



Kingsgate

Consolidated Limited

ABN 42 000 837 472

2023 ANNUAL REPORT

2023
Annual Report

Front cover: Overview of processing plant

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Main Image: Gold pour



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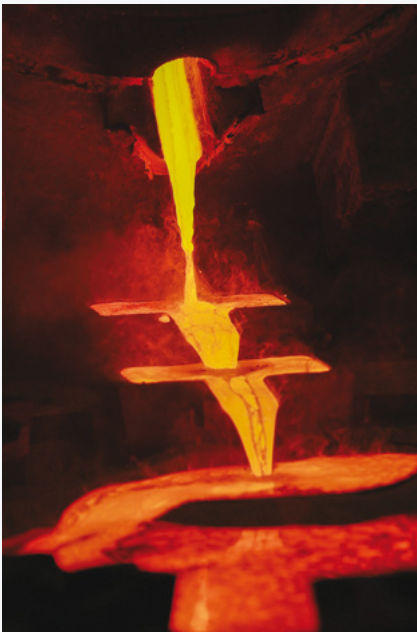
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Chairman's Review

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It is now almost seven years since your Company's Chatree Gold Mine was illegally closed amid spurious health and environmental claims that nobody could prove as they were blatantly false.



Gold pour

After a major international court case, lengthy negotiations and innumerable frustrations, on 23 March we produced the first gold and silver bar since December, 2016. Even this was delayed a full two months due to particularly Thai peculiarities.

As of 30 June we had produced 9,705 ounces of gold and 112,097 ounces of silver, albeit only operating the refurbished #2 plant treating ore from the low grade stockpiles. We continue a weekly gold pour and are consistently producing in the order of 2,500 to 3,500 ounces of gold per month from ore from the stockpile averaging 0.5 g/tonne.

Credit must go to our expert employees and management at the mine, headed by new Mine Manager, Rob Kinnaird, for this exceptional performance utilising such low grade ore and maintaining a consistent recovery rate of 80–85%.

Mining has commenced on the Quartz Lease and the expansion of the main 'A' pit. It is expected that we may be able to access some higher grade ore early in this process. Refurbishment of the #1 plant is well advanced and, despite delays in delivery of some key items, we expect to have both plants operating by early in the new year.

After a lengthy period following a general election in Thailand, a large coalition of at least 11 parties has formed a new government. Considering the importance of the Chatree operation to both the local and the national economy, we look forward to working constructively with the new government going forward.



Overview of processing plant



Partial view of the mine towards the south

For quite a long period of time many of our shareholders have complained to us and to ASIC that they believe that our share price has been the subject of manipulation on the ASX. We are aware that a group of shareholders, some with a strong legal background, and after extensive research, have approached ASIC with what appears to be evidence to support their concerns. It would certainly appear to be more beneficial to properly address concerns of market manipulation rather than the protection of gullible investors from themselves with the latest fad of “greenwashing”.

One of the great concerns of recent times has been the penchant of a number of companies, particularly large companies, to engage themselves in controversial political issues. That they could not properly represent the opinions of all stakeholders, particularly shareholders and customers, is obvious, but to commit shareholders' funds to such follies opens up other issues, not the least of being potentially director's fiduciary duties. It is most surprising that more concern has not been yet expressed at these developments. Additionally, some of the large sporting bodies that have opted to take woke controversial positions may be surprised to find that they have alienated a majority of their supporters.

Seemingly oblivious to the disasters of the covid fiasco some western countries (including Australia) seem hell bent on damaging their own economies through a mindless addiction to alarmist climate policies. Very few serious commentators now accept “net zero by 2050” is possible and even fewer that it would achieve its stated aims. Even more comical is the wishful thinking behind such platitudes as Australia becoming a “world renewables super power”.

Looking forward, hopefully by this time next year, your mine should be producing at full pace back at levels experienced before the forced closure. Production will be almost solely from the ‘A’ pit due to access through the Quartz Lease, previously unavailable to the Company. Whilst it is too early to properly assess all up mining costs when fully operational, it is expected that your Company should be highly profitable.

Again we would like to salute our long-suffering shareholders who have stuck with us through thick and thin. The travails of this company have severely tested all of us and it is a tribute to you that so many have stuck by us.

Thanks are also due to our loyal staff both at the mine and in our corporate offices who have stuck by us through all the turmoil. Welcome also to our new management teams who have recently joined us on our journey. My thanks also to our Board of Directors, particularly Peter Warren, for their support over all these difficult times and I welcome Nucharee Sailasuta and Jamie Gibson to the Board and thank Jamie for his valuable contribution over a long and always difficult time.

Ross Smyth-Kirk OAM
Executive Chairman

Managing Director & CEO's Report

I've always been positive about getting the Chatree Gold Mine reopened since it was closed at the end of 2016, and I am pleased to report that this year, your Company got the jewel in its crown back.

I know there have been times when it may have felt like we were taking two steps forward to take one step back, but the enormity of this achievement can't be underestimated. While elements of our journey might read like something out of a James Bond novel, it was incredibly gratifying to see Plant #2 roar back into action in March.

To ensure we stayed alive to get there, your Company has operated with a skeleton staff over the past six years, with just enough to keep Chatree in good order, and a significantly reduced management team. On that note, I would like to pass on a special thanks to our retiring CFO, Ross Coyle, who with me and Ross Smyth-Kirk, was at the forefront of the negotiations, and had the unenviable task of making sure we had enough money at critical times to ensure our ongoing survival.

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A geologist and civil engineer from Akara



Akara employees undergoing Level 1 Rope Access Training

In terms of what has been achieved that's no mean feat either, and includes but is not limited to:

- › The reopening of the Chatree Gold Mine with the renewal of the Metallurgical Licence granted for the maximum five-year term as permitted under Thai law;
- › Approximately \$150 million in Board of Investment Incentives (which includes an eight-year tax holiday);
- › Access to 115 Special Prospecting Licence areas (some of which have been under application for more than 18 years);
- › The approval of the Quartz Lease, a key area in the A Pit that allows access into the A Pit West;
- › An agreement with a Thai gold refiner to process Chatree doré at the same commercial terms as Kingsgate was receiving in 2016;
- › Access to Thai financial institutions to establish local credit facilities;
- › Removal of impediments to pursue a Thai IPO of the Chatree Gold Mine; and
- › The cessation of a range of frivolous local legal cases.

Nevertheless, while your Company's future looks bright, I am the first to admit that there is still much work to be done to restore Chatree to its former prowess, and the focus is now squarely on completing Plant #1 Overhaul Project as quickly as possible and getting the operation back up to a steady state production of 100,000 to 120,000 ounces per annum.

This work has been underpinned by an aggressive regional and near mine exploration program that has already yielded some impressive results to date, and while it's too early to confirm, a number of near mine results indicate the possibility of an extension of the existing Chatree system.

Meanwhile, Plant #2 has been performing out of its skin with 9,705 ounces of gold and 112,097 ounces of silver produced as of 30 June 2023 from the low-grade stockpiles.

On that note, I would like to offer my sincere thanks to all my Kingsgate and Akara colleagues who have worked so hard to get Chatree reopen, often under very difficult circumstances, and I would especially like to thank the Kingsgate Board for the trust and confidence they have placed in me.

Kingsgate has a proud legacy and tradition, and my goal is to continue restoring shareholder value, and see your Company once again become a premier mid-tier gold producer.

