

Back Thai The Future

Kingsgate Consolidated is an emerging mid-tier gold producer, with its flagship asset, Chatree, located in Thailand. The key near-term deliverable for KCN is to fully ramp-up the restart of the Chatree operations. Chatree operated as a large scale gold operation from 2001-2016 (before closure in 2016 due to (now resolved) permitting issues), and as such has well established processing infrastructure, in addition to a mid-sized, lower grade gold/silver resource (3.4Moz @ ~0.7g/t Au) which the company expects to underpin 100-120kozpa Au production for at least 9 years (based on Reserves of 1.3Moz @ ~0.8g/t Au). The ramp up to full mining and production rates is imminent following the refurbishment of both processing facilities over the past year, plus the recent acquisition of new mobile mining fleet. Significant further upside potential exists through the drill bit (in our preliminary view), where near-mine grade control drilling is encountering higher grade shoots (which have the potential to materially alter the near-term mine plan (and economics) of the Chatree operations); but also through the material prospectivity of the surrounding exploration tenements, where early stage drill results have been encouraging. Furthermore, the company appears to be trading at discounted metrics versus ASX listed gold peers when examined on an EV/Resource and EV/Production basis.

Key Points

A new phase of government relations: In 2016, the previous Thai government issued a closure order to Chatree, resulting in the company ceasing all mining operations and placing the processing facilities on care and maintenance on 1 January 2017. Kingsgate challenged the closure of operations, and had taken legal action in accordance with its rights under the Thailand-Australia Free Trade Agreement ("TAFTA"). In 2022, positive negotiations with the new Thai Government led to key developments and approvals to permit Kingsgate to prepare for a restart of its Chatree operations. Throughout 2022 & 2023, the new Thai government demonstrated its commitment to supporting a restart with renewing the necessary metallurgical licenses, granting new mining & special prospecting licenses and finally granting approval for the re-start of operations at Chatree.

Production (and cashflow) ramp-up could be imminent: With the two processing plants (combined throughput capacity of >5Mtpa) both now fully refurbished, and the arrival of new mining mobile fleet on site in recent weeks – the company expects the imminent ramp up to full planned output from Chatree (based on the most current mine plan), targeting 100-120kozpa @AISC of US\$1,255/oz (compared to current gold prices of ~US\$2,400/oz). In this report we also review the significant exploration prospectivity, which could transform the Chatree economics positively if further success is encountered.

With some associated risks: Cashflow has been tight in recent years as the company has negotiated the elongated period without active operations (with some expensive and relatively short-term finance currently in place). Furthermore, the ramp-up back to planned output has seemingly taken longer and been more expensive than was envisaged 12-18 months ago. The company has operated one of the processing plants for the past ~12 months; processing low grade (~0.4-0.5g/t Au) stockpile ahead of the restart of full mining activity (and the associated processing of higher-grade (~0.7-0.8g/t Au) material), but has seemingly not been able to generate meaningful free cashflow from those preliminary operations; relying on equity and debt finance to ensure the full restart of operations. Accordingly, the imminent ramp up (in line with the expected mine plan) is critical. If delivered according to plan, we see a scenario where the company could potentially generate FCF yields of >20%pa (based on company disclosed mine plan and consensus gold price estimates).

Relative trading metrics look appealing: We see a plausible scenario (based on the company's disclosed mine plan and assuming consensus gold price forecasts) which sees an asset value for Chatree of ~A\$760m. Furthermore, the company appears to be trading at discounted metrics versus ASX listed gold peers when examined on an EV/Resource and EV/Production basis.

Wilsons Advisory Equity Research

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Our Incubator product leverages the experience and subject matter expertise of the Wilsons Advisory Research team to identify and assess interesting emerging growth companies for investor education purposes.

Recommendation	NOT RATED
Share price @ 13-May-24 (AUD)	\$1.82
Market cap (\$m)	469.1
Enterprise value (\$m)	492.5
Shares on issue (m)	257.8
Sold short (%)	0.6
ASX All Ords weight (%)	0.0
Median turnover/day (\$m)	0.8

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12-mth price performance (\$)



	1-mth	6-mth	12-mth
Abs return (%)	15.7	37.2	9.2
Rel return (%)	17.7	24.6	2.1

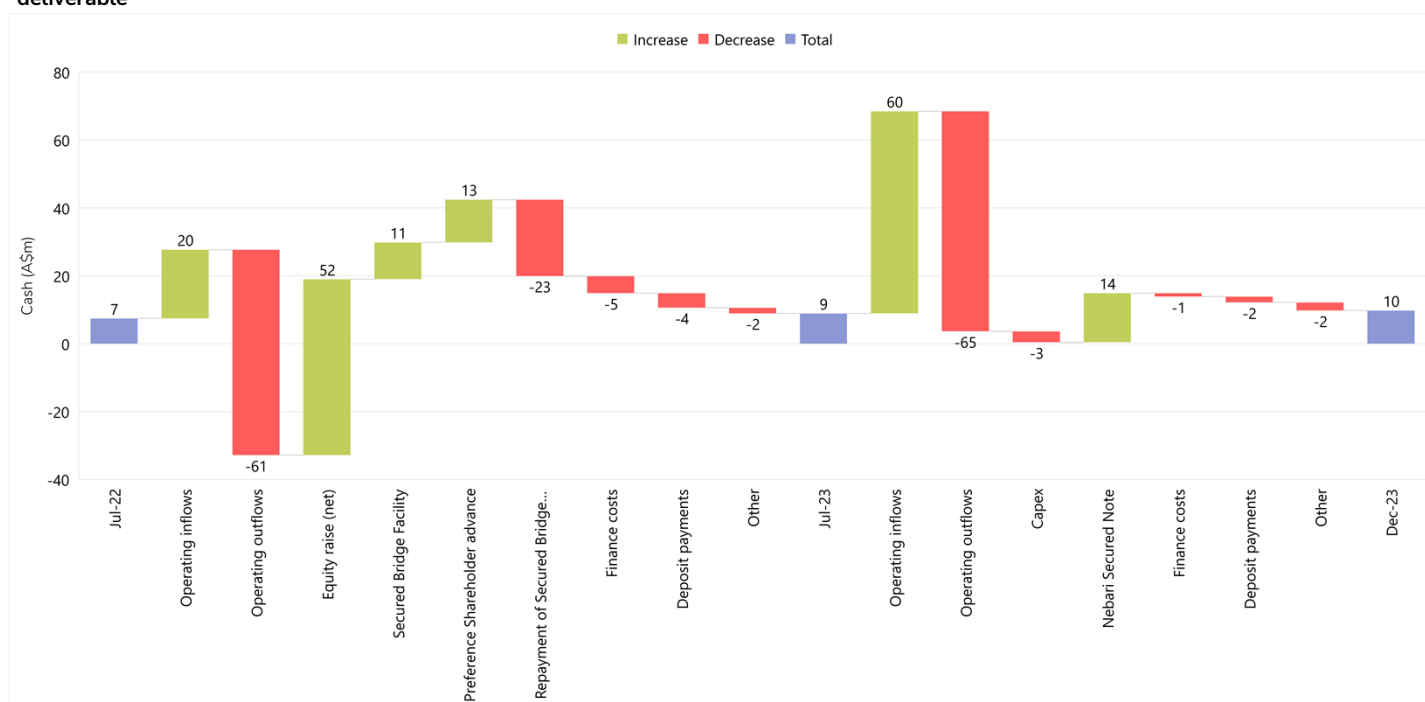
Key Charts/Tables:

Figure 1: The 'For' and 'Against' – our preliminary assessment of the merits and risks of KCN

The 'For'	The 'Against'
Established Infrastructure	Geopolitical history
Transitioning to higher-grade production (from low grade stockpiles)	Ramp up /restart delays
Attractive margin expectations	Stretched Balance sheet
Beneficial tax concessions at Chatree	Low-grade ore reserves (basis for mine plan)
Exploration upside	Variable historic production
Long term optionality in South America?	
Potentially robust operational value	
Attractive relative EV/Resource and EV/Production metrics	

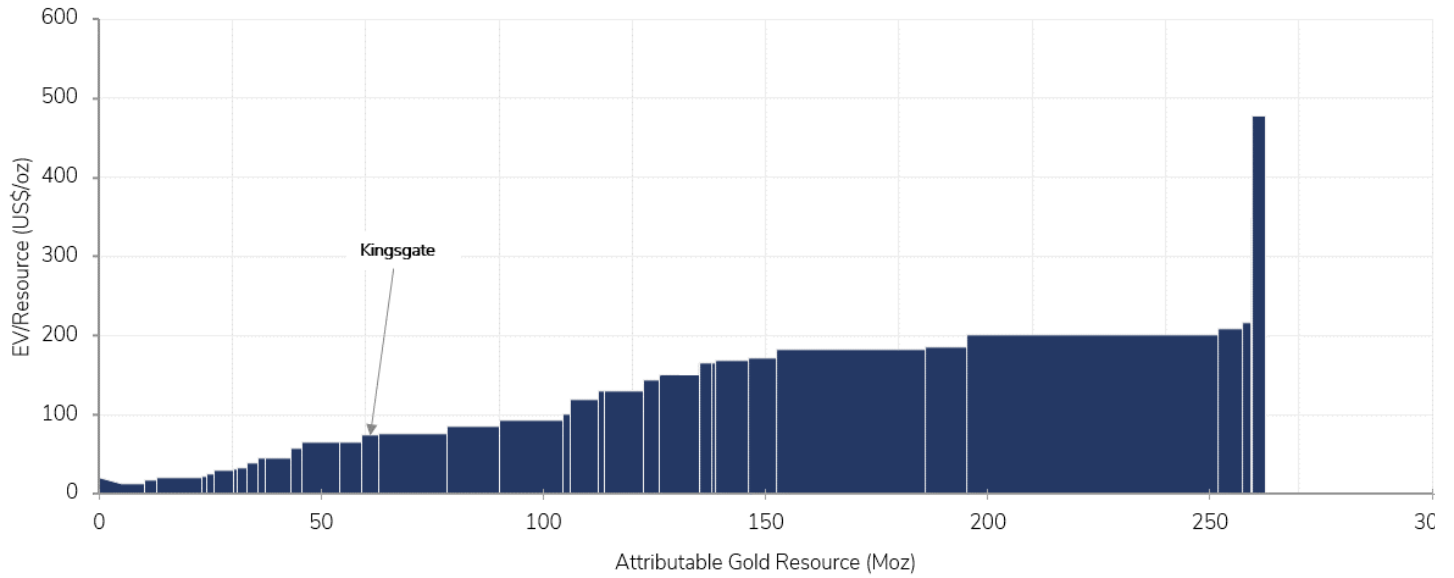
Source: WILSONS Research.

