax \$324 million
- Full year results significantly impacted by non-cash asset impairment and asset writedowns of \$336 million (after tax)
- Significant year of investment across all assets
- No final dividend (Interim dividend of 5cps paid in March 13)

Operating Highlights

- Group gold production 199,897oz
- Group total cash costs, US\$888/oz (inc royalties US\$118/oz)
(Chatree US\$767/oz Challenger US\$1,135/oz)
- Chatree Mineral Resources increased by 9% to 4.03Moz and Ore Reserves increased by 13% to 1.82Moz, after depletion
- Challenger mine plan being restructured to focus on higher grade Challenger West. New resources and reserves being finalised.
- Cost cutting initiatives being implemented across all areas of the company with savings of over \$25 million p/a expected
- EIA approval received for the Nueva Esperanza project

Chatree Operations

Strong Operational Performance

133,681oz gold, up 10% on prior year.
5.7Mt @ 0.90g/t gold and 80% recovery
Higher grade and recovery reflect access to main orebody at A Pit and Q oxide ore

Total Cash Costs US\$767/oz

Chatree total cash costs US\$620/oz
(before US\$147/oz royalty).
Unit costs steady yoy at US\$17.96/t milled

Chatree Plant Expansion

Plant 2 achieved Met. licence in Oct 12
Thru'put of 6.2Mtpa achieved in optimisation.
Incremental expansion under review.

Challenger Operations

Production

557Kt @ 3.91g/t for 66,216oz gold

Gold endowment depleted across the 2 fault structures at Challenger Deeps

Strategic review results in new mine plan to focus on Challenger West

Total Cash Costs US\$1,135/oz

Total cash costs US\$1,075/oz (before US\$60/oz royalty).

Costs reflect the reduced and below budget head grade and the low production.

Future Opportunities

New contractor, Byrnegut, commenced on 1 August 2013 with new mining contract.

New mine plan focussing on Challenger West being implemented over 3 months.

Financial Year Results



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Income Statement

Consolidated	A\$ Million :	FY2013	FY 2012
(Loss) / Profit before tax		(339.6)	91.3
Impairments and other		356.0	0.6
Acquisition costs		-	1.0
Forex		0.8	(1.3)
Profit before tax and significant items		17.2*	91.6
D&A		85.5	67.6
Borrowing costs		13.1	9.4
EBITDA (before significant items)		115.8	168.6

