



Kingsgate

Consolidated Limited

**HALF-YEAR FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022**

Kingsgate Consolidated Limited

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CORPORATE INFORMATION

Directors

Ross Smyth-Kirk	Executive Chairman
Jamie Gibson	Managing Director and Acting Chief Executive Officer
Peter Warren	Non-Executive Director
Nucharee Sailasuta	Non-Executive Director

Company Secretary

Paul Mason

Stock Exchange Listing

Kingsgate Consolidated Limited is a company limited by shares, listed on the Australian Securities Exchange (ASX) under the code KCN. The Company's shares also trade in the United States of America over-the-counter (OTC) as an American Depository Receipt (ADR) under the code OTC: KSKGY.

Registered Office and Principal Business Address

Kingsgate Consolidated Limited

Level 31
200 George Street
Sydney NSW 2000
Australia

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Email: info@kingsgate.com.au
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Share Registry

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Australia

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Email: registrars@linkmarketservices.com.au

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Auditor

PricewaterhouseCoopers

One International Towers Sydney
Watermans Quay
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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2022 and any public announcements made by Kingsgate Consolidated Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

DIRECTORS' REPORT

Your Directors' present their report on the Group consisting of Kingsgate Consolidated Limited and the entities it controlled at the end of, or during the half-year ended 31 December 2022.

DIRECTORS

The following persons were directors of Kingsgate Consolidated Limited during the half-year ended 31 December 2022 and up to the date of this report:

- Ross Smyth-Kirk Executive Chairman
- Jamie Gibson Managing Director and Acting Chief Executive Officer (appointed effective 3 February 2023)
- Peter Warren Non-Executive Director
- Nucharee Sailasuta Non-Executive Director (appointed effective 3 February 2023)
- Peter Alexander Non-Executive Director (resigned effective 1 February 2023)

PRINCIPAL ACTIVITIES

The principal activities of Kingsgate Consolidated Limited during the half-year was to progress the reopening of the Chatree Gold Mine ("Chatree") in Thailand, including refurbishment of Chatree Processing Plant #2 and obtaining necessary permits from the Thai Government.

The Group also continued exploration of the Special Prospecting Licences ("SPLs") held in Phetchabun province near Chatree and investigated opportunities to unlock the value of the Nueva Esperanza Gold/Silver Project ("Nueva Esperanza") in Chile.

DIVIDENDS

No final dividend was declared for the year ended 30 June 2022 (30 June 2021: nil).

No interim dividend was declared for the half-year ended 31 December 2022 (31 December 2021: nil).

REVIEW OF OPERATIONS AND RESULTS

Operational Performance

Kingsgate is a gold and silver mining, development and exploration company based in Sydney, Australia. Kingsgate owns the Chatree Gold Mine in Thailand. In addition, the Company has an advanced development project, Nueva Esperanza, in the highly prospective Maricunga Gold/Silver Belt in Chile.

The refurbishment work on the Chatree Gold Mine ("Chatree") Plant #2 was undertaken during the period and completed subsequent to period end within budget. Formal approval from the Thai authorities to reopen Chatree is expected to be granted soon. The Group plans to initially process ore from low-grade stockpiles and the Quartz Lease, commence the refurbishment of Plant #1, and to subsequently bring Chatree back up to its full operational capacity of 5 to 5.5 million tonnes per annum during 2024.

Chatree and the Thailand-Australia Free Trade Agreement ("TAFTA")

Kingsgate, by joint agreement with the Kingdom of Thailand, deferred the arbitral award under the Thailand-Australia Free Trade Agreement ("TAFTA") for a further period to 31 December 2023, while the negotiated settlement is being concluded. The TAFTA panel has ratified this agreement.

The TAFTA framework remaining in place for this further period is advantageous to the Company as it will provide Kingsgate and financiers with an added level of comfort to invest the necessary capital to restart the mine and provide an opportunity to resolve a small number of outstanding non-operational matters.

Exploration

RAB drilling on the Group's SPLs in Phetchabun has identified more than 20 areas of anomalous Au from bedrock. Most of the anomalies are coincident with grid soil and RAB results. There are 40 potential areas identified for further investigation with six highly prospective areas targeted for deep drilling.