Figure 2: Cash has been tight in recent years – The imminent recommencement of mining activity and return to higher grade material is a critical deliverable



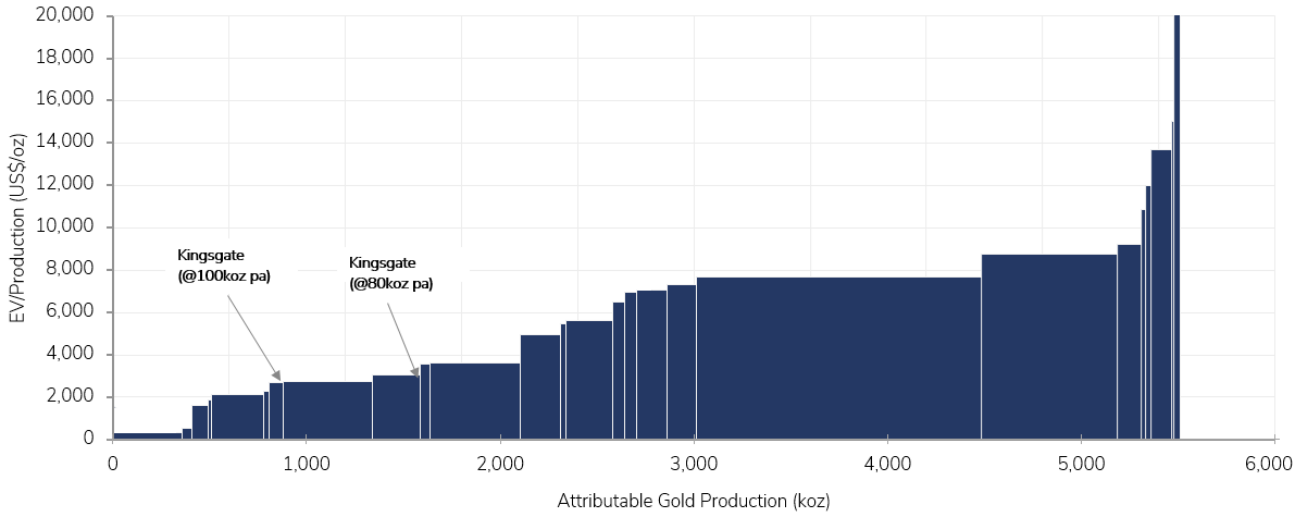
Source: Company data & WILSONS Research.

Figure 3: Among ASX-listed gold companies, Kingsgate ranks in the lowest quartile on an EV/Resource basis



Source: S&P Global Market Intelligence, Refinitiv & Company data.

Figure 4: Similarly, on an EV/Production basis Kingsgate remains attractive though this does not consider the relative cost of extraction



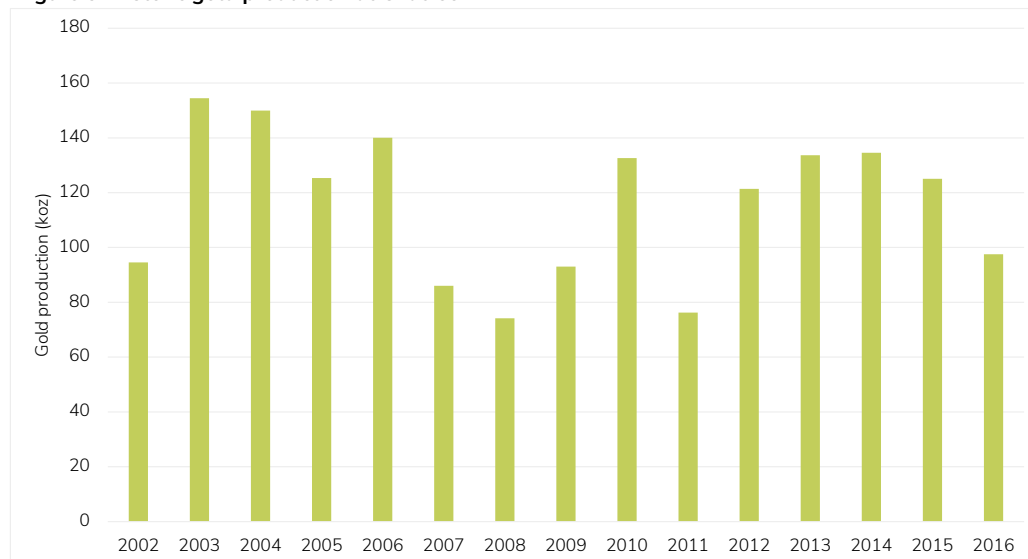
Source: S&P Global Market Intelligence, Refinitiv & Company data.

The 'For'

Established Infrastructure

The Chatree mine has significant historic production of 1.8 million ounces of gold and 10 million ounces of silver produced between 2001 and 2016, accordingly, with the company looking to restart operations, they will benefit from the presence of long-established processing infrastructure, and material handling chain.

Figure 5: Historic gold production at Chatree



Source: Company data.

With a nameplate capacity of >5Mtpa, we note that the Chatree site includes two large scale processing plants – Plant #1 (2.3 Mtpa capacity) & Plant #2 (2.7 Mtpa capacity). Plant #2 was refurbished on time and on budget and as of the March 2024 quarter, we understand the company has now substantively completed the Plant #1 overhaul. Plant #2 has been processing low-grade stockpile since March 2023, and has produced ~37koz of gold over that time; we understand that at present the plant is operating at 3.3Mtpa (well ahead of nameplate capacity), although flag that this may change once newly mined (and higher-grade ore) is fed into the plant.

Transitioning to higher-grade production (from low grade stockpiles)

Since the recommissioning of Plant #2 at the start of CY23, the company has produced ~37koz of gold, processing material with an average grade of 0.44g/t Au. We understand that the newly procured mining equipment has already arrived on site, and should facilitate the extraction of newly mined material from the pit (versus the processing of lower grade inventory). The finalisation of the Plant #1 refurbishment is set to coincide with the recommencement of mining activity at Chatree, which the company expects should see production ramp towards 100-120koz annually, in line with the company's most recently announced LOM plan (noting that the Calendar year base has seemingly shifted out by ~12 months from the expectations on the charts below, given longer than expected lead-time to recommencement of mining activity).

Figure 6: A surge in output looks set to be coming

		FY23 ¹	1Q24	2Q24	3Q24	Post Ramp Up ²
Gold Produced	oz	9,705	8,341	9,512	9,671	~25,000
Mill throughput	kt	723	749	870	810	~1,375
Gold Head Grade	g/t	0.55	0.45	0.42	0.40	0.77
Gold Recovery	%	83%	82%	82%	80%	80%
Cash Cost ³	US\$/oz		~1,450	~1,400	~1,200	~1,158
Average Sale price	US\$/oz		~1,920	~1,970	~2,050	
Other operating cash outflows	A\$m		~10	~10	~10	

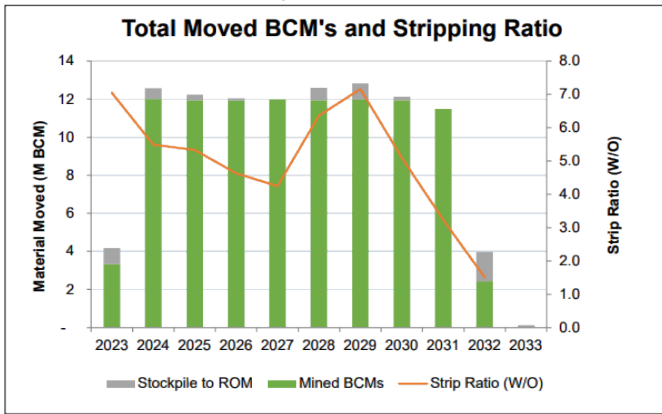
³ Where not disclosed by KCN, unit cost calculations approximated on the basis of quarterly operating expenditure

Source: Company data.