■ ***Underlying NPAT \$12.5 million**

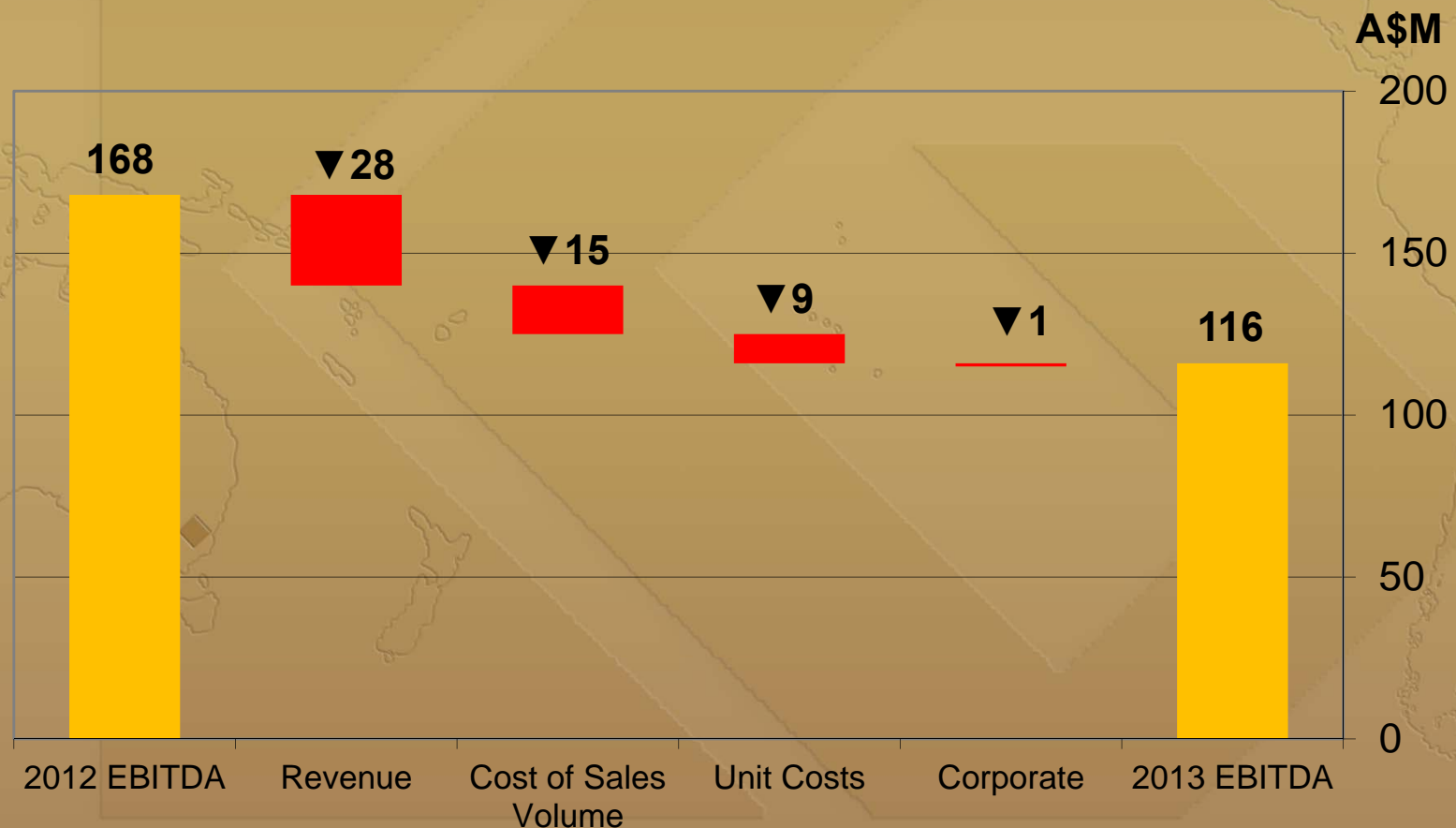
Sales Revenue

- Reduced sales volume and lower metal prices both impacted sales
- Average gold price received was US\$1,588/oz (2012: US\$1,663/oz)