Significant rock chip assay results were identified at Yellow Tiger, Sua Dao and B-Extension areas during the period. Yellow Tiger is located 14km southeast of Chatree. Assay results of massive milky quartz veins yielded



41.0, 22.5, 19.8, 16.3 and 14.0g/t Au and are coincident with a NE-SW magnetic lineament. Sua Dao is located 16km southeast of Chatree. A sample of a quartz-sulphide vein assayed 4.56g/t Au with 14ppm Ag, 1,590ppm Cu and 1,510ppm Pb respectively. Mineralisation in the B-Extension (3km east of Chatree) is similar to B-prospect which is related to quartz vein and hydrothermal breccia hosting silicified volcanic rocks. Current rock assay results yielded up to 1.08g/t Au. (Refer to September 2022 quarterly report for further details of assay results.)

Nueva Esperanza

Nueva Esperanza is a feasibility-stage development project with a resource base (inclusive of ore reserves) of approximately 0.49 million ounces gold and 83.4 million ounces of silver (See ASX: KCN released titled "Kingsgate Mineral Resources and Ore Reserves 2016" dated 7 October 2016).

Kingsgate is continuing to work with a number of parties interested in acquiring the Nueva Esperanza Project and has appointed an advisor to assist with the sale of this project. No exploration work was carried out during the period and management costs were kept to a minimum.

Financing

At the end of December 2022, Kingsgate's Group held cash of A\$6.27 million. In addition, Kingsgate's Thai subsidiary, Akara Resources PCL, received short-term advances from its preference shareholder of THB200 million during the period and an additional THB100 million after period end, to support ongoing refurbishment and commissioning works and general working capital.

The US\$15 million Bridge Facility with Taurus is fully drawn with the second tranche of US\$7.5 million drawn on 22 July 2022. This facility is due for repayment in May 2023 and Kingsgate has had discussions with Taurus to extend the maturity date of the facility for up to six months.

In addition, Kingsgate is finalising a term sheet with a syndicate of Thai Banks for a working capital facility of US\$15-20 million to provide funding for the refurbishment of Plant #1 and general working capital. The Thai Bank syndicate are also considering the provision of a Project Facility of circa US\$15-20 million.

The Group recorded an after-tax loss of \$28.8 million for the half-year (including \$11.8 million attributable to the Chatree Plant #2 refurbishment) compared to an after-tax loss of \$3.7 million for the previous corresponding period.



GOING CONCERN

The financial statements have been prepared on a going concern basis, which indicates continuity of business activities and the realisation of assets and settlement of liabilities in the normal course of business.

At 31 December 2022, the Group had \$6,270,000 of available cash, was in a net current liability position of \$38,744,000 and net liabilities position of \$36,324,000 and has no cash generating operations. The Group received an additional advance from its preference shareholder of approximately THB100 million (A\$4.2 million) on 22 February 2023 to fund commissioning of Plant #2 and provide working capital.

The net liability position of the Group is largely as a consequence of the impairment charge recorded in 2016 amounting to \$227,564,000 against the assets of the Chatree Gold Mine due to the closure of mine. Based on expected operating parameters including sustained gold price and following the refurbishment of the mine and the recommencement of operations, the Directors are of the view that the mine will return to profitability.

In May 2022 a secured Bridge Facility of US\$15,000,000 (\$22,006,000) was entered into with Taurus Mining Finance Fund No.2 L.P. (Taurus). The first tranche of US\$7,500,000 (\$11,003,000) was drawn on 11 May 2022, and the second tranche of US\$7,500,000 (\$11,003,000) was drawn on 22 July 2022. This Facility is due for payment the earlier of May 2023 or refinancing.

Kingsgate has been negotiating with Taurus to provide a waiver in relation to the financial indebtedness arising from the preference shareholder advances received and relative to any potential associated breaches of covenants. Taurus has now advised they will provide the waiver and formal documentation to recognise this is currently being drafted. The Group does not currently have sufficient cash available to fully repay the Bridge Facility provided by Taurus and fully repay the preference shareholder advances which are due for repayment within twelve months from the date of this report. To ensure the continued viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due and to ensure that adequate funding is available to complete the restart of the Chatree Gold Mine, the Group is dependent on being successful in a combination of:

- implementing a working capital facility with a consortium of Thai Banks of US\$15 million followed by a project facility of circa US\$15-20 million;
- obtaining further preference shareholder advances;
- managing the balances owed to creditors;
- reopening the Chatree Gold Mine and generating sufficient positive cash flows;
- the completion of the sale of the Nueva Esperanza Project located in Chile; and/or
- completing an equity raising.