Jamie Gibson
Managing Director and
Chief Executive Officer

Operations Report

Chatree Gold Mine

Thailand

Operational Performance

Akara Resources Public Company Limited (Akara), a subsidiary of Kingsgate, officially reopened the Chatree Gold Mine in March 2023 following approval by the Department of Primary Industries and Mines in Thailand.

Since operations recommenced in March 2023, 9,705 ounces of gold and 112,097 ounces of silver were produced as of 30 June 2023.

During the year, there was a successful re-start with our LotusHall Mining contracting partners, moving rehandled materials from stockpiles to the Run of Mine (ROM). Total material hauled was 714,763 tonnes comprising of:

- › Low grade: 91,160.5 tonnes @ Au 0.61 g/t and Ag 10.12 g/t.
- › Marginal grade: 623,603 tonnes @ Au 0.51 g/t and Ag 9.85 g/t.

The TSF#1 (Tailings Storage Facility) Rehabilitation plan was re-started with 183,638 Non-Acid-Forming tonnes placed to 30 June 2023 by our local contractor Narachi Mining.

During the year, refurbishment of Plant #2 was completed on time and under budget by CR3, a Thai based international engineering firm. Following commissioning, 737,174 dry tonnes were crushed and 723,006 dry tonnes were milled at an average grade of Au 0.55 g/t and Ag 9.71 g/t. Recoveries averaged 83.2% for gold and 56.8% for silver.

Plant #2 continues to perform above expectations and run above nameplate capacity of 2.7 million tonnes per annum.



Following the first gold pour on 23 March 2023, 12 shipments of doré bars were delivered to Precious Metal Refining Co. Limited (PMR), with shipments occurring on a weekly basis.

A stockpile density assessment was completed which yielded approximately one million additional tonnes of ore which equates to an additional 14,338 ounces of gold and 248,426 ounces of silver.

Kingsgate secured a range of BOI (Board of Investment) incentives available to Akara over an eight year period, including an exemption from the 20% corporate income tax rate up to a cap of 3.25 billion Thai baht. The TAFTA award deferral remains in place until 31 December 2023.



Three Akara team members at Plant #2

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Crushed ore stockpile

Final preparations are underway ahead of a restart to mining operations at the Quartz Lease and work continues on the Plant #1 Overhaul Project to bring the Chatree Gold Mine back up to its full operational capacity of 5 to 5.5 million tonnes per annum in 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.



Marking of doré bars

Community Report

Chatree Gold Mine

Akara Resources successfully resumed operations this year, alongside the implementation of a robust sustainable development policy aligned with Thailand's Gold Mineral Management Policy Framework.

Akara's dedication to enhancing community welfare is multi-faceted and includes; robust investments in infrastructure, healthcare provisions, career development, local employment generation, and the cultivation of religious, cultural, traditional, and sporting activities. Akara's positive impact has been far-reaching, touching the lives of more than 16,000 individuals across 28 villages.

To ensure transparency and accountability, and to provide a platform for addressing concerns, Akara has established a variety of channels for the community to provide feedback. These include; the Akara Resources Public Company Limited Facebook page, the Akara Friends of the Community Facebook page, Line Official, dedicated feedback boxes with local villages, and the Community Relations and Development (CRD) Office which welcomes visitors. In addition, our dedicated CRD Team proactively visits locals in the community to listen, understand, and answer any questions about our operations.

Four Pillar Development Strategy

The Four Pillar Development Strategy is the cornerstone of Akara's CRD efforts and drives Akara's commitment to enhancing the quality of life of the neighbouring community.



Respecting our Chatree Community elders with heartfelt gifts of elephant-shaped towels, perfect for Songkran Festival celebrations



Akara employees participating in the tradition of offering candles for Buddhist Lent at the village temple near the gold mine

Akara staff participating in a quarterly blood donation

1 Sustainable Community

The Sustainable Community pillar champions job creation and sustainable economic opportunities. In November 2022, Akara witnessed overwhelming community support as over 1,700 villagers near the Chatree Gold Mine showed interest in applying for 170 general roles with the company. Acknowledging this enthusiasm,

Akara is committed to increase local employment from 80 percent to a minimum of 90 percent.

Looking ahead, Akara's vision includes the creation of a community market or a local product distribution centre. Through collaborations with the local forestry offices and community forest networks, Akara have planted 12,000 trees across 12 community forests during the first four months of operation, fostering lush green spaces and safeguarding against forest fires.

Four Pillar Development Strategy



EIA Fund, community funds and donations are directed towards initiatives under the four pillars.



2 Educational Opportunities

Akara nurtures education across three dimensions; school development, professional growth for educators, and student development. By revamping school infrastructure, ensuring safe learning environments, and providing educational materials, Akara empowers teachers to impart knowledge effectively. Akara further

supports students in need with uniforms, equipment and textbooks.

Geologists from Akara's exploration team are also encouraged to take on the role of educators in Earth Sciences. They offer guidance, study tours, and field work experiences to students from various universities who are pursuing geology studies.



Khun Yuwathida Phuk-on, CRD manager, presenting awards to students at a school in the Chatree Community on National Children's Day

3 Good Health & Wellbeing

Regular health check-ups are arranged for local residents within a five kilometre radius of the Chatree Gold Mine, and Akara also provides local hospitals with supplies and essential medical equipment and supports blood donations for the Thai Red Cross Society.

Akara's empowerment of Village Health Volunteers reflects the importance placed on their role in community health. Additionally, this pillar encompasses caring for immobile patients and laying the groundwork for a community activity and sports centre, fostering physical activity for improved health.



Exploring the art of weaving firsthand at the Wang Nam Om Tai Women's Weaving Group, another local enterprise supported by Akara

4 Water for Life

A commitment to secure clean water sources underscores this pillar. The CRD Team tirelessly pursues this goal by strengthening village water supplies, introducing new water sources, and conducting a rigorous monthly inspection regimen for its 16 water filtration stations around the Chatree Gold Mine. Immediate corrective measures are implemented should any concerns arise, thus

guaranteeing continuous and unhindered access to water for the community.

Furthermore, Akara extends its support to local officials stationed at road safety checkpoints during festivals by donating water bottles. Akara is also planning collaborative projects with provincial administrations and Subdistrict Administrative Organisations to treat and reuse water from mining pits for agricultural uses, to support local farmers to boost their income, particularly during the dry season in Thailand.



CRD Team distributing bottled water at a designated checkpoint along the roads as part of the 7-day road safety campaign during the Songkran Festival



Khun Cherdasak Utha-aroon, Lead General Manager, taking part in a tree planting activity as part of Akara's initiative to plant 1 million trees by 2027

Enhancing Stakeholder Engagement via Locally Managed Funds to Address Community Needs

As part of Akara's commitment to support the local community, and in alignment with the Gold Mineral Management Policy Framework, Akara has established two dedicated community funds; the Village Development Fund and the Health Monitoring Fund. These funds are overseen by individuals from the local community to ensure resources are allocated to projects and initiatives that will best meet the community's needs.

1. **The Village Development Fund** is earmarked for executing projects and initiatives aimed at enhancing the wellbeing of the villages surrounding the Chatree Gold Mine. Akara contributes to this fund by depositing five percent of mineral royalties or a minimum of 15 million baht annually.
2. **The Health Monitoring Fund** is dedicated to supporting projects and activities focused on public health surveillance. To bolster this critical aspect of community welfare, Akara allocates three percent of mineral royalties, ensuring a minimum annual contribution of 10 million baht.