¹ Only includes 4 months (operations recommenced Mar-23)

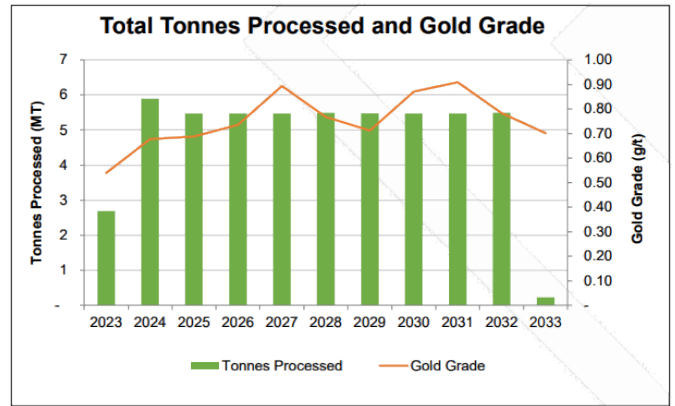
² Average quarterly figures based on KCN's latest LOM assumptions

Figure 7: KCN's latest LOM plan has material movement averaging ~12m BCM annually (noting 9-12month delay in ramp-up)



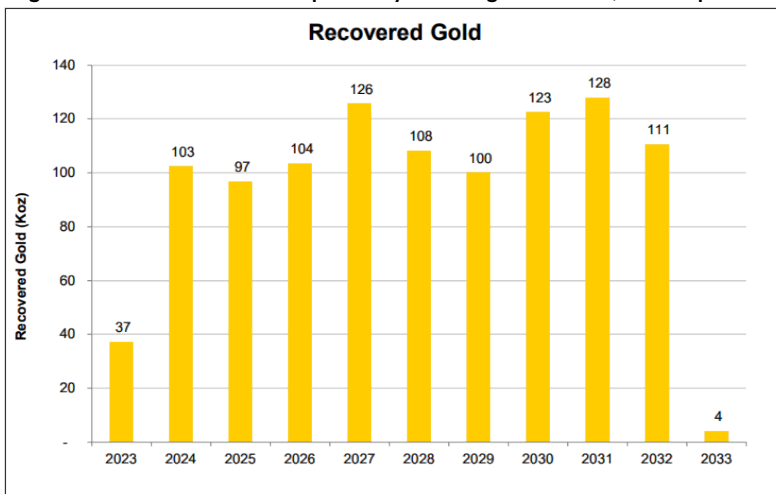
Source: Company data.

Figure 8: Compared to throughput, Chatree's grade profile is expected to see some variability (noting 9-12month delay in ramp-up)



Source: Company data.

Figure 9: With Chatree's LOM plan only factoring in reserves, overall production is expected to be ~1Moz (noting 9-12month delay in ramp-up)

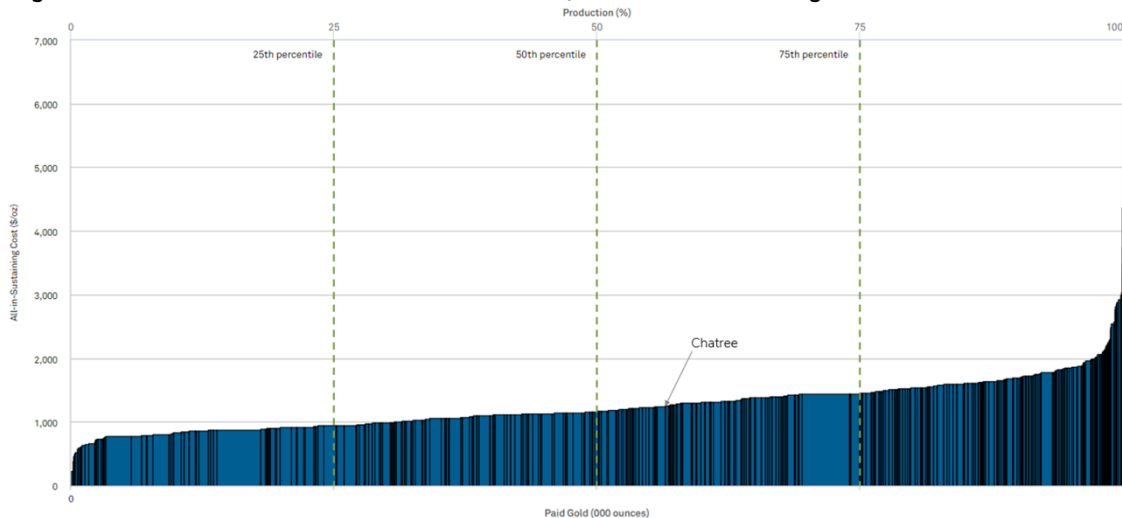


Source: Company data.

Attractive margin expectations

Kingsgate expects an average AISC unit cost of ~US\$1,255/oz in Chatree's latest LOM plan, which would place the asset in the 3rd quartile of the global gold cost curve, but well below current spot prices for gold of ~US\$2400/oz.

Figure 10: Chatree's estimated AISC sits around of ~US\$100/oz above the 2022 global median AISC



Source: S&P Global Market Intelligence.

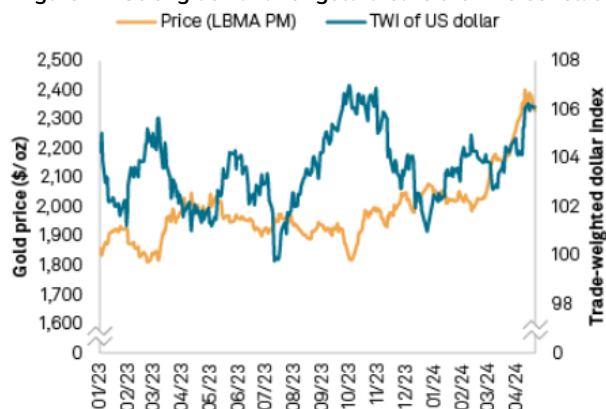
Beneficial fiscal terms

Following the licensing challenges which halted production since 2016, we now note that the pendulum seems to have swung in the opposite direction for Chatree. Kingsgate secured a range of BOI (Board of Investment) incentives available over an eight-year period. The key benefit is an exemption from the 20% corporate income tax rate up to a cap of 3.25 billion Thai baht (~US\$85m), which under the Chatree scenario modelled using KCN's latest LOM assumptions could last for 4+ years. Additionally, the Thai Board granted Kingsgate exemptions from the 10% withholding tax on dividends remitted overseas and import duties on machinery, raw materials used in research and development, and raw materials used in production for exports.

Positive Gold Outlook

In mid-April, the LBMA gold price exceeded US\$2,400/oz after a consistent upward trajectory following the US Fed meeting in late March. Despite the Fed's hawkish stance and indications of prolonged higher US interest rates, April's price rally was less influenced by macroeconomic factors, with escalating global geopolitical risks driving a surge in safe-haven demand. Additionally, strong central bank purchases, notably led by China's acquisition of 5 metric tons of gold in March marking 17 consecutive months of accumulation, further contributed to rising demand. We note the increasingly tense geopolitical landscape, primarily characterized by the Russia-Ukraine and Israel-Hamas conflicts, continues to provide momentum to already elevated gold prices, although note that lower-than-expected rate cuts may exert downward pressure on the gold price at some stage.

Figure 11: Strong demand for gold breaks the inverse relationship between US dollar & gold prices



Source: S&P Global Market Intelligence.

Exploration upside

Chatree has an existing resource of 3.4Moz of contained gold, providing an opportunity for KCN to potentially grow the mine life through conversion into reserves. Furthermore, the company has an active exploration program over the newly granted Special Prospecting Licenses ("SPLs"), with encouraging initial targets and initial intercepts.

Figure 12: Kingsgate has a total contained gold resource of 3.9Moz (~88% relates to Chatree)

	Chatree	Ore (Mt)	Au Grade (g/t)	Au cont. (Moz)	Ag Grade (g/t)	Ag cont. (Moz)
Total Reserves		51.0	0.77	1.28	7.3	11.9
Total Resources		163.6	0.65	3.42	5.6	29.4

	Nueva Esperanza	Ore (Mt)	Au Grade (g/t)	Au cont. (Moz)	Ag Grade (g/t)	Ag cont. (Moz)
Total Reserves		17.0	0.50	0.30	87.0	47.8
Total Resources		39.4	0.39	0.49	66.0	83.4

Source: Company data.

We see potential to both develop a 'Super pit' linking the existing multiple pits, but also see the potential for significantly higher-grade resource extensions, based on initial drilling results – both immediately near to the existing resource (with encouraging results from the in-mine grade control programme suggesting material upside); combined with a broader based exploration programme which is also delivering encouraging early results.

Grade control drilling returned significant economic grade intercepts, with mineralisation in five out of the six holes drilled to 20m depth. Results in the A West Pit show excellent high-grade intersections, indicating a continuous high-grade ore body extending towards the north. Including:

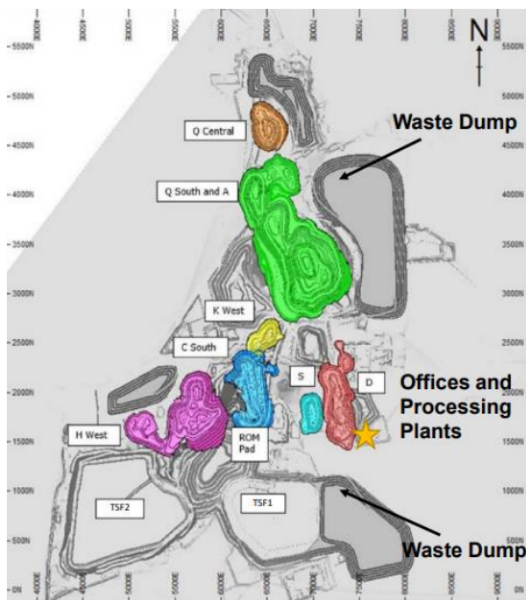
- TGC85374: 4.5m at 16.96g/t Au including 1.5m at 44.70g/t Au; and
- TGC85371: 9.0m at 4.12g/t Au including 3.0m at 11.45g/t Au

This high-grade mineralisation is in two zones 20m apart, extending from the pit surface to the full depth of drilling, which is only 20m from surface.