If the Group is not successful with the above, to support its future cash flows, the Group is dependent on a positive ruling in favour of Kingsgate for compensation under the Thailand-Australia Free Trade Agreement ("TAFTA") with the Tribunal Ruling rescheduled for 31 December 2023.

These matters are further discussed below.

As a result of these matters, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the Directors believe that a combination of these matters will be implemented and, accordingly, have prepared the financial report on a going concern basis. No adjustments have therefore been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

The attached financial report for the period ended 31 December contains an independent auditor's review report which includes an emphasis of matter paragraph in regard to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. For further information, refer to Note 1 to the financial report.



MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

- Mr Peter Alexander resigned as a Director of the Company on 1 February 2023;
- Mr Jamie Gibson and Ms Nucharee Sailasuta were appointed as Directors of the Company on 3 February 2023; and
- On 22 February 2023, Akara received an additional cash advance of THB100,000,000 (\$4,208,000) from the preference shareholder (refer note 5b).

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect:

- the Group's operations in future financial periods;
- the results of those operations in future financial periods; or
- the Group's state of affairs in future financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the Directors' Report and Financial Report are rounded to the nearest thousand dollars except where otherwise indicated. This report is made in accordance with a resolution of Directors.

This report is made in accordance with a resolution of Directors.

Ross Smyth-Kirk OAM

Director
16 March 2023



Auditor's Independence Declaration

As lead auditor for the review of Kingsgate Consolidated Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Kingsgate Consolidated Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Craig Thomason', with a long horizontal flourish extending to the right.

Craig Thomason
Partner
PricewaterhouseCoopers

Sydney
16 March 2023

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half-year ended 31 December 2022

	Note	Half-Year	
		2022 \$'000	2021 \$'000
Exploration and technical expenses		(2,703)	(2,526)
Care and maintenance expenses		(4,717)	(852)
Plant refurbishment expenses		(11,763)	-
Corporate and administration expenses	3a	(4,775)	(5,702)
Other income and expenses	3b	59	1,711
Foreign exchange (losses)/gain		(1,667)	4,344
Loss before finance costs and income tax		(25,566)	(3,025)
Finance income		13	3
Finance costs	3c	(3,234)	(659)
Net finance costs		(3,221)	(656)
Loss before income tax		(28,787)	(3,681)
Income tax expense		-	-
Loss after income tax		(28,787)	(3,681)
Other comprehensive income			
<i>Item that may be reclassified to profit and loss</i>			
Exchange differences on translation of foreign operations (net of tax)		357	(3,628)
Total other comprehensive gain /(loss) for the half-year		357	(3,628)
Total comprehensive loss for the half-year		(28,430)	(7,309)
Loss attributable to:			
Owners of Kingsgate Consolidated Limited		(28,787)	(3,681)
Total comprehensive loss attributable to:			
Owners of Kingsgate Consolidated Limited		(28,430)	(7,309)
Loss per share		Cents	Cents
Basic and diluted loss per share	10	(13.01)	(1.66)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Note	31 Dec 2022 \$'000	30 Jun 2022 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		6,270	7,424
Receivables		1,422	246
Other assets	4	569	298
Total current assets		8,261	7,968
Non-current assets			
Property, plant and equipment		111	98
Right-of-use assets		-	21
Exploration, evaluation and development		25,769	25,471
Other assets	4	10,350	10,202
Total non-current assets		36,230	35,792
TOTAL ASSETS		44,491	43,760
LIABILITIES			
Current liabilities			
Payables		16,799	8,866
Lease liability		-	20
Borrowings	5	29,863	8,960
Provisions		343	305
Total current liabilities		47,005	18,151
Non-current liabilities			
Payables		6,842	7,402
Borrowings	5	11,279	10,915
Provisions		15,689	15,186
Total non-current liabilities		33,810	33,503
TOTAL LIABILITIES		80,815	51,654
NET LIABILITIES		(36,324)	(7,894)
EQUITY			
Contributed equity	6	675,484	675,484
Reserves	7	59,406	59,049
Accumulated losses		(771,214)	(742,427)
TOTAL NET DEFICIT		(36,324)	(7,894)