As we continue to rebuild the Chatree Gold Mine Akara remains steadfast in its commitment to achieving both operational excellence and enduring social progress. We take pride in our role as a responsible corporate entity and proactively contribute to the wellbeing of the community we are privileged to be part of.



Projects Report

Nueva Esperanza Gold/Silver

Chile

Summary

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).

In July 2020, Kingsgate advised that its 100% owned Laguna Resources Chile entity ("LRC") has been granted an Environmental Impact Assessment ("RCA-64/20") approval for the Nueva Esperanza Gold/Silver Project (See ASX: KCN released titled "Nueva Esperanza Project – EIA Approved" dated 14 July 2020). This approval will enable the development of the project (subject to compliance with local

mining laws/regulations) and follows a public consultation period that resulted in no objections being lodged against the project and is the successful culmination of 18 months of detailed work that saw Kingsgate working closely with environmental consultants, local indigenous communities and the Chilean Government.

Kingsgate continues to advance divestment of the Nueva Esperanza Project and is working with several parties who are completing their due diligence, with one party undertaking a site visit in early August 2023.

Kingsgate has made all non-essential staff redundant to reduce ongoing holding costs of the project.



Exploration Report

Thailand

Summary

Exploration work to date on the 44 Phetchabun Special Prospecting Licences (SPLs) has included geological mapping, rock and soil sampling, Rotary Air Blast (RAB) and Reverse Circulation (RC) drilling, ground magnetic survey and Analytical Spectral Device (ASD) analysis.

The exploration results in the northern part of the SPLs indicated few gold occurrences and lacked potential for gold discovery. Consequently, 12 SPLs were relinquished in October 2022. The remaining SPLs cover an area of 465.33 km² (Refer to map showing SPLs, MLs, relinquished SPLs and prospect locations on page 22 to 25, Exploration, Mining and Special Prospecting Licences).

Rock-Chip Assays

Geological mapping and rock-chip sampling exposed massive quartz, quartz-sulphide veins and hydrothermal breccia in the Phetchabun SPLs. Numerous significant rock chip assay results have been identified in Yellow Tiger, Sua Dao and Chalawan.

- ▶ **Yellow Tiger**, assay results of massive milky quartz veins yielded 41.0, 22.5, 19.8, 16.3 and 14.0 g/t Au and is coincident with a NE-SW magnetic lineament.
- ▶ **Sua Dao**, a sample of quartz-sulphide vein assayed 4.56 g/t Au with 14 ppm Ag, 1,590 ppm Cu and 1,510 ppm Zn.
- ▶ **Chalawan**, is related to quartz vein and hydrothermal breccia hosting silicified volcanic rocks. Current rock assay results yielded up to 1.08 g/t Au.



Exploration staff conducting field mapping

Soil Assays

Soil assay results returned up to 4.22 g/t Au with 340 ppm Pb in Chang Puek. RC drilling was also conducted to test mineralisation underneath in this potential area.

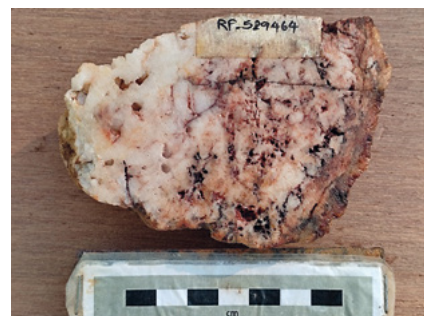


Figure 1: Yellow Tiger rock assayed 41.0 and 22.5 g/t Au in left and right respectively



Table 1: Rock Assay Highlight (> 1.0 g/t Au)

Area	Sample ID	Easting local	Northing local	Au g/t	Ag ppm	Cu ppm	Pb ppm	Zn ppm
Sua Dao	RS529547	7861	2690	1.66	14	1,590	690	1,510
	RS529548	7862	2694	4.56	21	213	80	180
SPL 17/2563	RF529976	7052	5631	4.87	41	1,270	55	98
Yellow Tiger	RF529459	4243	0908	3.54	-1	9	10	6
	RF529461	4194	0870	2.93	-1	9	9	4
	RF529462	4175	0899	14.00	1	12	10	5
	RF529463	4165	0898	2.93	-1	14	11	7
	RF529464	4286	0874	22.50	5	18	7	7
	RF529465	4203	0972	19.80	1	39	14	6
	RF529491	4157	0929	16.30	2	16	7	10
	RF529492	4148	0910	41.00	4	22	3	8
SPL 37/2563	RF530030	7559	2839	2.01	39	29	9	36
Chalawan	RS530051	8336	1052	1.08	3	9	7	3

RAB and RC Drilling

Drilling has intersected alteration and mineralisation in Chang Puek, Sua Dao, B-Extension (changed to Chalawan and Kumpee) and Jaraka Prospects exceeding 9,900m.

Chang Puek (CHP) Prospect

A RC drill hole targeting a geophysical chargeability anomaly intersected several significant gold zones. Significant intercepts from hole 7647RC are highlighted below:

- › 26m@3.02 g/t Au from 81–107m
- › 7m@5.77 g/t Au from 125–132m
- › 1m@1.71 g/t Au from 195–196m

However, gold mineralisation is still open at depth as 1.71 g/t Au was found at the last metre (195–196m).

The mineralisation in Chang Puek is similar to the Chatree Gold Mine, comprising quartz-carbonate-pyrite veins and hydrothermal breccias within silicified rhyolitic tuff host rocks.

Sua Dao (SDO) Prospect

Mineralisation is restricted to quartz-sulphide to quartz base metal due to coarse crystalline quartz and sulphide minerals such as chalcopyrite and galena. The drill targeting was initially focused on the high gold-grade quartz-sulphide veins. RC drilling results failed to repeat the high grade quartz-sulphide vein up to 44.8 g/t Au on the surface. The best intercept in this prospect is 6m@1.11 g/t Au.

Kumpee (KMP) Prospect

RAB drilling returned significant assays as follows. All intercepts end at the last metre drilled.

- › 33856RA: 10m@1.97 g/t Au from 9 to 19m (EOH) in phyllic altered to silicified rhyolitic tuff/polymictic rhyolitic breccia.
- › 33858RA: 8m@5.02 g/t Au from 6 to 14m (EOH) including 2m@18.12 g/t Au at 7 to 9m in silicified rhyolitic tuff.

RC drilling program started in an area where significant intercepts were found by RAB drilling (8m@5.02 g/t Au and 10m@1.97 g/t Au). Hole 7668RC intersected near surface Au mineralisation from 11m down to 49m (38m interval) with an average grade of 1.01 g/t Au. This interval includes 3m@8.45 g/t Au from 24 to 27m.

RC drilling results indicated that the mineralisation zone is generally low-medium grade Au, localised by narrow high-grade zones up to 25.9 g/t. The mineralisation zone is characterised by strongly phyllic altered and silicified rhyolitic tuff and polymictic rhyolitic breccia with 3–10% quartz vein and 1–3% pyrite dissemination. The gentle east dipping mineralisation zone is at least 200m long and is still open in all directions (Figure 3).