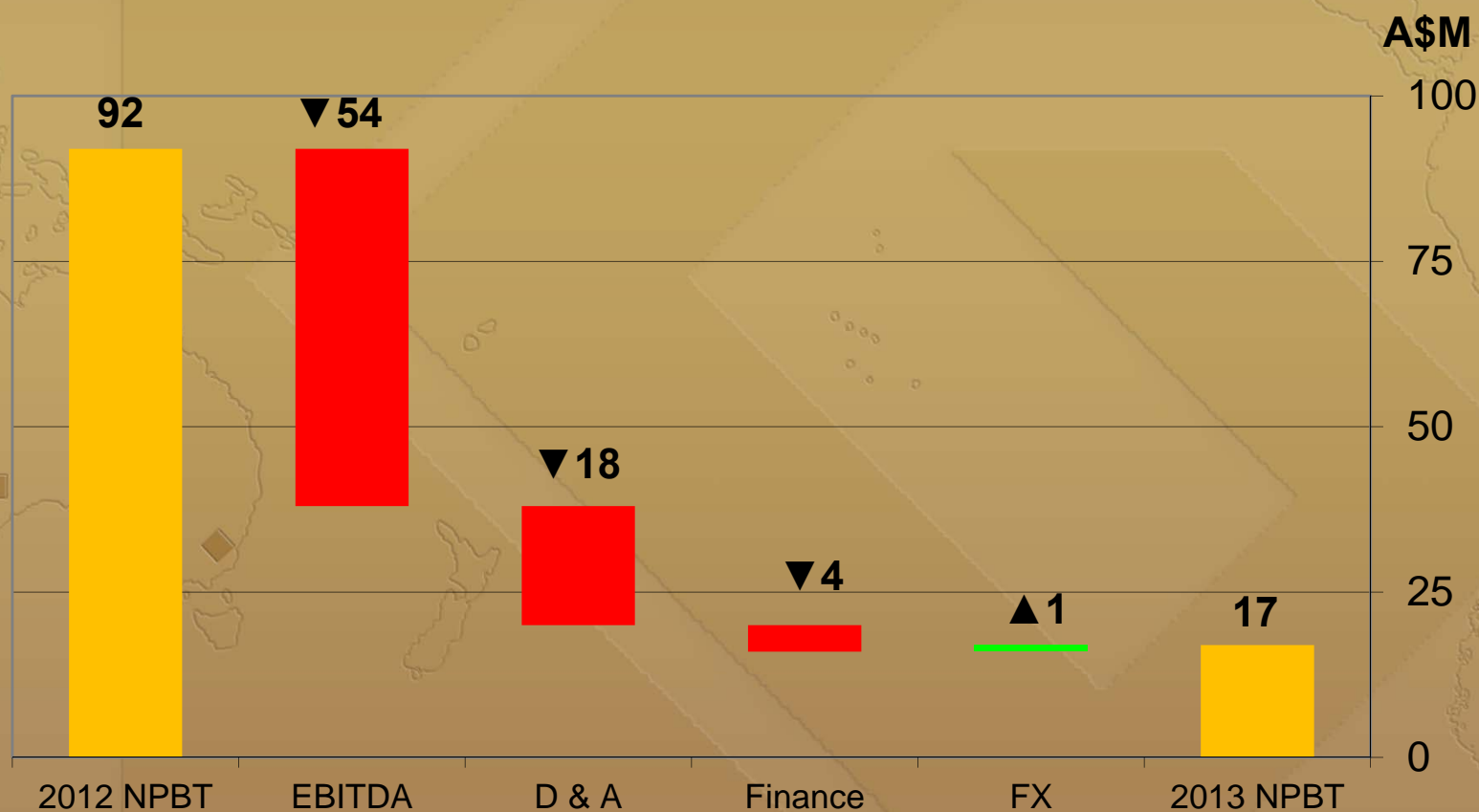
Underlying EBITDA

- Lower EBITDA reflects both revenue and cost impacts
- Industry wide cost pressures affected EBITDA for both operations



Underlying NPBT

- Higher D&A reflects completion of investment programs at both mines



Financial Summary

Cash and Bullion

- Cash and bullion/doré of A\$54.8M

Akara Debt Facility

- Akara Mining US\$125M multi currency loan facility, fully drawn. Amortising facility with quarterly payments from Nov. '13
- ~US\$15M (Baht) working cap facility, undrawn

Kingsgate Debt Facilities

- A\$20M drawn on A\$40M corporate credit facility
- A\$35M subordinated facility fully drawn.
- Opportunities to amalgamate and restructure the KCN facilities as part of the Akara IPO

Impairments and Writedowns

Asset impairment	A\$M	
▪ Challenger	(\$312)	New operating plan focusing on Challenger West
	\$20	Challenger tax benefit
▪ Thailand	(\$14)	Exploration projects outside the Chatree Mine area
▪ Australia	(\$6)	Barton West mineral sands
Exploration costs		
▪ Quadrio	(\$17)	Vended into Caravel Minerals
Other		
▪ Associates	(\$2)	Impairment and loss in Associates (ie. Caravel)
▪ Write back	(\$6)	Capitalised borrowing fees
▪ FX	(\$1)	
▪ Other	\$2	
Total	(\$336)	