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2022

	Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2021	675,919	62,390	(730,007)	8,302
Loss after income tax	-	-	(3,681)	(3,681)
Total other comprehensive loss for the half-year	-	(3,628)	-	(3,628)
Total comprehensive loss for the half-year	-	(3,628)	(3,681)	(7,309)
Transaction with owners in their capacity as owners:				
Payments for share buy-backs	(433)	-	-	(433)
Payments for share buy-back expenses	(2)	-	-	(2)
Total transaction with owners	(435)	-	-	(435)
Balance at 31 December 2021	675,484	58,762	(733,688)	558
	Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2022	675,484	59,049	(742,427)	(7,894)
Loss after income tax	-	-	(28,787)	(28,787)
Total other comprehensive gain for the half-year	-	357	-	357
Total comprehensive loss for the half-year	-	357	(28,787)	(28,430)
Balance at 31 December 2022	675,484	59,406	(771,214)	(36,324)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.



CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2022

	Half-Year	
	2022	2021
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	60	67
Payments to suppliers and employees	(18,509)	(7,014)
Interest received	13	3
Finance costs paid	(1,805)	-
Net cash outflow from operating activities	(20,241)	(6,944)
Cash flows from investing activities		
Payments for property, plant and equipment	(3)	(5)
Payments of deposits	(15)	(1)
Non-refundable proceeds from the sale of Nueva Esperanza Project	-	1,644
Net cash (outflow)/inflow from investing activities	(18)	1,638
Cash flows from financing activities		
Proceeds from Secured Bridge Facility, net of transaction costs	10,810	-
Proceeds from advance from preference shareholder, net of transaction costs	8,499	-
Payment of lease liabilities	(20)	(42)
Payments for share buy-backs	-	(433)
Payments for share buy-back expenses	-	(2)
Net cash inflow/(outflow) from financing activities	19,289	(477)
Net decrease in cash held	(970)	(5,783)
Cash at the beginning of the half-year	7,424	9,984
Effects of exchange rate on cash and cash equivalents	(184)	(42)
Cash at the end of the half-year	6,270	4,159

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF THE HALF-YEAR REPORT

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2022 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Kingsgate Consolidated Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies applied are consistent with those of the previous financial year and corresponding interim reporting period.

New or Revised Standards and Interpretations that are First Effective in the Current Reporting Period

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

New Accounting Standards for Application in Future Periods

There are no new and revised Standards and amendments thereof and Interpretations effective for future reporting periods issued during the current reporting period that are relevant to the Group.

Going concern and material uncertainty

The financial statements have been prepared on a going concern basis, which indicates continuity of business activities and the realisation of assets and settlement of liabilities in the normal course of business.

At 31 December 2022, the Group had \$6,270,000 of available cash, was in a net current liability position of \$38,744,000 and net liabilities position of \$36,324,000 and has no cash generating operations. The Group received an additional advance from its preference shareholder of approximately THB100 million (A\$4.2 million) on 22 February 2023 to fund commissioning of Plant #2 and provide working capital.

The net liability position of the Group is largely as a consequence of the impairment charge recorded in 2016 amounting to \$227,564,000 against the assets of the Chatree Gold Mine due to the closure of mine. Based on expected operating parameters including sustained gold price and following the refurbishment of the mine and the recommencement of operations, the Directors are of the view that the mine will return to profitability.

In May 2022 a secured Bridge Facility of US\$15,000,000 (\$22,006,000) was entered into with Taurus Mining Finance Fund No.2 L.P. (Taurus). The first tranche of US\$7,500,000 (\$11,003,000) was drawn on 11 May 2022, and the second tranche of US\$7,500,000 (\$11,003,000) was drawn on 22 July 2022. This Facility is due for payment the earlier of May 2023 or refinancing.