Reverse circulation drilling

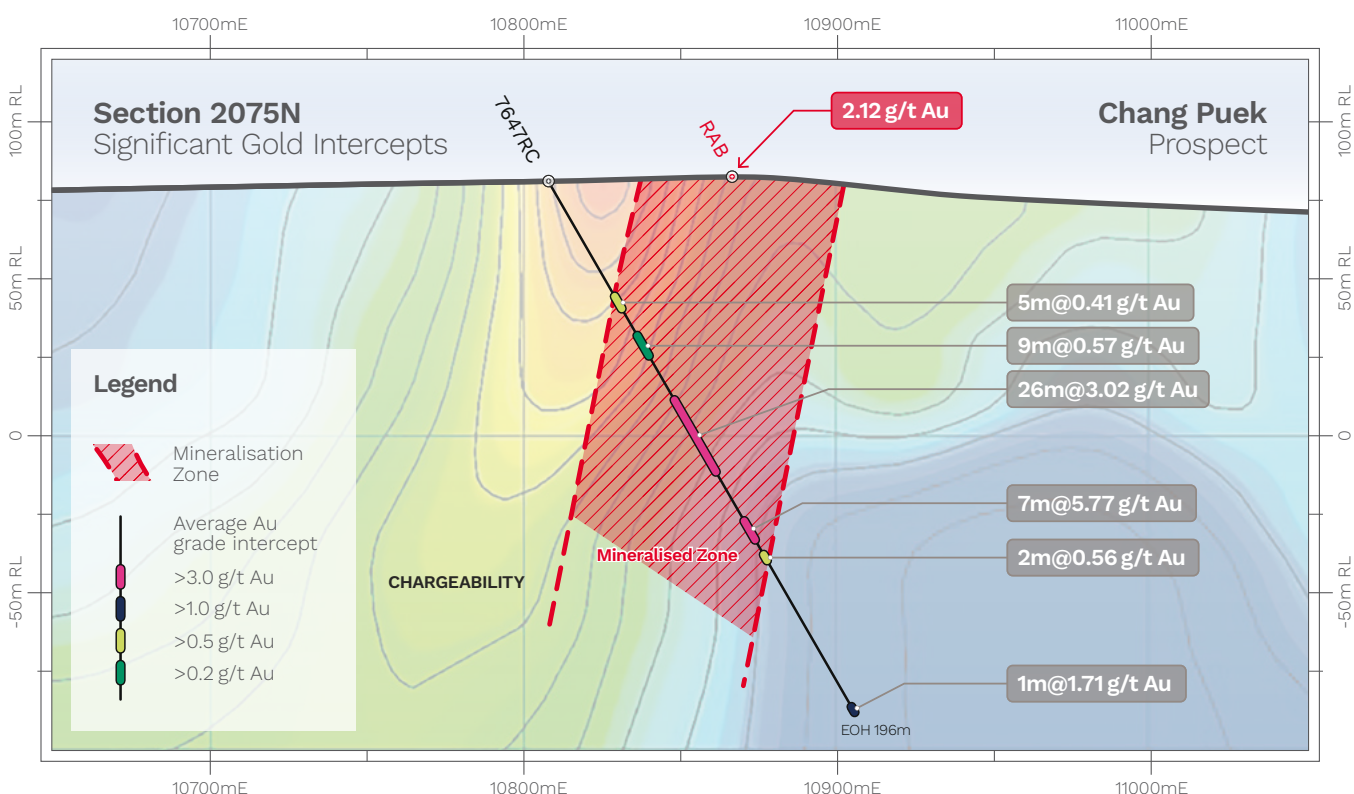


Figure 2: Cross section line 2075N showing intercepts in hole 7647RC

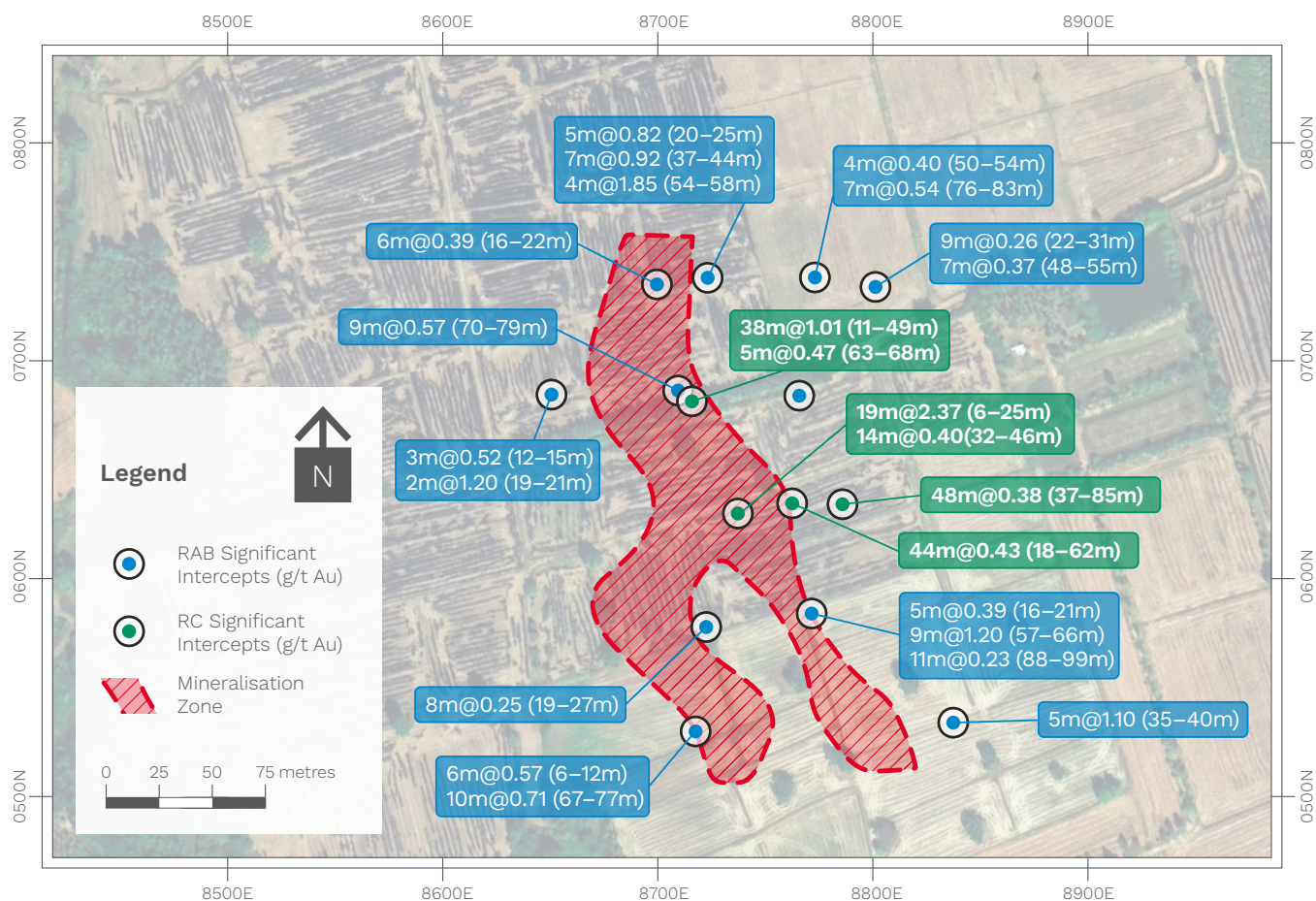


Figure 3: Map showing projected mineralisation zone (red hatching) from 50mRL (surface is 80mRL) and RC and RAB drill intercept highlight in Kumpee Prospect