In addition to this, are deeper regional/near-mine exploration drill holes (as distinct from the grade control programme), which have demonstrated significant prospectivity in the region. Result have included:

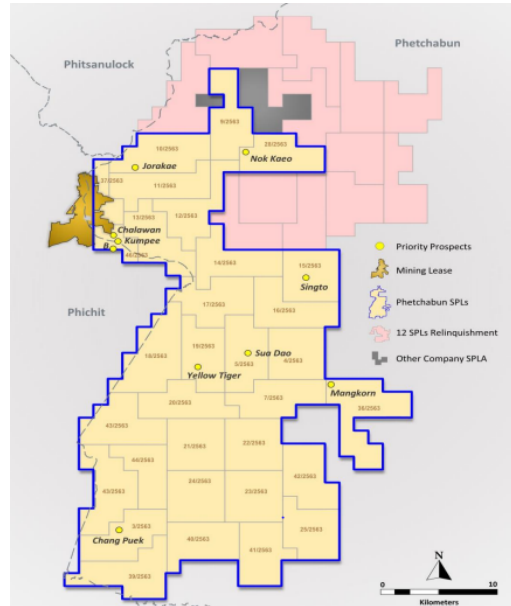
- 29m@1.53g/t Au from 3m to 32m including 3m @10.03g/t Au from 17m to 20m (Jorakae)
- 53m@0.83g/t Au from 1-54m including 14m @2.22g/t Au from 40-54m (Chalawan)
- 10m@1.97g/t Au from 9 to 19m & 8m @5.02g/t Au from 6 to 14m (Kumpee)
- 33m@1.08g/t Au from 49 to 82m including 2m@4.76 g/t Au from 70 to 72m & 26m@3.02g/t Au from 81-107m (Chang Puek)

Figure 13: Multiple pits may combine for a 'Superpit'



Source: Company data.

Figure 14: Early results from regional SPL's are encouraging



Source: Company data.

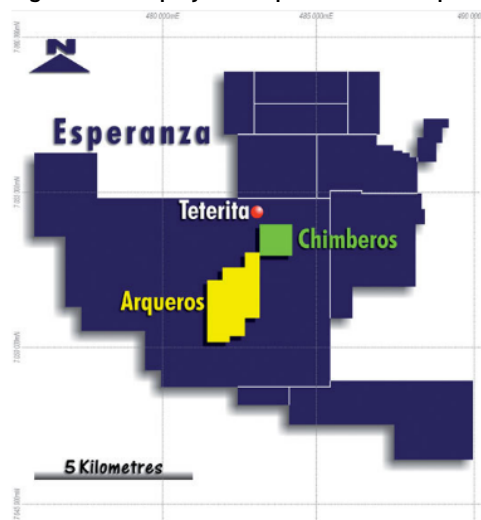
| Long term optionality in South America?

Figure 15: Nueva Esperanza is located in Chile's Atacama region



Source: Company data.

Figure 16: The project comprises 3 main deposits



Source: Company data.

The Nueva Esperanza or “New Hope” project is located in the Maricunga Gold Belt of the Atacama region of northern Chile. The 100%-owned silver and gold project comprises several well-defined deposits hosted in a high sulphidation epithermal (hydrothermal) system and a number of undeveloped exploration targets. The main deposits are Arqueros, Chimberos and Teterita.

It's been made clear that Kingsgate doesn't consider Nueva Esperanza a key component of its portfolio, with the company looking to divest the project in the relatively near term and engaging with various parties who are conducting their due diligence. Based on the outcomes of the sale process, Kingsgate may end up retaining this optionality in South America or otherwise receive a capital injection which it may use to advance its other interests.

For context regarding potential asset worth, KCN entered into a binding agreement with TDG Gold Corp, listed on the Canadian TSXV, in June 2021 to sell Nueva Esperanza for A\$69 million in both scrip and cash, which was terminated on the ground of TDG not having the required funds.

Outlined below are some of the key milestones which have transpired in bringing Nueva Esperanza from a greenfield asset to a feasibility stage project:

- October 2016 – Declared resource base (inclusive of reserves) of approximately 0.49Moz of gold and 83.4Moz of silver
- July 2020 – Granted Environmental Impact Assessment (EIA)
- March 2024 - Kingsgate have appointed an adviser and continue to advance divestment of the project. The company are working with several parties who are completing their due diligence.

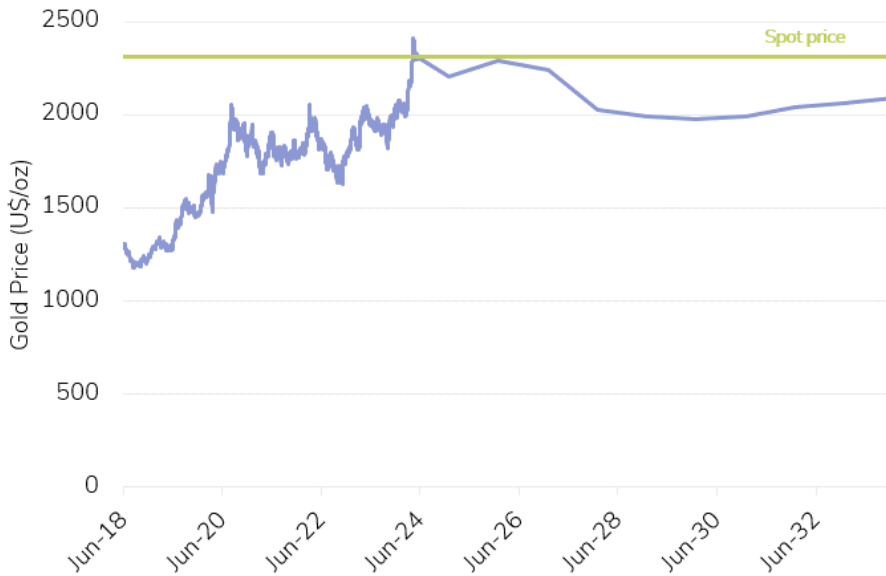
Potentially robust operational value

Assuming the company ramps up the Chatree operations in accordance with the LOM plan they have disclosed, we see potential for an asset with robust valuation, and strong potential cashflow generation.

We stress that the Asset value figures below are based on a scenario which is underpinned by

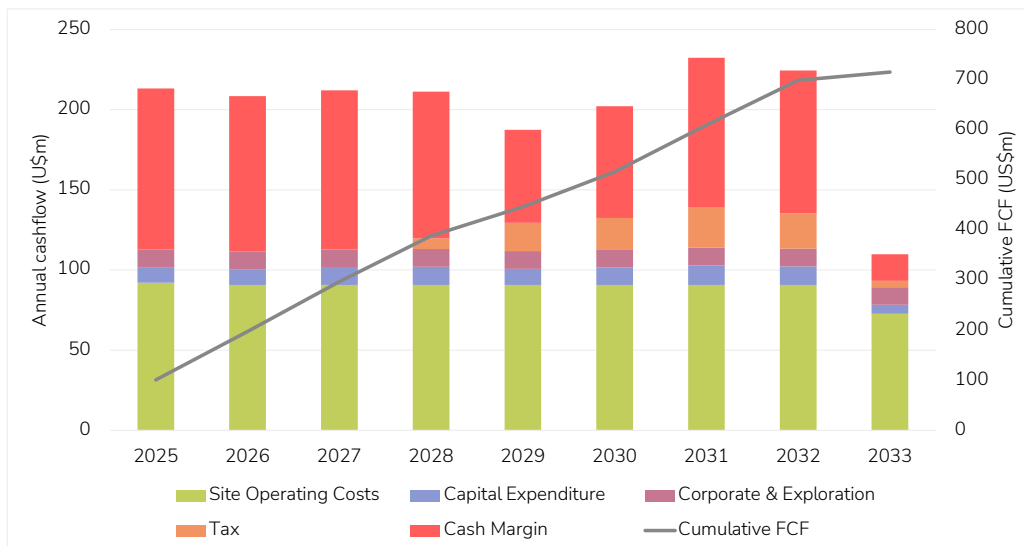
- the operational scenario as detailed by the company's LOM plan (i.e. no Wilsons derived assumptions),
- consensus gold price forecasts (i.e. no Wilsons derived assumptions)
- use of a standard 10% discount rate for DCF purposes (as is standard across our Mining research, and is not specific to KCN).

Figure 17: Consensus forecast has gold stabilizing around ~US\$2,000/oz by around December 2027 (Gold price data includes Visible Alpha consensus for forward looking prices, and actual gold prices for historic data)



Source: Refinitiv & Visible Alpha.

