



Kingsgate

Consolidated Limited

18 December 2017

Dear Fellow Shareholders

Since I wrote to you on 1 December 2017 concerning the Board spill initiated by Metal Tiger PLC (“Metal Tiger”), Metal Tiger has made a number of inaccurate and misleading statements which I feel I need to correct so that you will be able to vote on your Company’s future on a properly informed basis.

1. Kingsgate’s Future

Metal Tiger states that Kingsgate’s future rests on the outcome of its legal proceedings against the Kingdom of Thailand under the Australia Thailand Free Trade Agreement and against the insurers in respect of your Company’s Political Risk Insurance Policy.

Nothing could be further from the truth.

Kingsgate’s future does not rest on the outcome of the legal proceedings. Kingsgate’s future rests on the development of Nueva Esperanza which Metal Tiger appears to have little interest in pursuing. The legal proceedings represent a major potential upside for shareholders.

Patersons’ recent Broker Report on Kingsgate, which may be viewed at <http://www.kingsgate.com.au/kingsgate-patersons-broker-report/>, or by registering with Patersons at <https://secure.psl.com.au/publications/resources>, emphasises the importance of Nueva Esperanza to your Company’s future, where they state that Nueva Esperanza offers compelling value, and highlight the upside on the current insurance claim, with further potential upside through the current international arbitration with the Thai Government.

2. Negotiations with the Thai Government

Metal Tiger claims that relationships between your Board and the Thai Government have been irreparably damaged and negotiations are unable to proceed. This is a central reason given by Metal Tiger for bringing on its Board spill.

However, this is a bald assertion for which Metal Tiger provides no supporting evidence and which is made even though Metal Tiger’s nominees for the Kingsgate Board have limited experience in Thailand.

There is ample evidence that negotiations remain feasible and that no bridges have been burned between your current Board and the Thai Government.

For example, the Head of the Government’s committee with responsibility for negotiating with Kingsgate has been appointed Assistant Minister for Industry for the purpose of continuing discussions with the Company.

In addition, the following appeared in the Thai press within days of Kingsgate announcing its intention to commence proceedings under TAFTA.

“Industry Minister Uttama Savanayana said yesterday that his ministry remained committed to further negotiations with the firm, even though the latter had submitted the dispute to the arbitration process under the Thai-Australian free trade agreement.

*There could still be further negotiations between the two parties.”**

*The Nation – 7 November 2017

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“Government spokesperson Lt Gen Sansern Kaewkamnerd said Prime Minister General Prayut Chan-o-cha and the Cabinet had already been informed about Kingsgate’s decision to commence arbitration proceedings.

*He said the PM insisted there was nothing to worry about regarding the arbitration proceedings as there is still a chance to end the conflict through negotiation.”**

*The Nation – 8 November 2017

3. Metal Tiger’s “Due Diligence”

Metal Tiger has claimed that it has completed detailed technical and commercial due diligence on Chatree for an extended period of time.

Metal Tiger also claims to have reviewed the new Thai mining legislation, but has clearly not factored in the increased royalties on gold mining and the withdrawal of Thai Board of Investment incentives under the new Gold Policy.

Metal Tiger’s due diligence has been by way of publicly available information.

The publicly available information concerning Kingsgate and Chatree is sufficient to base investment decisions on. It is nowhere near sufficient to allow a totally new board to know how to run your Company.

4. My Position

I have made it clear throughout that if a majority of Metal Tiger nominees are elected to the Kingsgate Board, I will resign immediately.

Metal Tiger now say that if I confirm this they will appoint another un-named director to replace me. I can assure you that no confirmation of this is required from me, and it is disingenuous of Metal Tiger to suggest that there is.

This means that if you vote for Metal Tiger’s nominees to the Kingsgate Board, you will also be voting for another un-named, unknown director to be appointed to your Board following the meeting.

5. Other Misleading Statements by Metal Tiger

Metal Tiger has made a number of other misleading and inaccurate claims which are refuted in detail on the Company’s website at www.kingsgate.com.au.

In summary, the current action by Metal Tiger is no more than a last-minute poorly-considered opportunistic attempt by a random shareholder acting alone to take control of your Company by stealth.

Again, we seek your support to defeat this action by voting **AGAINST ALL** of Metal Tiger’s nine resolutions at the Company’s forthcoming General Meeting.

You can vote **AGAINST ALL** the resolutions by completing and returning the **green proxy form** which is enclosed with this letter for your convenience. **Every single vote is important, no matter how many or how few shares you own, so please vote.**

Yours sincerely and with best wishes for the festive season.



Peter Alexander
Independent Non-Executive Director
Kingsgate Consolidated Limited

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