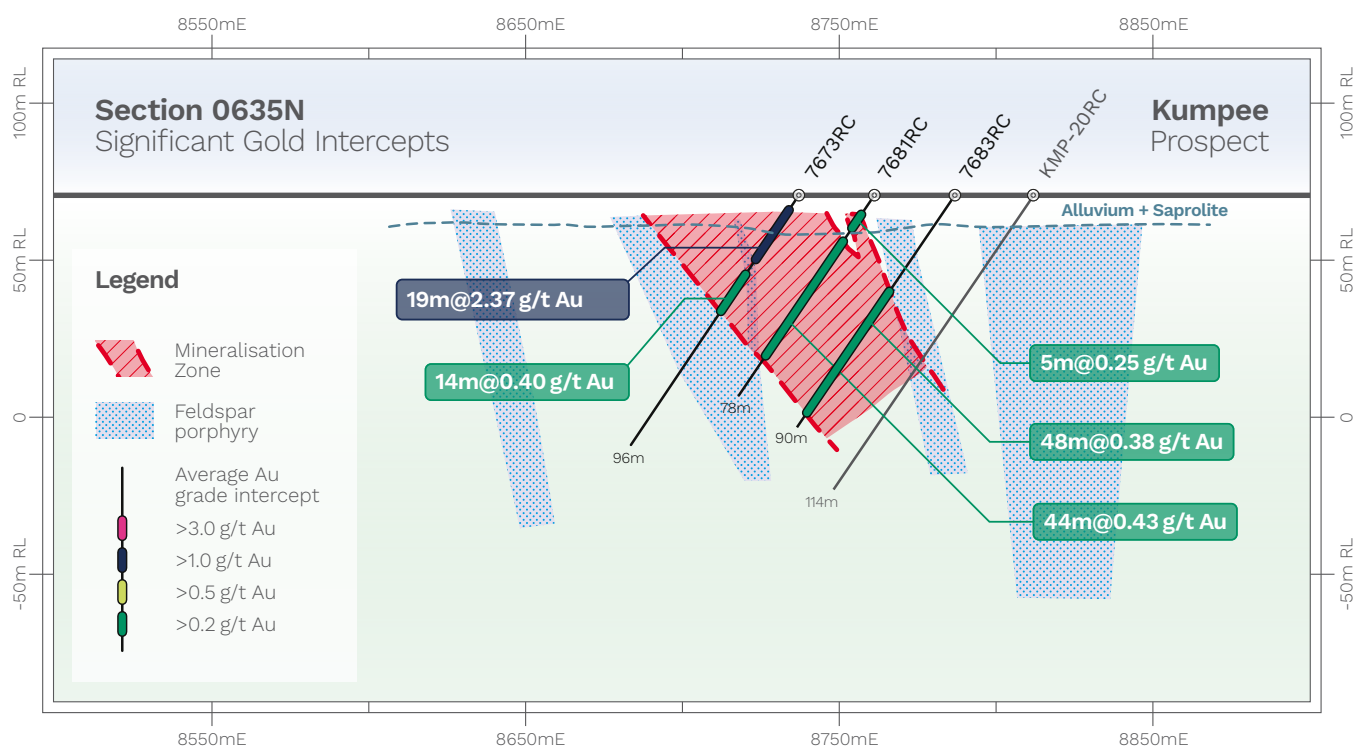


Figure 4: Cross section line 0635N in Kumpee Prospect showing interpreted ore zone and assay highlight

✓ **Table 2:** RC drilling assay highlight

Area	Hole ID	Easting local	Northing local	Azimuth local	Dip °	Hole Depth m	From m	To m	Interval m	Au g/t	Including
KMP	7668RC	8711	0682	270	-55	78	11 63	49 68	38 5	1.01 0.47	3m@8.44 g/t Au (24–27m)
	7673RC	8737	0635	270	-55	96	6 32	25 46	19 14	2.73 0.40	1m@25.90 g/t Au (22–23m)
	7681RC	8761	0635	270	-55	78	8 18	13 62	5 44	0.25 0.43	2m@1.13 g/t Au (23–25m)
	7683RC	8787	0635	270	-55	90	37	85	48	0.38	

Chalawan (CLW) Prospect

RAB drilling to the north of the drilled RC section intersected 3m@0.51 g/t Au in altered polymictic rhyolitic breccias.

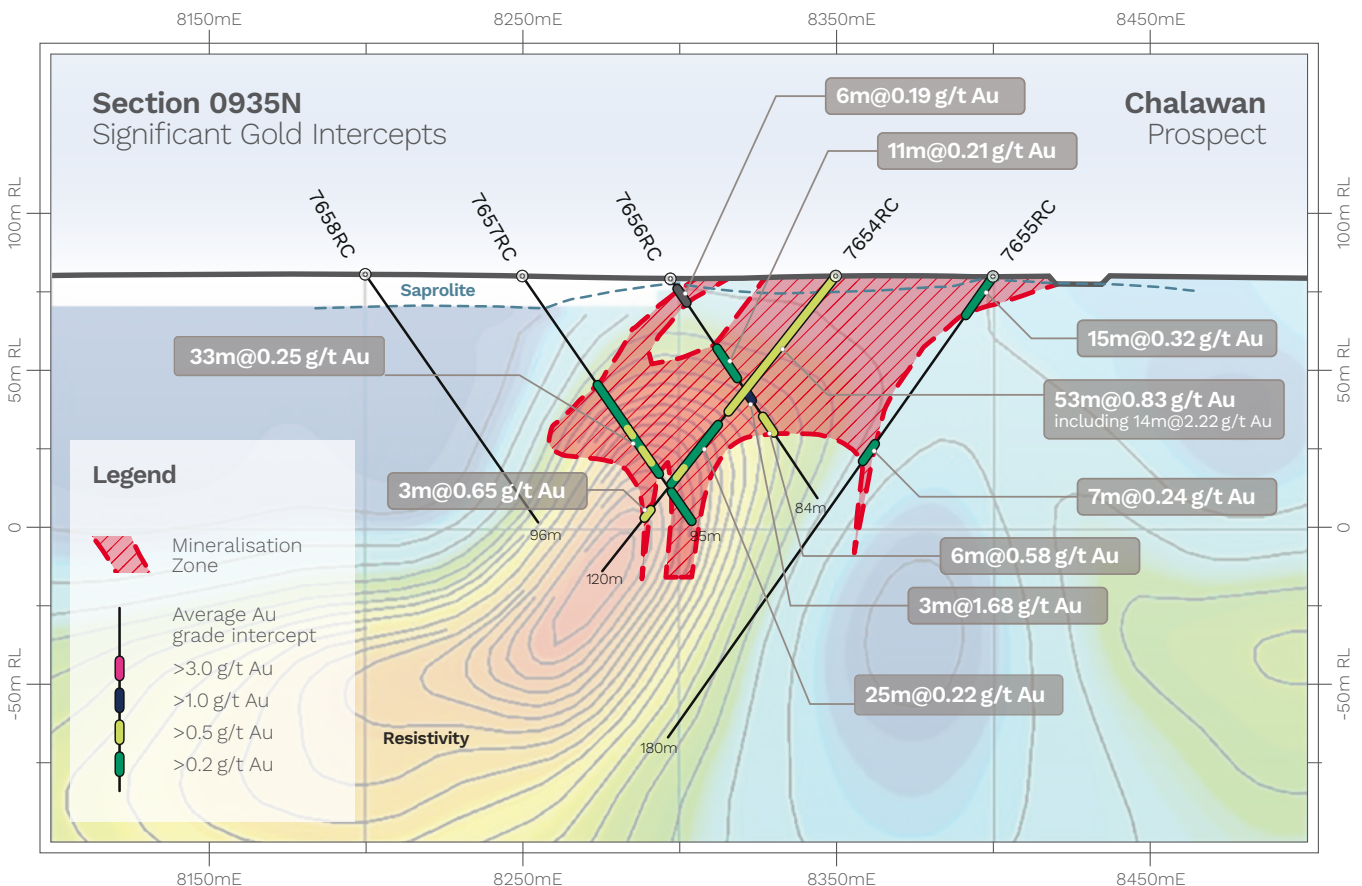
Following significant assay results from rock samples, RAB and RC drilling was conducted to find the continuity of the ore zone from B prospect. Five RC holes were drilled along section line 0935N and discovered a low-medium grade near surface ore zone with significant intercepts.