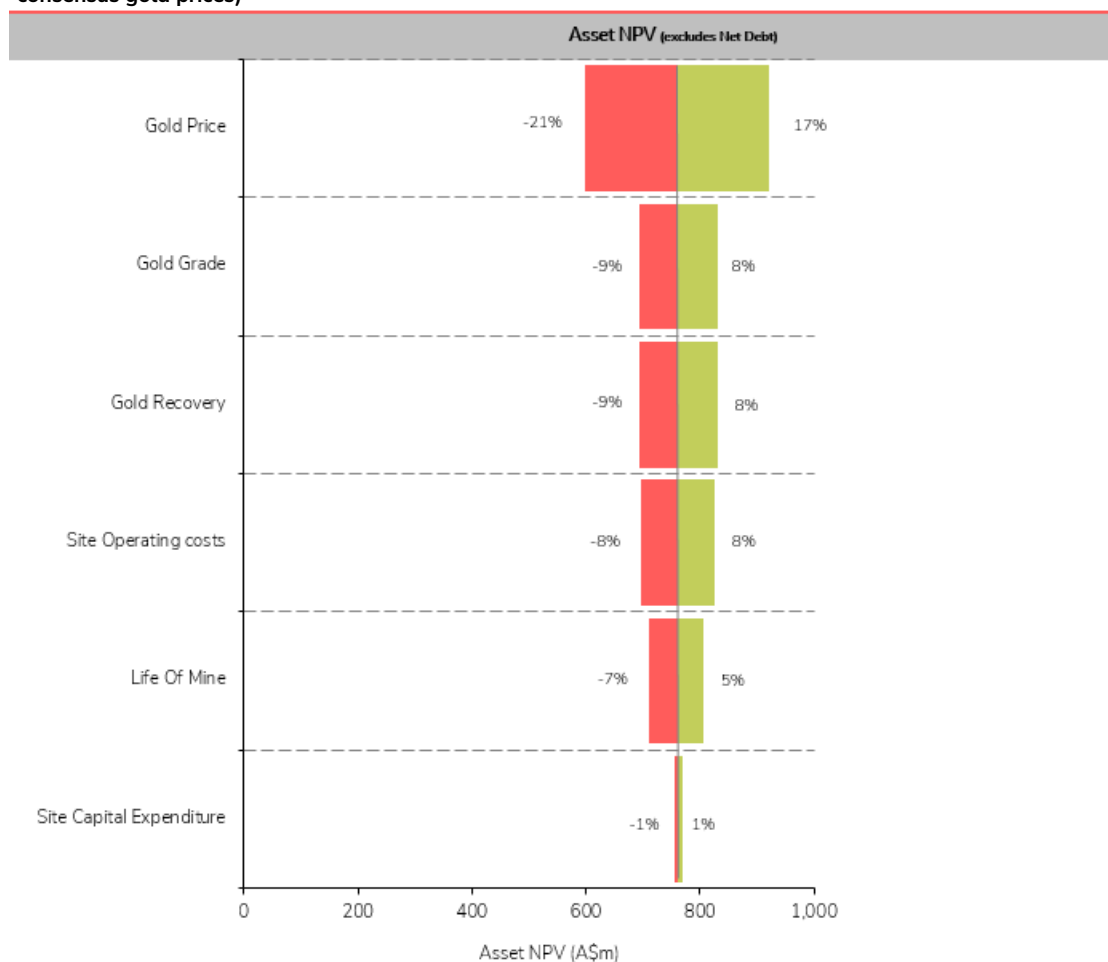
Figure 18: Using KCN's latest LOM assumptions & consensus gold pricing, Chatree could provide strong cashflow (June Y/E figures) – based on KCN LOM plan



These figures are based on the operational scenario as described by the company's LOM plan, and using consensus gold price forecasts, and do not include any Wilsons derived assumptions.

Source: Company data, Visible Alpha & WILSONS Research.

Figure 19: A scenario using KCN LOM plans, plus consensus gold prices suggests robust asset valuation is possible (Asset value sensitivity below is based on +/- 10% variance in the input metric from the point described in the valuation scenario (i.e. based on company LoM plan and consensus gold prices)



Source: Company data & Visible Alpha.

Figure 20: Chatree's project economics look favourable based on consensus gold pricing & KCN's LOM assumptions

Financial Summary		
Asset NPV (excludes ND)	A\$m Real	~760
Net Debt**	A\$m Real	26
Avg. annual cashflow	US\$m Real	~70
Unit Operating cost	US\$/oz	~1158
Unit AISC	US\$/oz	~1255
Total Capex (only Sustaining)	US\$m Real	~96
Physical & Cost Summary		
LoM	Years	~9
Tonnes Milled	Mt	51
Gold Grade	g/t	0.77
Silver Grade	g/t	7.37
Gold Recovery	%	80%
Silver Recovery	%	38%
Gold Production	koz	~1000
Silver Production	koz	~4700

All Chatree production and cost values above are based on KCN's latest LOM assumptions & consensus gold pricing, may be minor variances due to rounding

NPV discount rate is 10%

Ordinary shares on issue 257.8m

Fully diluted share count 260.3m (2.5m options)

**Net Debt as at 31 Mar 2024, doesn't include bullion receivables

***INDICATIVE ONLY - based on Asset NPV & Net Debt

Source: Company data & Visible Alpha.

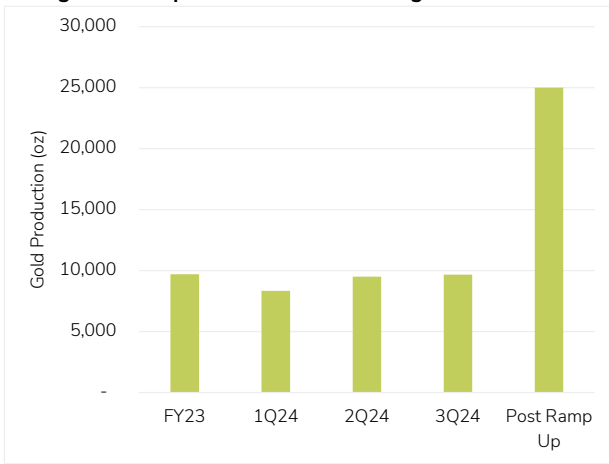
Figure 21: Chatree's latest LOM assumptions

Key Operational	Current LOM Estimates ¹
Period	~9 years
Ore tonnes mined	44.9Mt
Average ore mining rate	5.4Mtpa
Average Strip Ratio	4.7x
Max ore processing rate	5.5Mtpa
Average grade processed	0.77 g/t
Gold recovery rate	80%
Silver recovery rate	38%
Average gold production target per annum	110koz
Average silver production target per annum	420koz
Total Gold production target	~1.0Moz
Total Silver production target	~4.7Moz

Key Cost Assumptions	US\$/oz Gold Produced ^{1,2}
Mining & Processing	795
General & Administration	85
Royalties and refining	278
Silver Credits	(95)
Total Operating Costs	1,158
Sustaining CAPEX	97
All-in Sustaining Cost	1,255

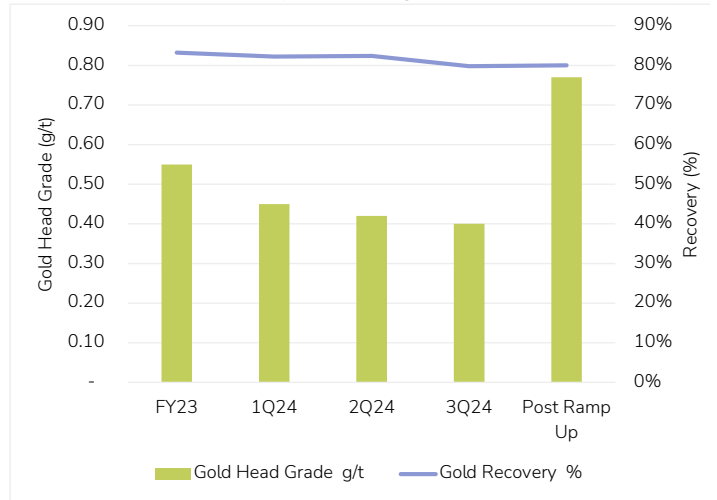
Source: Company data.

Figure 22: Chatree’s gold production has been significantly lower than their average quarterly LOM estimates due to the processing of low-grade stockpiles ahead of the mining restart



Source: Company data.

Figure 23: 80% recovery appears potentially conservative, given recent operational history (and typical grade recovery relationship)



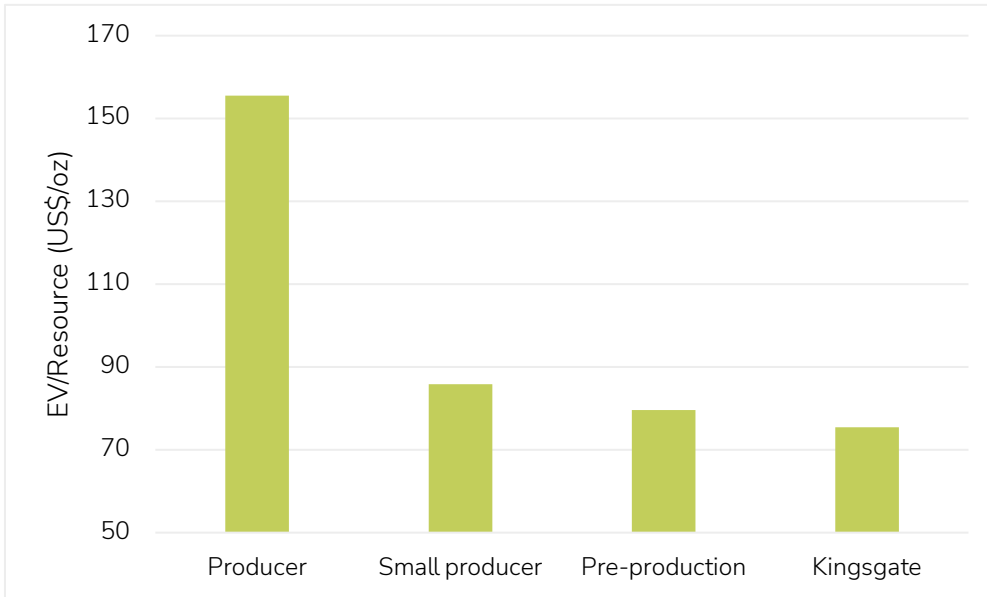
Source: Company data.