Kingsgate has been negotiating with Taurus to provide a waiver in relation to the financial indebtedness arising from the preference shareholder advances received and relative to any associated breaches of covenants. Taurus has now advised they will provide the waiver and formal documentation to recognise this is currently being drafted. The Group does not currently have sufficient cash available to fully repay the Bridge Facility provided by Taurus and fully repay the preference shareholder advances which are due for repayment within twelve months from the date of this report. To ensure the continued viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due and to ensure that adequate funding is available to complete the restart of the Chatree Gold Mine, the Group is dependent on being successful in a combination of:

- implementing a working capital facility with a consortium of Thai Banks of US\$15 million followed by a project facility of circa US\$15-20 million;
- obtaining further preference shareholder advances;
- managing the balances owed to creditors;
- reopening the Chatree Gold Mine and generating sufficient positive cash flows;
- the completion of the sale of the Nueva Esperanza Project located in Chile; and/or



- completing an equity raising.

If the Group is not successful with the above, to support its future cash flows, the Group is dependent on a positive ruling in favour of Kingsgate for compensation under the Thailand-Australia Free Trade Agreement (“TAFTA”) with the Tribunal Ruling rescheduled for 31 December 2023.

These matters are further discussed below.

As a result of these matters, there is a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the Directors believe that a combination of these matters will be implemented and, accordingly, have prepared the financial report on a going concern basis. No adjustments have therefore been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Chatree Closure Remedies

The arbitral hearings under the TAFTA took place in Singapore in February 2020. The Group has been advised that the arbitral tribunal is now ready to issue the award after a lengthy period of deliberations. The Group has negotiated with the Thai Government for the restart of the Chatree Gold Mine. The Group and the Thai Government have jointly requested that the arbitral tribunal holds the award until 31 December 2023, to allow the parties time to conclude their settlement negotiations.

Nueva Esperanza Sale

Kingsgate is committed to complete the sale of the Nueva Esperanza Project and has appointed an advisor to assist with the sale process.

Uncertainty in relation to Chatree Gold Mine assets and liabilities

Following a decision made by the Thai Government, the Chatree Gold Mine ceased operations on 31 December 2016 when it was placed on Care and Maintenance effective 1 January 2017.

The Group commenced arbitral proceedings against the Kingdom of Thailand under the Thailand-Australia Free Trade Agreement in order to be compensated for the losses it has incurred as a result of the expropriation of the Chatree Gold Mine by the Thai Government.

In preparing the consolidated financial statements of the Group all mine related assets of the Chatree Gold Mine have been written down to nil value (an impairment charge of \$227,564,000 was recorded against the Group’s carrying value of Chatree Gold Mine assets in the year ended 30 June 2016). All the refurbishment costs incurred to date have also been expensed during this financial period.

In respect of rehabilitation liabilities, during the financial year ending 30 June 2017, the Group revised its previous estimates and reduced its total rehabilitation liability to \$15,269,000. This was based on management’s rehabilitation plan which is a revision from the initial plan submitted to the Thai Authorities in 2007. Management still believes the revised plan will be commercially viable, cost effective and will meet all obligations in the context of the early mine closure that has been imposed on the Group with the overall objective to leave the site in a safe and stable condition that is consistent with the surrounding physical environment, be of benefit to the local community, and not require significant ongoing maintenance.

Though a decision has been made for the refurbishment and recommissioning of the Chatree Gold Mine, significant uncertainties around the carrying values of assets and liabilities remain until a Life of Mine Plan has been finalised and the plant has been successfully commissioned.

The ultimate impact on the Group’s financial position will depend on:

- the refurbishment and reopening of the mine which is subject to the successful finalisation of this project including the ability for the Group to obtain sufficient funding to complete this project;
- agreeing on a rehabilitation plan, costing and timing in the context of the early mine closure or once the mine is reopened; and



- being compensated under the Thailand-Australia Free Trade Agreement for damages against the Thai Government.

The Group has considered the status of its discussions with the Thai Government and the status of its legal process against the Thai Government and has concluded that the position adopted for financial reporting purposes and described above reflects a prudent approach in respect of its assets and liabilities including potential contingent assets and liabilities. At balance sheet date, the Group has considered that it was not appropriate to record a reversal of any impairment previously recognised.