- › **7654RC: 53m@0.83 g/t Au** from 1 to 54m (43.99 gram-metre) including **14m@2.22 g/t Au** from 40 to 54m.
- › **7655RC: 15m@0.32 g/t Au** from 0 to 15m
- › **7656RC: 3m@1.68 g/t Au** from 44 to 47m
- › **7657RC: 33m@0.25 g/t Au** from 42 to 75m

The 53m@0.83 g/t Au (44 gram-metre) was intercepted at the Chalawan Prospect from 1m down in depth. This near surface ore zone, which

is in the vicinity of the Chatree Gold Mine, will be followed up by RC drilling together with other targets from RAB drilling nearby.

In addition, several low-grade intercepts were also found in 7655RC, 7656RC and 7657RC, which require further drilling to check the continuity of the ore zone along the strike (north and south).



^ **Figure 5:** Au intercepts highlight along cross section line 0935N in Chalawan Prospect

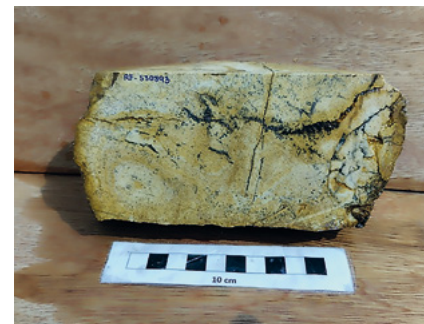
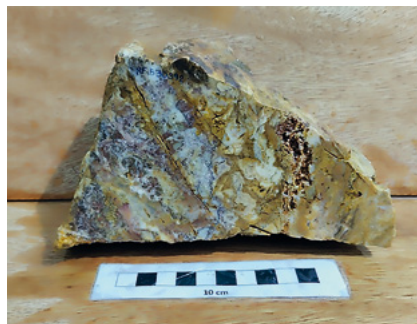
✓ Table 3: RC drilling assay highlight

Area	Hole ID	Easting local	Northing local	Azimuth local	Dip °	Hole Depth m	From m	To m	Interval m	Au g/t	Including
CLW	7654RC	8344	0935	270	-60	120	1	54	53	0.83	14m@2.22 g/t Au (40–54m)
							59	84	25	0.22	3m@0.53 g/t Au (79–82m)
							96	99	3	0.65	
	7655RC	8397	0935	270	-60	170	0	15	15	0.32	
							65	72	7	0.24	
	7656RC	8296	0935	90	-55	84	4	10	6	0.19	
							28	39	11	0.21	
							44	47	3	1.68	
							53	59	6	0.58	
	7657RC	8243	0935	90	-55	95	42	75	33	0.25	2m@0.6 g/t Au (60–62m) 4m@0.64 g/t Au (67–71m)
							84	95	11	0.28	

Jorakae (JRK) Prospect

Geological mapping along a small creek and pond continues to find silicified rhyolitic tuff with elevated Au, assaying 0.37, 0.46 g/t Au, and 0.85 g/t Au. These samples extend the low grade mineralised zone to the north from the area previously found from RAB drilling.

RAB drilling with hole spacing of 25–50m focussed in a paddy field area south of the small creek where elevated Au was found from outcrop of silicified rhyolitic tuff. Significant RAB assay results returned which yielded a maximum of 8.6 g/t Au. RAB drilling exposed widespread phyllic alteration and silicified rhyolitic tuff with quartz vein.



^ Figure 6: Rock slab of silicified rock with 0.85 g/t Au (RF530392) and silicified rhyolitic tuff with 0.37 g/t Au (RF530393) in Jorakae Prospect

✓ Table 4: RAB drilling assay highlight

Area	Hole ID	Easting local	Northing local	Hole Depth m	From m	To m	Interval m	Au g/t	Including
JRK	33947RA	0025	6650	13	1	2	1	8.6	
	33951RA	9925	6650	7	3	7	4	0.93	1m@1.56 g/t Au (5–6m)
	33952RA	9900	6650	11	4	11	7	0.5	1m@1.02 g/t Au (5–6m)
	33953RA	9950	6650	8	6	8	2	1.06	1m@1.47 g/t Au (6–7m)



Figure 7: Map showing alteration zone (red hatching) in Jorakae Prospect, rock, RAB max Au and RC assay highlight

To date, the alteration zone with elevated Au identified from the RAB drilling results in this area, is approximately 1km wide but may be split into two main zones. The western zone appears to be wider. The mineralisation zone is expected to be in a north-south direction and is still open to the north and south.

The first phase of drilling consisted of three RC holes drilled in the area where RAB assay results of 0.9 and 1.03 g/t Au were reported. A near surface ore zone was uncovered by hole 7670RC with an intercept of 17m@0.65 g/t Au from 9–26m in phyllic altered and silicified rhyolitic tuff and polymictic rhyolitic breccia with 1–10% quartz vein and 1–3% disseminated pyrite.

Table 5: RC drilling assay highlight

Area	Hole ID	Easting local	Northing local	Azimuth local	Dip °	Hole Depth m	From m	To m	Interval m	Au g/t	Including
JRK	7670RC	9710	6400	90	-55	114	9	26	17	0.65	3m@1.10 g/t Au (14–17m)
	7672RC	9660	6400	90	-55	108	29 42	30 49	1 7	1.25 0.27	