Attractive relative EV/Resource and EV/Production metrics

Relative to ASX listed gold developers and producers, KCN appears to be trading at discounted levels when compared to these peers on EV/Resource and EV/Production metrics.

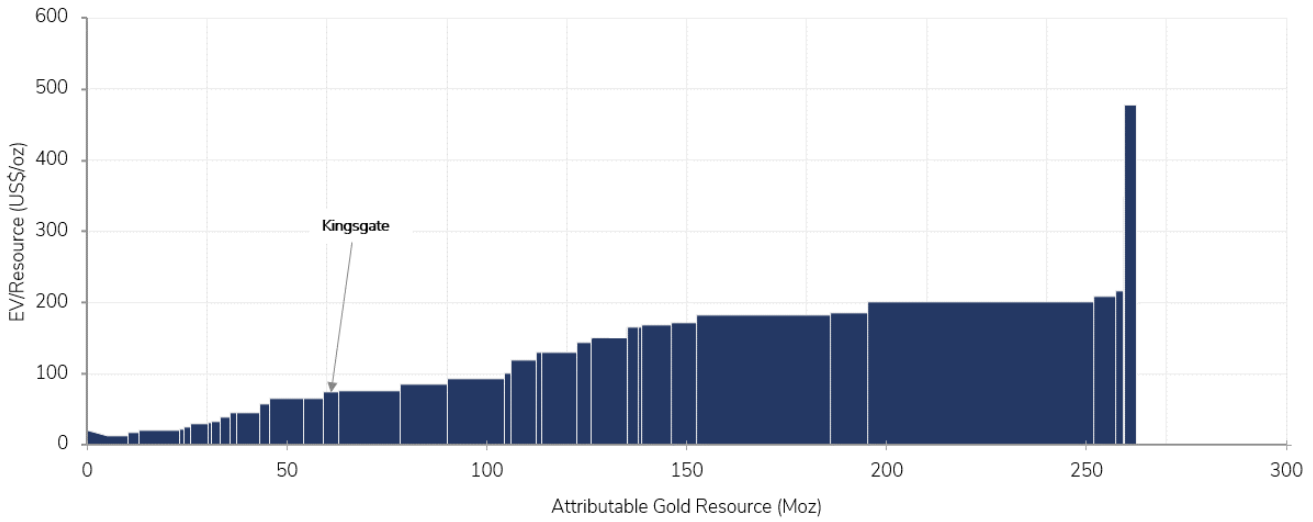
We stress that these metrics do not consider the relative cost of extraction (thus do not differentiate resource or production ounces which are high cost versus those that are low cost), and thus should be considered indicative only.

Figure 24: Kingsgate appears to be trading at discounted levels compared to its ASX-listed gold peers



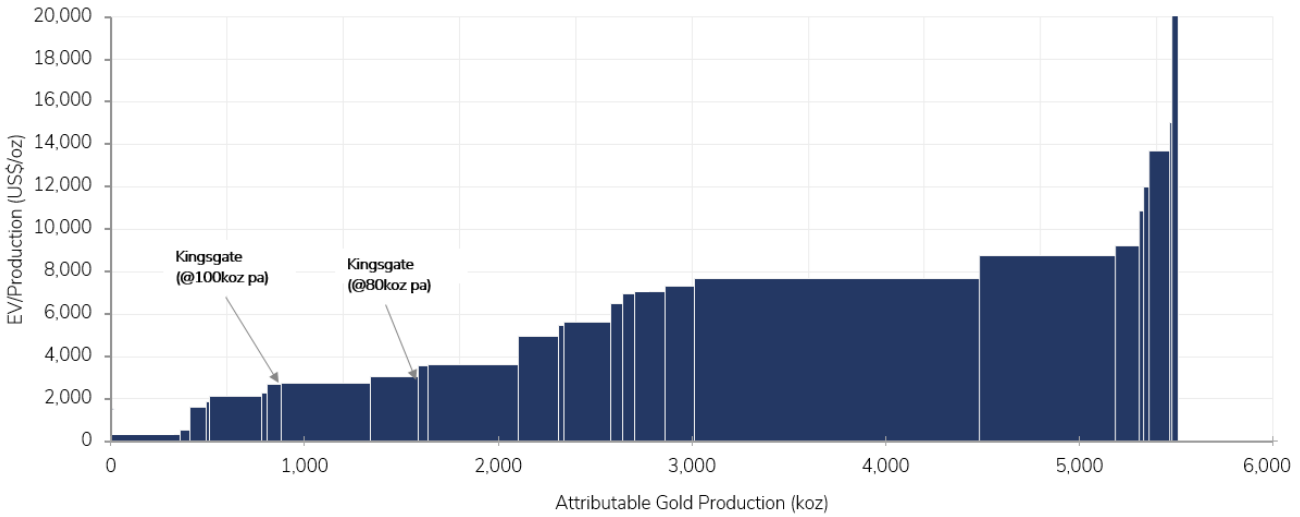
Source: S&P Global Market Intelligence, Refinitiv & Company data.

Figure 25: Among ASX-listed gold companies, Kingsgate ranks in the lowest quartile on an EV/Resource basis



Source: S&P Global Market Intelligence, Refinitiv & Company data.

Figure 26: Similarly, on an EV/Production basis Kingsgate remains attractive though this does not consider the relative cost of extraction



Source: S&P Global Market Intelligence, Refinitiv & Company data.

The 'Against'

Geopolitical history

While there has been clear support from the Thai government in recent times for resuming activities at Chatree, it's crucial to acknowledge the geopolitical challenges that have marked its operational past. In 2016, the previous Thai government issued a closure order to Chatree, resulting in the company ceasing all mining operations and placing the processing facilities on care and maintenance on 1 January 2017. Kingsgate challenged the closure of operations, and has taken legal action in accordance with its rights under the Thailand-Australia Free Trade Agreement ("TAFTA").

In 2022, positive negotiations with the new Thai Government led to key developments and approvals to permit Kingsgate to prepare for a restart of its Chatree operations. Kingsgate has worked hard to reset government relationships and in parallel to the TAFTA legal proceedings, both parties have been in discussions on the restart of operations rather than seeking a final legal determination judgement on the forced closure of operations and possible compensation. Throughout 2022 & 2023, the Thai government demonstrated its commitment to supporting a restart with renewing the necessary metallurgical licenses, granting new mining & special prospecting licenses and finally granting approval for the re-start of operations at Chatree.

Ramp up/restart delays

Rewinding ~12 months to when the company completed a A\$52m equity raise in March 2023, at that stage expectations were that mining would recommence by September 2023. Assuming the recommencement of mining is now imminent, this would imply the company was ~8-9 months delayed versus its initial plans for the refurbishment of Plant #1 and the recommencement of mining activity.

Stretched Balance sheet

With operations suspended for the best part of 6 years from 2016, the company should be commended for keeping afloat as a going concern across that period, however as a result, the balance sheet has been relatively stretched in recent times, with various forms of expensive bridging finance in place to support the refurbishment of infrastructure and return to full operations.

We flag that the past ~12 months of processing low grade stockpiles, in addition to the costs related to the refurbishment and commissioning of the operations have not generated the company material cashflow, with the company seemingly having to rely on debt and equity financing inflows to stay liquid. **Accordingly, the near-term ramp up of mining operations, increase in head grade, increase in output, and resultant cashflow generation should be viewed as a critical deliverable for any potential investor.**