Outlook for 2014 Financial Year



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Guidance for FY2013/14

Group production 190,000 to 210,000oz

Mine/Project	Production ('000 oz)	Total cash costs ^ (\$/oz)	Capital Expenditure (\$M)
Chatree	120 - 130	US\$775 – US\$875	US\$20 – US\$25
Challenger*	70 - 80	A\$1,250 – A\$1,350	A\$3 – A\$4*
Nueva Esperanza	n/a	n/a	A\$3 – A\$4
			A\$4~
Bowdens	n/a	n/a	A\$3 – A\$5

- ***Note that currently all underground development at Challenger Mine to be expensed as incurred. Subject to review as exploration results received.**
- **~Prepayments of water and future royalties to be paid to Anglo American**
- **^ Includes royalties**

Strategic Focus

Maximise Operating Margins

**Kingsgate “Lean” programs across all ops.
Opportunities to optimise mine plans.
Maintain flexibility with regard to the gold
price environment.**

Nueva Esperanza

**Refine and finalise heap leach alternative.
Well positioned with current silver price
recovery.**

Bowdens

**Phase remaining DFS expenditure in
alignment with EIS timetable.
Defer all non-critical expenditure.**

Summary for FY2014

Gold Production

Group gold production 190,000oz to 210,000oz.

Chatree

Chatree gold production 120,000oz to 130,000oz.
Steady throughput of around 6.2Mtpa @ ~ 0.8g/t gold.

Challenger

Challenger gold production 70,000oz to 80,000oz.
New mine plan being implemented over the next 3 months to focus principally on the higher grade Challenger West.

Nueva Esperanza

Interim feasibility study for heap leach and on-site power to be finalised in the September quarter.
EIA approval will require modification for heap leach.

Bowdens

DFS and EIS work to continue in parallel at a reduced rate with completion expected in mid 2014.

Kingsgate Consolidated Limited



Listed: ASX

Code: KCN

Shares: 152 Million

Market Cap: ~A\$400M

www.kingsgate.com.au



Appendix

General Disclaimer:

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Competent Persons Statements:

In this report, information concerning Thailand operations relates to Exploration Results, Mineral Resources and Ore Reserve estimates is based on information compiled by the following Competent Persons: Ron James, Brendan Bradley 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 information compiled by Paul Androvic and Ron James who are full-time employees of the Kingsgate Group. Paul Androvic and Ron James 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Paul Androvic and Ron James 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 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 2004 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.

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	
Chatree Total	Total	69.5	0.81	7.6	1.82	17.04	

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	
Chatree Total	Total	188.3	0.66	5.42	4.03	32.8	

Notes: 1. Reserves are based on a gold price of US\$1,480/oz and a silver price of US\$26/oz. 2. All reserves are based on detailed pit designs. 3. Rounding of figures may cause numbers not to add correctly.

Competent Persons Statement. Information in this presentation relates to Exploration Results, Mineral Resource and Ore Reserve estimates based on 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.



Income Statement

Income Statement	A\$ Million :	FY2013	FY 2012
Sales revenue		329.3	357.3
Cost of sales		(280.5)	(238.8)
Gross Profit		48.8	118.6
Exploration		(0.7)	(1.9)
Group admin		(21.2)	(19.3)
Other income / (expenses)		(16.8)	1.6
Forex		(0.8)	1.3
Impairments and other		(332.7)	(1.0)
(Loss) / Profit before finance and tax		(323.4)	99.2
Finance income		2.6	1.5
Finance costs		(18.8)	(9.4)
(Loss) / Profit before tax		(339.6)	91.3
Income tax benefit/(expense)		15.9	(16.3)
Profit after tax		(323.7)	75.0
D&A		85.6	67.6
Finance costs		18.8	9.4
Forex		0.8	(1.3)
Impairments and other		332.7	1.0
Income tax expense / (benefit)		(15.9)	16.3
EBITDA (before significant items)		115.9	167.9