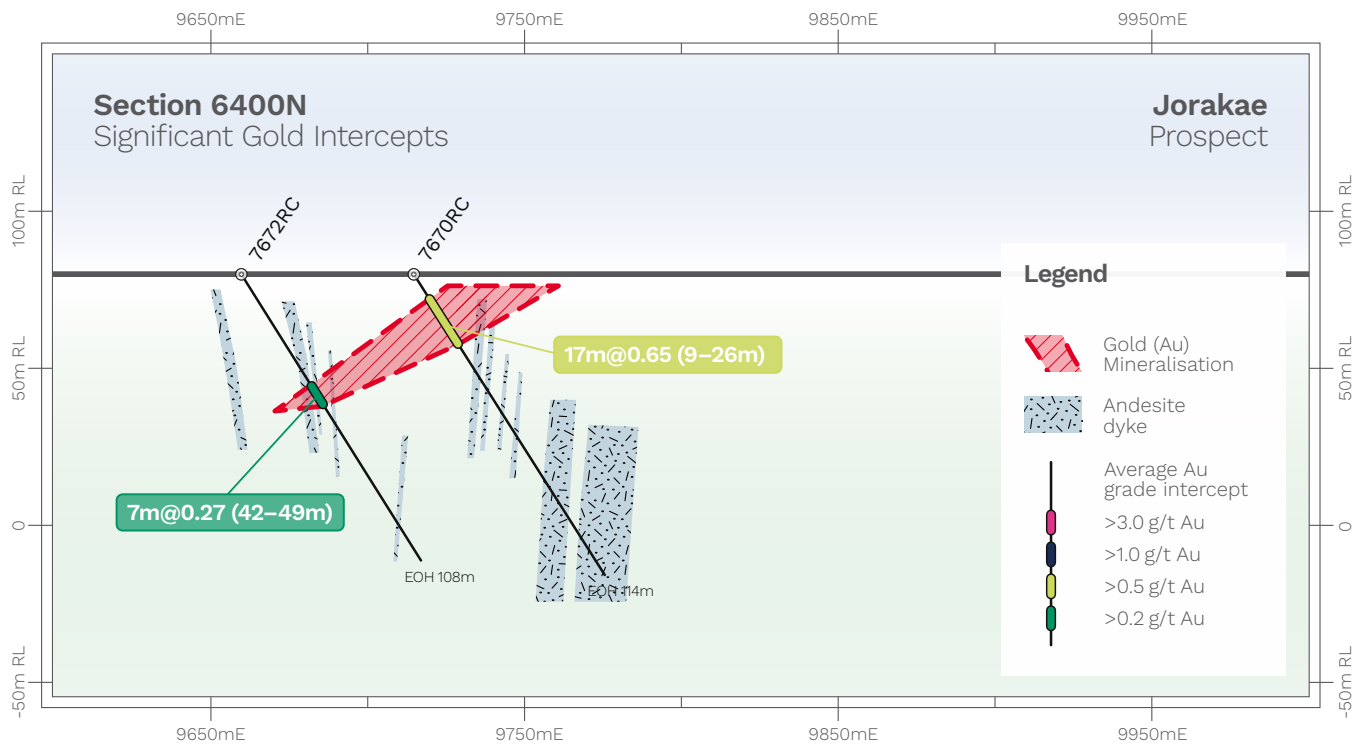


Figure 8: Section 6400N showing low grade Au intercept in 7670RC and 7672RC at Jorakae Prospect



Reverse circulation drilling

Ore Reserves and Mineral Resources

as at 30 June 2023

Ore Reserves

Source	Ore Reserves Classification	Tonnes (Million)	Grade		Contained Metal	
			Gold (g/t)	Silver (g/t)	Gold (M oz)	Silver (M oz)
Chatree	Proved	31	0.85	7.6	0.85	7.5
	Probable	20	0.67	7.0	0.43	4.4
	Total	51	0.77	7.3	1.28	11.9
Nueva Esperanza	Proved	–	–	–	–	–
	Probable	17	0.50	87	0.30	47.8
	Total	17	0.50	87	0.30	47.8
Total	Proved	31	0.85	7.6	0.85	7.5
	Probable	37	0.59	42.8	0.73	52.2
Total Proved and Probable Ore Reserves		68	0.71	27	1.58	59.7

Mineral Resources (inclusive of Ore Reserves)

Source	Resource Classification	Tonnes (Million)	Grade		Contained Metal	
			Gold (g/t)	Silver (g/t)	Gold (M oz)	Silver (M oz)
Chatree	Measured	73.2	0.69	6.2	1.63	14.6
	Indicated	49.8	0.64	5.6	1.02	8.9
	Inferred	40.6	0.59	4.5	0.77	5.9
	Total	163.6	0.65	5.6	3.42	29.4
Nueva Esperanza	Measured	1.6	0.01	93.0	0.0005	4.8
	Indicated	27.2	0.46	73.0	0.40	63.8
	Inferred	10.6	0.30	43.0	0.09	14.8
	Total	39.4	0.39	66.0	0.49	83.4
Total	Measured	74.8	0.68	8.1	1.63	19.4
	Indicated	77.0	0.58	29.4	1.42	72.7
	Inferred	51.2	0.53	12.5	0.86	20.7
Total Measured, Indicated and Inferred Mineral Resources		203.0	0.60	17.3	3.91	112.8

Notes to the Ore Reserves and Mineral Resources

1. Rounding errors are apparent.
2. Chatree metallurgical recoveries: 83.3% Au and 38.7% Ag based on metallurgical test work and plant performance.
3. Chatree Mineral Resources are reported at cut-off of 0.30 g/t Au.
4. Chatree Ore Reserves were estimated using a projected gold price of US\$1,700/oz and silver price of US\$22/oz and are reported at a cut-off grade of 0.35 g/t Au.
5. Nueva Esperanza metallurgical recoveries: 80% Au and 84% Ag estimated from test work by Kingsgate.
6. Nueva Esperanza Mineral Resource cut off is 0.5g/t gold equivalent, based on long term historical prices of US\$1,200/oz for gold and US\$19/oz for silver and combined life of mine average metallurgical recoveries of 80% Au and 84% Ag estimated from test work by Kingsgate giving the following formula: $AuEq (g/t) = Au (g/t) + Ag (g/t) \div 60$. It is Kingsgate's opinion that all elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold.
7. Nueva Esperanza Ore Reserves are based on a floating cut-off grade method. In this method each Resource block is subjected to a series of estimates to generate revenue and cost fields that are used to determine a breakeven cut-off grade.

Competent Persons Statement

Information relating to Chatree Mineral Resource estimates is extracted from the ASX: KCN announcement *Kingsgate Mineral Resources and Ore Reserves 2017* released 5 October 2017 and is available to view on www.kingsgate.com.au.

Information relating to Chatree Ore Reserve estimates is extracted from the ASX: KCN announcement *Kingsgate announces 46% increase in Chatree Ore Reserve* released 18 May 2022 and is available to view on www.kingsgate.com.au.

Information relating to Nueva Esperanza Mineral Resource estimates is extracted from the ASX: KCN announcement *Nueva Esperanza Mineral Resource Update* released 14 April 2016 and is available to view on www.kingsgate.com.au.

Information relating to Nueva Esperanza Ore Reserve estimates is extracted from the ASX: KCN announcement *Nueva Esperanza Pre-Feasibility Study Confirms Kingsgate Growth Strategy* released 14 April 2016 and is available to view on www.kingsgate.com.au.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements describing Mineral Resources and Ore Reserves referenced above, and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The information in this report that relates to the Chatree Mineral Resources is based on information compiled by Ron James, who is a consultant geologist to the Kingsgate Group. Ron James is a member of The Australasian Institute of Mining and Metallurgy and qualifies as a Competent Person. Mr James has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the *Australasian Code for Reporting of Mineral Resources and Ore Reserves*. Mr James has consented to the public reporting of these statements and the inclusion of the material in the form and context in which it appears.

The information in this report that relates to the Chatree Ore Reserve estimates is based on information compiled by Glen Williamson who is a member of the Australasian Institute of Mining and Metallurgy. Mr Williamson is a full time employee of AMC Consultants Pty Ltd and has sufficient relevant experience in the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the *Australasian Code for Reporting of Mineral Resources and Ore Reserves*. Mr Williamson has consented to the public reporting of these statements and the inclusion of the material in the form and context in which it appears. Mr Williamson has no potential for conflict of interest in relation to this report to Kingsgate Consolidated Limited.