2. SEGMENT INFORMATION

The Group's operating segments are based on the internal management reports that are reviewed and used by the Board of Directors (chief operating decision maker). The operating segments represent the Group's operating mines and projects and include the following:

- Chatree Gold Mine, Thailand; and
- Nueva Esperanza Gold/Silver Project, Chile.

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2. SEGMENT INFORMATION (Continued)

Information regarding the results of each reportable segment is included as follows:

2022	Chatree \$'000	Nueva Esperanza \$'000	Corporate \$'000	Total \$'000
Other income	60	-	-	60
Total segment revenue	60	-	-	60
Segment EBITDA	(17,105)	(2,199)	(6,232) ¹	(25,536)
Depreciation and amortisation	-	(27)	(3)	(30)
Segment result (Operating EBIT)	(17,105)	(2,226)	(6,235)	(25,566)
Finance income				13
Finance costs				(3,234)
Net finance costs				(3,221)
Loss before tax				(28,787)
Other segment information				
Segment assets	6,263	33,949	4,279	44,491
Segment liabilities	(47,204)	(10,527)	(23,084)	(80,815)
Net assets/(liabilities)	(40,941)	23,422	(18,805)	(36,324)

¹ includes foreign exchange losses of \$1,667,000 for the Group.

2021	Care and Maintenance Chatree \$'000	Nueva Esperanza \$'000	Corporate \$'000	Total \$'000
Other income	68	1,643	-	1,711
Total segment revenue	68	1,643	-	1,711
Segment EBITDA	(1,266)	(506)	(1,202) ¹	(2,974)
Depreciation and amortisation	-	(49)	(2)	(51)
Segment result (Operating EBIT)	(1,266)	(555)	(1,204)	(3,025)
Finance income				3
Finance costs				(659)
Net finance costs				(656)
Loss before tax				(3,681)
Other segment information				
Segment assets	2,531	32,056	4,250	38,837
Segment liabilities	(28,111)	(9,188)	(980)	(38,279)
Net assets/(liabilities)	(25,580)	22,868	3,270	558

¹ includes foreign exchange gain of \$4,344,000 for the Group.



3. REVENUE AND EXPENSES

	Half-Year	
	2022	2021
	\$'000	\$'000
a. Corporate and administration expenses		
Administration	2,908	3,072
Statutory and professional fees	1,837	2,579
Depreciation	30	51
Total corporate and administration expenses	4,775	5,702
b. Other income and expenses		
Other income	60	*1,711
Loss on sale of assets	(1)	-
Total other income and expenses	59	1,711
<i>*mainly relates to the payment from TDG of the non-refundable deposit of C\$1,500,000.</i>		
c. Finance costs		
Interest and finance charges	1,760	659
Amortisation of deferred borrowing costs	1,474	-
Total finance costs	3,234	659
d. Depreciation and amortisation		
Property, plant and equipment	10	9
Right-of-use assets	20	42
Total depreciation and amortisation expenses	30	51
<i>Included in:</i>		
Care and maintenance expenses	-	-
Corporate depreciation and administration expenses	30	51
e. Employee benefits expenses		
<i>Included in:</i>		
Care and maintenance expenses	549	344
Corporate and administration expenses	1,006	850
Total employee benefits expenses	1,555	1,194



4. OTHER ASSETS

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Current		
Prepayments	351	94
Other deposits	218	204
Total other assets – current	569	298
Non-current		
Prepayments	8,956	8,859
Other deposits	1,394	1,343
Total other assets – non-current	10,350	10,202

Prepayments

Non-current prepayments include prepaid royalties and water rights in respect of the Nueva Esperanza Gold/Silver Project in Chile.

5. BORROWINGS

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Current		
Secured Bridge Facility ^a	21,364	8,960
Advance from preference shareholder ^b	8,499	-
Total borrowings – current	29,863	8,960
Non-current		
Preference shares in controlled entity ^c	11,279	10,915
Total borrowings – non-current	11,279	10,915
Total borrowings	41,142	19,875

a. Secured Bridge Facility

	Currency	Nominal interest	Year of maturity	Face value \$'000	Carrying amount \$'000
Secured Bridge Facility	USD	9%	Note 1	22,006	21,364

On 10 May 2022 a secured Bridge Facility of US\$15,000,000 was entered into with Taurus Mining Finance Fund No.2 L.P. (Taurus).