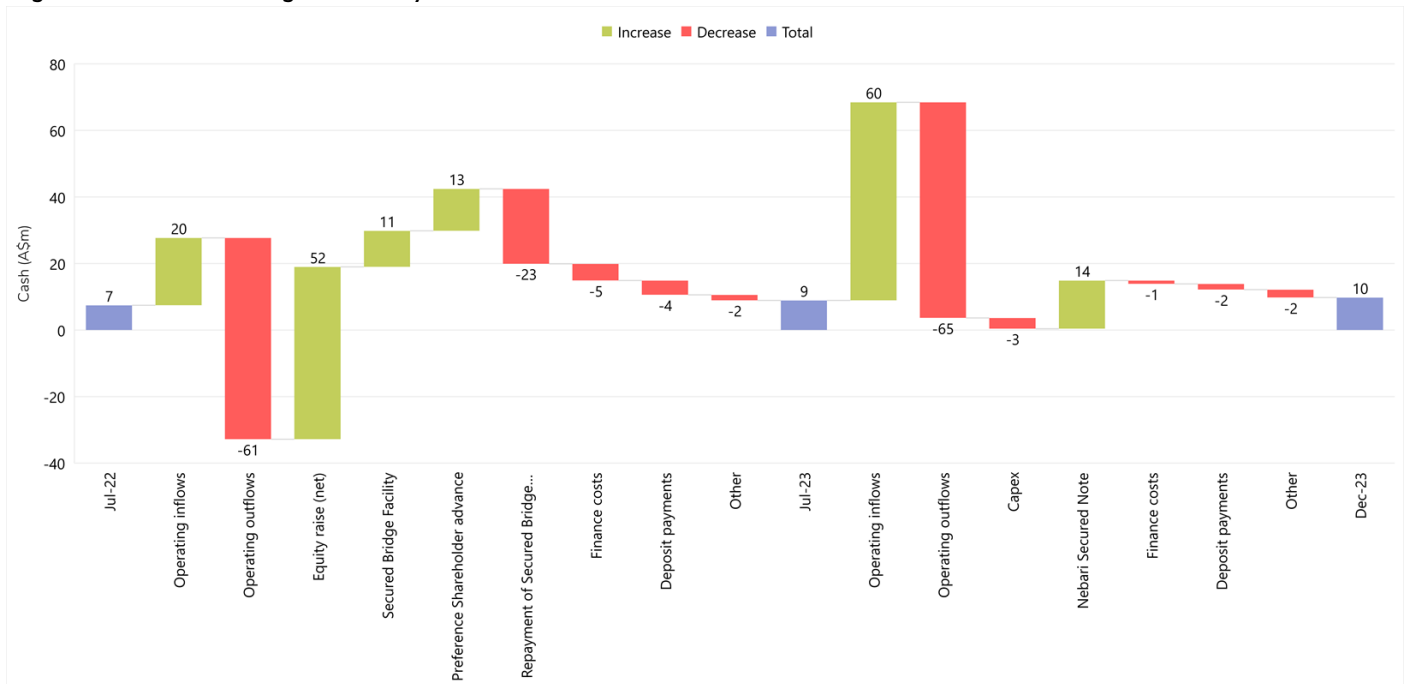
As at March 2024, the company had a cash balance of A\$3.6m, which did not include Bullion receivable of A\$6.8m, and gold/silver Dore inventory held of ~A\$5.6m.

As at March 2024, the company reported drawn credit facility totalling ~A\$30m, with the most recent quarterly report disclosing a quarterly financing costs paid of ~A\$2.2m during the quarter. Further, we note a significant amount of this debt is repayable within the next 6 -12 months. Specifically, we note the US\$11.5m (~A\$15m) Secured Loan Note which was entered into on 19 December 2023 (with the Nebari Gold Fund), to provide funding for the finalisation of the Plant #1 refurbishment - this facility has a term of 6 months (so due 19th June 2024), unless Kingsgate elects to extend the facility a further 3 months for an extension fee of US\$250k.

The remainder of KCN's debt comprises largely of two cash advances from preference shareholders, which are due for repayment in November 2024.

Further, we note that the first tranche of the new Caterpillar mining equipment was delivered in the March 2024 quarter, which included five 777 trucks, two D8 dozers and one 395 excavator. This equipment forms part of a wider hire-purchase deal secured with MetroCAT for a total of 41 new pieces of equipment (33 remaining after the first tranche), which takes advantage of Kingsgate's exemption from import duties on the new equipment to deliver additional cost savings from the BOI incentives. Saving Kingsgate in excess of A\$20m by way of not refurbishing old, outdated machines, the new equipment is expected to deliver significant operational efficiencies from a production tracking and fleet optimisation standpoint. At this stage it is unclear what impact the Hire-Purchase agreement will have on cashflow/unit cost estimates versus the previously published mine plan.

Figure 27: Cash has been tight in recent years



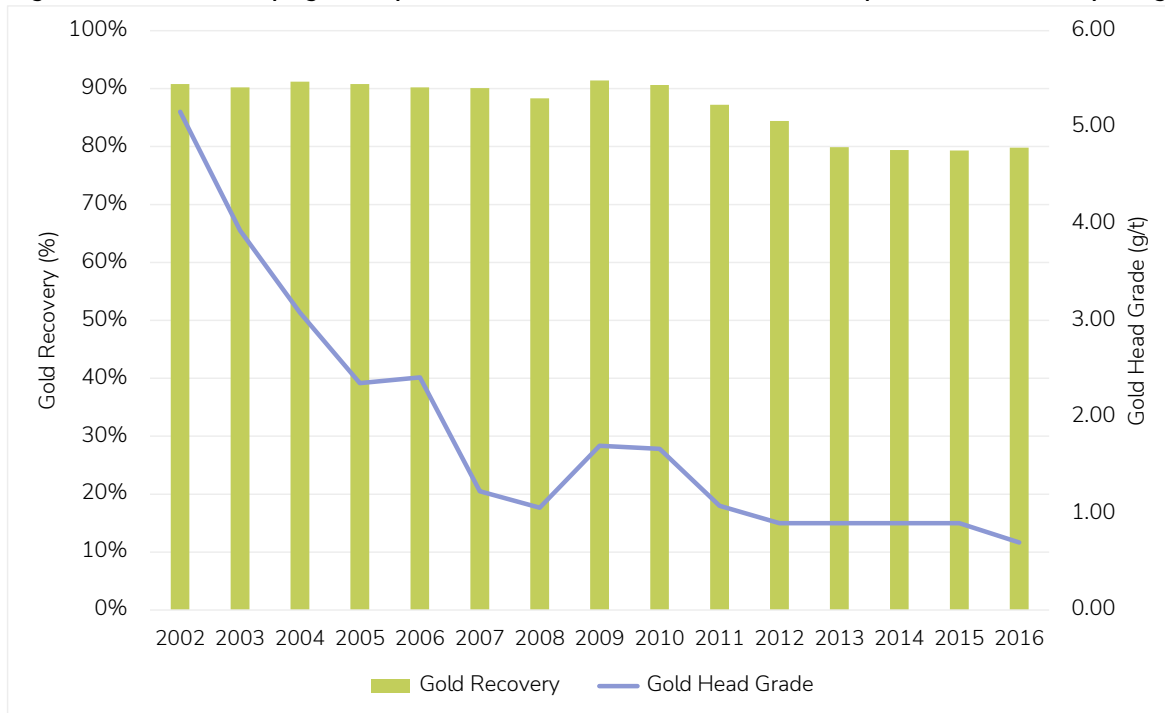
Source: Company data & WILSONS Research.

A low-grade operation

Despite starting life as a high-grade operation back in 2002 (head grade ~5g/t), the mining of higher-grade material progressively gave way to larger throughput tonnage at lower grades as the operation matured. Current resources are relatively low grade within the context of global gold production.

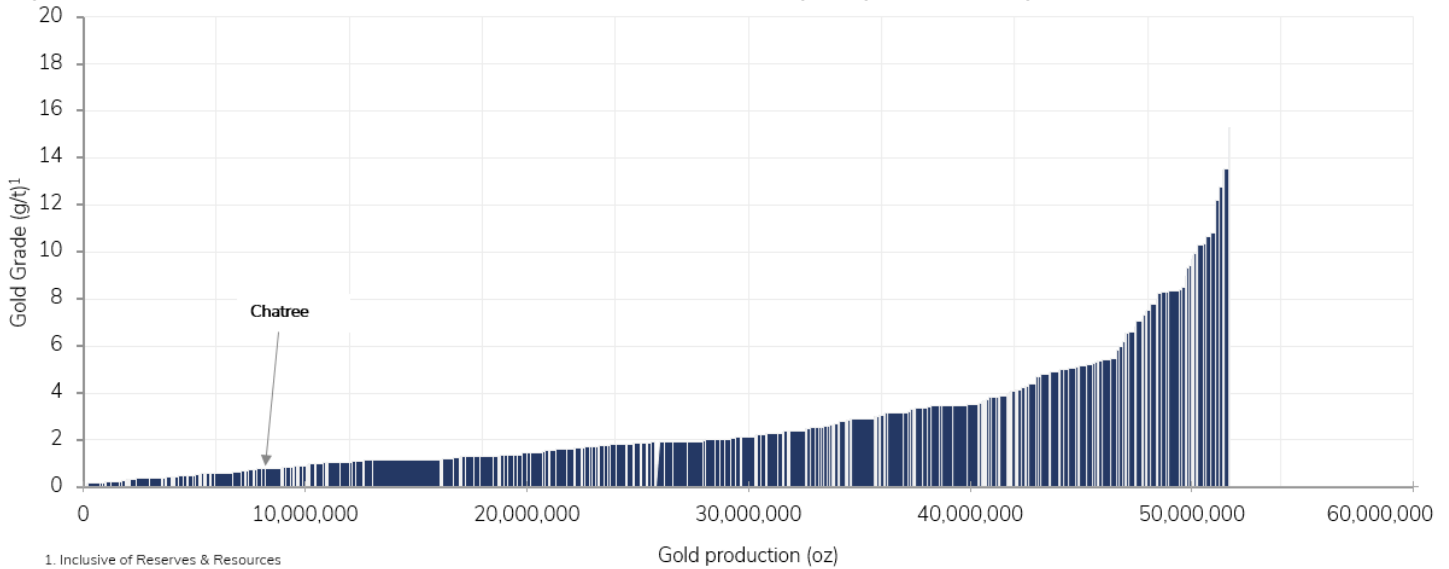
The low grade is somewhat mitigated by the large throughput, and the company’s LOM plans still see the operation expected to generate healthy margins (as discussed previously). Furthermore, we note the significant exploration prospectivity (which we reviewed earlier in this report) both near-mine and regionally, which has high potential to deliver additional mineralisation at improved grades.

Figure 28: Grade declines progressively over the historic life of Chatree, to leave the operations as a relatively low-grade producer



Source: Company data.