The Bridge Facility is to finance general working capital for the Group, costs associated with the recommissioning of the Chatree Project including long lead items required for refurbishment of the Plant, costs associated with the recruitment of senior expatriate technical site personnel and Chatree regional exploration programs. The Bridge Facility is provided subject to security over interests and shares held in Kingsgate's subsidiaries.

The first tranche of US\$7,500,000 was drawn on 11 May 2022 and the second tranche of US\$7,500,000 was drawn on 22 July 2022.



5. BORROWINGS (Continued)

Terms of the Bridge Facility include annual interest rate of 9% paid quarterly in arrears, arranging fee of 2% and a commitment fee of 2% on the undrawn amount, with the facility to be repaid the earlier of May 2023 or refinancing. The repayment of the loan is also required out of the net proceeds received by the Group from a sale of the Nueva Esperanza Project. Under the terms of the Bridge Facility, 2,500,000 options were issued to Taurus in the previous financial year. The Group is currently in breach of the contractual arrangements of the Bridge Facility with respect to the waiver relative to financial indebtedness arising from the preference shareholder advances received.

b. Advance from preference shareholder

On 25 November 2022, Akara Resources Public Company Limited ("Akara") received an unsecured THB200,000,000 advance from the preference shareholder. Terms and conditions of the advance were as follows:

	Currency	Interest rate	Financial year of maturity	Face value \$'000	Carrying amount \$'000
Advance from preference shareholder	THB	12%	Note 1	8,499	8,499

Note 1 - the advance from preference shareholder is repayable in 12 months from drawdown.

Subsequent to period end, on 22 February 2023, Akara received an additional cash advance of THB100,000,000 (\$4,208,000) from the preference shareholder. This advance is repayable in 12 months from drawdown.

Terms and conditions of the advance were as follows:

	Currency	Interest rate	Financial year of maturity
Advance from preference shareholder	THB	12%	2024

c. Preference shares in controlled entity

Terms and conditions of outstanding preference shares in controlled entity were as follows:

	Currency	Interest rate	Financial year of maturity	Face value \$'000	Carrying amount \$'000
Preference shares in controlled entity	Thai baht	12%	n/a	11,279	11,279

During the year ended 30 June 2022 the terms of the Preference Shareholder Agreement, which is between the Preference Shareholder, Akara and Kingsgate Capital Pty Ltd relating to Preference Shares issued by Akara were amended. The amendment has extended the date whereby the Preference Shareholder may exercise a put option for the Preference Shares to be repaid at any time commencing from 1 January 2024, by giving a six month written notice of such intention resulting in the preference shares being repayable at the earliest on 1 July 2024.



6. CONTRIBUTED EQUITY

	31 Dec 2022 Shares	30 Jun 2022 Shares	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Opening balance	221,320,453	221,853,852	675,484	675,919
Payments for share buy-backs	-	(533,399)	-	(433)
Payments for share buy-back expenses	-	-	-	(2)
Closing balance	221,320,453	221,320,453	675,484	675,484

7. RESERVES

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Foreign currency translation reserve	51,936	51,579
Share-based payment reserve	10,811	10,811
General reserve	(3,341)	(3,341)
Total reserves	59,406	59,049

8. EVENTS OCCURRING AFTER REPORTING DATE

- Mr Peter Alexander resigned as a Director of the Company on 1 February 2023;
- Mr Jamie Gibson and Ms Nucharee Sailasuta were appointed as Directors of the Company on 3 February 2023; and
- On 22 February 2023, Akara received an additional cash advance of THB100,000,000 (\$4,208,000) from the preference shareholder (refer note 5b).

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect:

- the Group's operations in future financial periods;
- the results of those operations in future financial periods; or
- the Group's state of affairs in future financial periods.



9. CONTINGENT ASSETS AND LIABILITIES

In March 2019, Kingsgate settled a Political Risk Insurance claim against Zurich Insurance Australia Ltd, and other named insurers. The settlement consisted of:

- a cash payment of US\$55,000,000 received in April 2019;
- a requirement for the Insurers to contribute a total of US\$3,500,000 and A\$750,000 of future costs incurred towards the Thailand- Australia Free Trade Agreement (TAFTA) Arbitration.