Figure 29: Current resources would see Chatree positioned as one of the lower grade gold operations globally

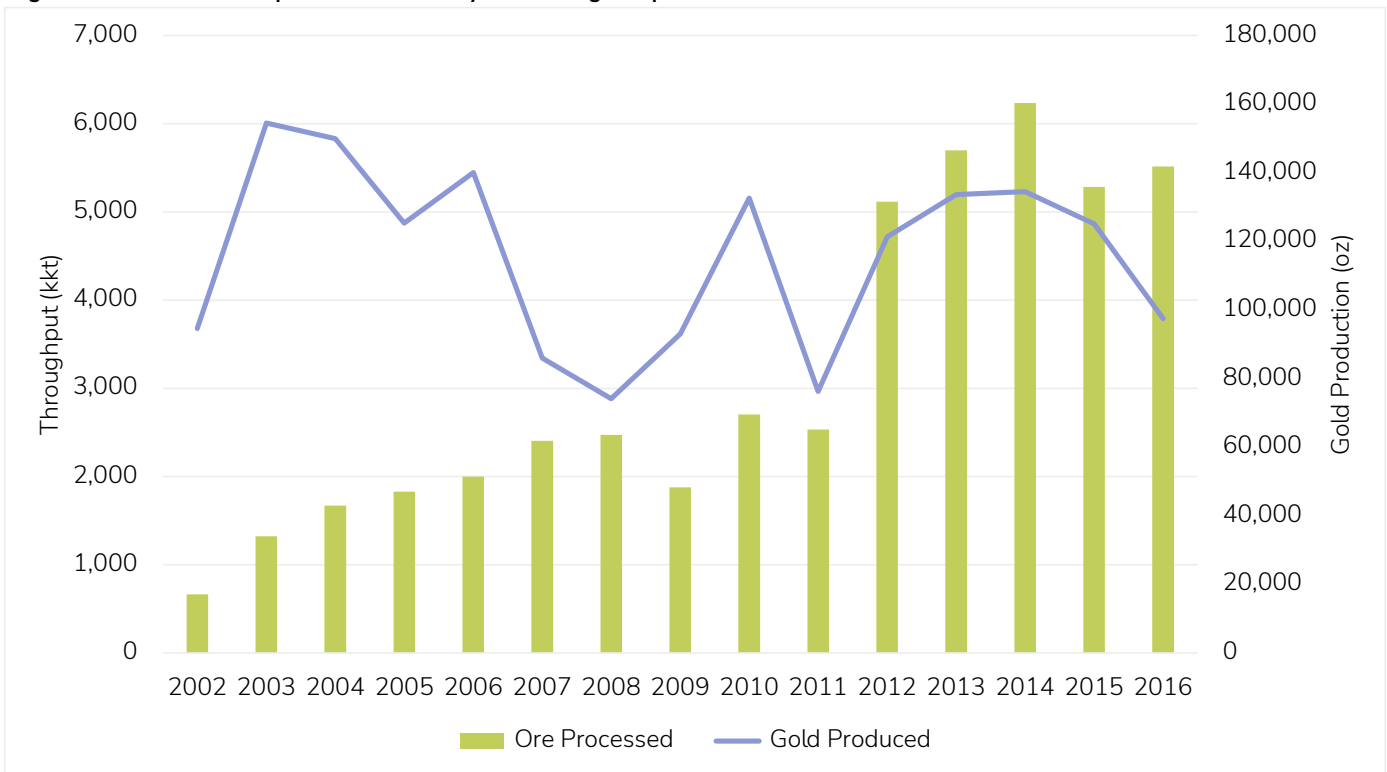


Variable historic production

We note historic production exhibited some variability from year-to-year, which appears (to us) to be largely related to variability in gold grade (which will also have influence over recovery levels, given the typically grade/recovery curve relationship).

With the current resource being relatively low grade, we flag that small variance in grade may have an oversized impact in ultimate production levels and valuation. As discussed above, we believe this risk could potentially be mitigated by the delineation of higher-grade resources, both near-mine and regionally.

Figure 30: Uneven historic production driven by a variable grade profile



Source: Company data.

Furthermore, we positively note that in the face of some grade and throughput variability, Chatree's overall unit cost base was able to be controlled and did not exhibit extreme volatility, other than progressively increasing over time as the average head grade of the operations declined.

Figure 31: Driven by the changing gold grades, the operation moved from a low cost to medium cost operation over time.



Source: Company data & S&P Global Market Intelligence.

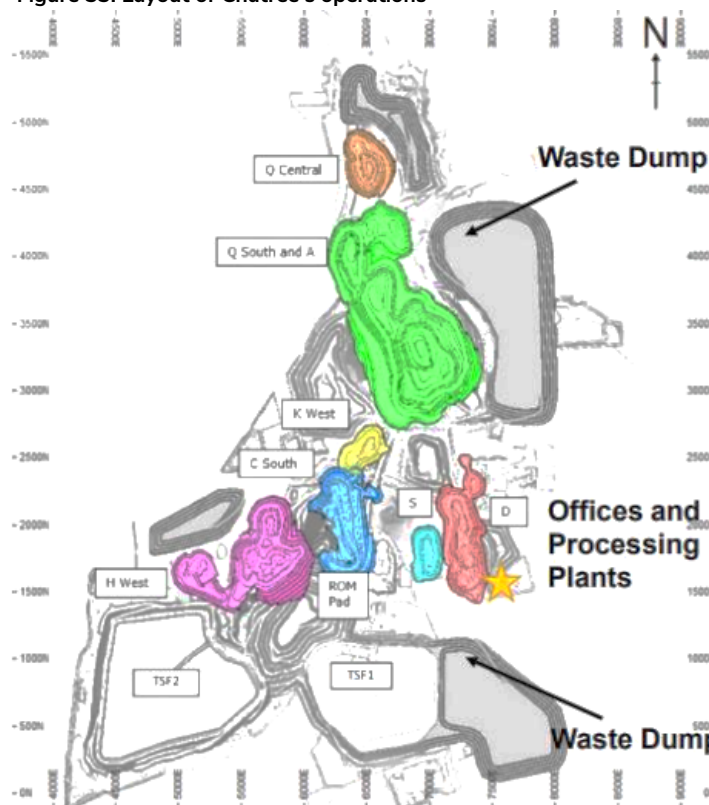
Asset Snapshot: Chatree

Figure 32: Chatree is located on the Loei fold belt in Thailand, which is widely underexplored area with significant potential



Source: Company data.

Figure 33: Layout of Chatree's operations



Source: Company data.

Operations History

Chatree is an open cut mine operation with multiple open pits, having produced in excess of 1.8Moz of gold and 9Moz of silver since commencing operations in 2001. As the First Phase of restarting mining operations, mining activity was planned to recommence in A West in September 2023 (now expected in Q2CY24), extending afterwards into the Quartz Lease and K West.

Figure 34: Chatree's historical production and unit operating costs

Year ended 30 June		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Ore mined	kt	821	1,511	1,946	1,521	1,951	1,392	974	3,874	6,583	5,301	4,986	7,051	6,176	4,768	3,168
Ore processed	kt	665	1,324	1,671	1,829	2,000	2,405	2,474	1,878	2,705	2,533	5,116	5,699	6,235	5,283	5,515
Gold Head Grade	g/t	5.16	3.93	3.08	2.35	2.41	1.23	1.06	1.70	1.67	1.08	0.90	0.90	0.90	0.90	0.70
Silver Head Grade	g/t	40	22	15	13	14	9	7	16	15	16	12	12	13	13	12
Gold Recovery	%	90.8%	90.2%	91.2%	90.8%	90.2%	90.1%	88.3%	91.4%	90.6%	87.2%	84.4%	79.9%	79.4%	79.3%	79.8%
Gold Produced	oz	94,571	154,484	149,979	125,376	140,071	85,994	74,139	93,002	132,628	76,248	121,372	133,681	134,546	125,094	97,510
Silver Produced	oz	361	484	395	353	460	291	232	293	550	550	918	1,001	992	850	676
Cash Cost	US\$/oz	61	94	135	212	206	440	457	405	335	479	721	869	936	833	851
Total Cost	US\$/oz	116	143	189	262	247	517	556	493	408	581	1028	1311	1167	1023	1085

Source: Company data.

Location & Infrastructure

Chatree sits on the Loei fold belt in central Thailand, around 280 kilometres north of Bangkok. Having commenced operations in 2001, the mine boasts existing infrastructure, including two processing plants with a total capacity exceeding 5 Mtpa and two tailings storage facilities. After resuming operations in March 2023, both Plant #1 & #2 have undergone refurbishment, with all works completed by the end of the April 2024.

| Mineralisation & Geology

The Chatree epithermal gold-silver deposit is associated with a volcanic centre that spans approximately 7.5 by 2.5 km. The deposit consists of seven defined prospect areas and multiple open cut pits. As per the latest reserve and resource update, Chatree hosts 3.4Moz of gold (resource grade of 0.65 g/t) and 29.4Moz of silver (resource grade of 5.6 g/t).

| Workforce

Chatree plays a significant role in providing employment opportunities for nearby communities, with over 90% of its workforce being recruited locally. Kingsgate is actively involved with various stakeholders in the Chatree community, such as local government officials, community leaders, public institutions, and small business owners. Its engagement extends beyond the 29 villages surrounding the mine, demonstrating a commitment to fostering positive relationships and sustainable development in the broader area. Akara (a KCN subsidiary) also engages LotusHall as a contracting partner in Chatree's mining operations.

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