To the extent that any amount is recovered by Kingsgate (being Kingsgate Consolidated Limited and/or Kingsgate Capital Pty Ltd) in connection with the TAFTA Arbitration, the Award Proceeds (meaning “any monetary amount finally received under, or from enforcement of, an Arbitral Award”) or any amount received by Kingsgate following a negotiated settlement or compromise of the TAFTA Arbitration, the settlement allows for a sharing arrangement between Kingsgate and the Insurers. The Insurers are only entitled to the amount of their original financial contribution including interest.

The Group had no other contingent assets or liabilities at 31 December 2022 that are required to be reported. At the time of preparing this financial report some companies included in the Group are parties to pending legal proceedings. The directors have determined that the possibility of any material outflow in settlement resulting from these proceedings is remote.

10. LOSS PER SHARE

	Half-Year	
	2022	2021
	Cents	Cents
Basic and diluted loss per share	(13.01)	(1.66)
	\$'000	\$'000
Net loss used to calculate basic and diluted earnings per share	(28,787)	(3,681)
	Number	Number
Weighted average number of ordinary shares used as the denominator: basic	221,853,852	221,602,870
Adjustment for dilutive effect	-	-
Weighted average number of ordinary shares used as the denominator: diluted	221,853,852	221,602,870

11. IMPAIRMENT OF NON-CURRENT ASSETS – EXPLORATION, EVALUATION AND DEVELOPMENT ASSETS NUEVA ESPERANZA

At 30 June 2019, the recoverable amount of the Nueva Esperanza Gold/Silver Project CGU was determined to be \$27,509,000 resulting in an impairment loss of \$33,436,000. Significant judgements and assumptions were required in making estimates of the recoverable amounts.

The Group has assessed if impairment indicators existed as at 31 December 2022 and determined that it was not necessary to formally estimate the recoverable amount of the CGU as no indication of an impairment loss was identified as a result of that assessment, in accordance with the Group’s accounting policy.

The Group also assessed whether changes in estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised existed as at 31 December 2022, and whether such changes in estimates would require reversal of impairment. The Group determined that no such changes in estimates were identified.

In reaching these conclusions, the Group considered both external and internal factors relevant to the CGU which included impairment criteria noted in AASB 6 *Exploration for and Evaluation of Mineral Resources*, Kingsgate’s market capitalisation, the sustained high gold and silver prices, the Binding Agreement (“Agreement”) for the sale of Nueva Esperanza to TSX listed TDG Gold Corp (“TDG”) that was in place as at 31 December 2021, and recent expression of interest for the acquisition of the Nueva Esperanza Gold/Silver Project.



DIRECTORS' DECLARATION

In the Directors' opinion:

- a) The financial statements and notes set out on pages 6 to 18 are in accordance with the *Corporations Act 2001*, including:
 - i. comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii. give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- b) There are reasonable grounds to believe that Kingsgate will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'Ross Smyth-Kirk OAM'.

Ross Smyth-Kirk OAM
Director

16 March 2023
On behalf of the Board



Independent auditor's review report to the members of Kingsgate Consolidated Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Kingsgate Consolidated Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Kingsgate Consolidated Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty relating to going concern

We draw attention to note 1 "Going concern and material uncertainty" in the half-year financial report, which indicates that the Group is in a net current liability and net liabilities position and does not have any cash generating activities and, as a result is dependent on being successful in a combination of actions to support its future cashflows.

These conditions, along with other matters set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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Emphasis of matter - uncertainty in relation to Chatree Gold Mine assets and liabilities

We draw attention to Note 1 “Uncertainty in relation to Chatree Gold Mine assets and liabilities” in the half-year financial report which describes the significant uncertainties in relation to the carrying amount of assets and liabilities associated with the Chatree Gold Mine. Our conclusion is not modified in respect of this matter.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

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A handwritten signature in black ink, appearing to read 'Craig Thomason', with a long horizontal flourish extending to the right.

Craig Thomason
Partner

Sydney
16 March 2023

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