Exploration, Mining and Special Prospecting Licences

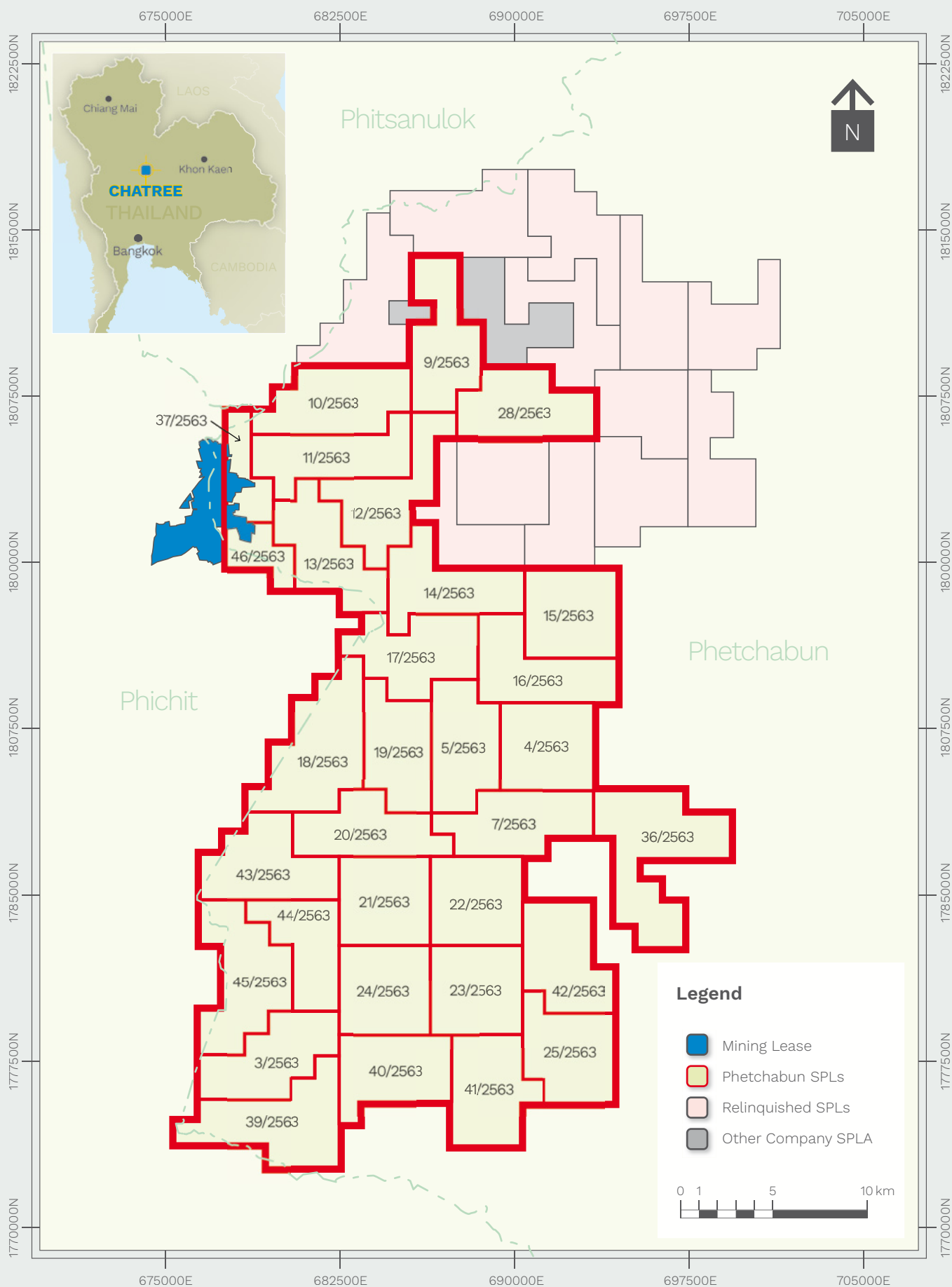
held by Kingsgate and/or its subsidiaries as at 30 June 2023

Chatree, Thailand

Mining Leases, Mining Lease Applications and Special Prospecting Licence applications for Akara Resources Public Company Limited as at 30 June 2023.

Mining licences

No.	ML/MLA	Province	Issue Date	Expiry Date	Rai	Application Date
1	26917/15804	Phichit	21/7/2008	20/7/2028	252-3-06	
2	26922/15805	Phichit	21/7/2008	20/7/2028	283-1-65	
3	26921/15806	Phichit	21/7/2008	20/7/2028	275-2-54	
4	26920/15807	Phichit	21/7/2008	20/7/2028	293-2-02	
5	26923/15808	Phichit	21/7/2008	20/7/2028	204-1-26	
6	32529/15809	Phetchabun	21/7/2008	20/7/2028	283-1-49	
7	32530/15810	Phetchabun	21/7/2008	20/7/2028	299-1-60	
8	32531/15811	Phetchabun	21/7/2008	20/7/2028	279-1-79	
9	32532/15812	Phetchabun	21/7/2008	20/7/2028	294-1-28	
10	25528/14714	Phetchabun	21/7/2008	20/7/2028	93-1-77	
11	26910/15365	Phichit	30/12/2021	29/12/2031	285-3-4	
12	26911/15366	Phichit	30/12/2021	29/12/2031	275-1-81	
13	26912/15367	Phichit	30/12/2021	29/12/2031	294-0-37	
14	25618/15368	Phetchabun	19/6/2000	18/6/2020	299-1-92	under licence renewal
15	MLA 6/2556	Phetchabun			57-2-93	16/7/2013
16	MLA 1/2559	Phichit			194-2-36	25/3/2016
17	MLA 2/2559	Phichit			51-0-28	25/3/2016
18	MPL 1/2551	Phichit/ Phetchabun	19/1/2022	18/1/2027	2439-0-75	



Special prospecting licence applications

No.	App No	Province	Area (Rai)
1	8/2549	Chantaburi	5,360
2	9/2549	Chantaburi	9,290
3	6/2555	Chantaburi	9,320
4	2/2550	Lop Buri	9,923
5	3/2550	Lop Buri	9,967
6	4/2550	Lop Buri	10,000
7	5/2550	Lop Buri	8,504
8	6/2550	Lop Buri	10,000
9	7/2550	Lop Buri	6,711
10	8/2550	Lop Buri	9,597
11	9/2550	Lop Buri	9,255
12	10/2550	Lop Buri	9,347
13	11/2550	Lop Buri	9,426
14	12/2550	Lop Buri	9,493
15	13/2550	Lop Buri	10,000
16	14/2550	Lop Buri	7,948
17	15/2550	Lop Buri	10,000
18	16/2550	Lop Buri	10,000
19	1/2551	Lop Buri	10,000
20	1/2549	Phichit	10,000
21	1/2550	Phichit	9,812
22	2/2550	Phichit	10,000
23	3/2550	Phichit	10,000
24	4/2550	Phichit	10,000
25	3/2554 & 1/2555	Phichit	9,850
26	4/2554 & 2/2555	Phichit	9,375
27	5/2554 & 3/2555	Phichit	9,440
28	6/2554 & 4/2555	Phichit	9,900
29	7/2554 & 5/2555	Phichit	8,919
30	8/2554 & 6/2555	Phichit	10,000
31	9/2554 & 7/2555	Phichit	10,000
32	10/2554 & 8/2555	Phichit	10,000
33	11/2554 & 9/2555	Phichit	10,000
34	12/2554 & 10/2555	Phichit	9,862
35	13/2554 & 11/2555	Phichit	9,500
36	14/2554 & 12/2555	Phichit	10,000
37	15/2554 & 13/2555	Phichit	9,500

No.	App No	Province	Area (Rai)
38	16/2554 & 14/2555	Phichit	7,519
39	1/2550	Phitsanulok	130
40	2/2550	Phitsanulok	1,050
41	10/2554	Phitsanulok	2,170
42	11/2554	Phitsanulok	8,695
43	12/2554	Phitsanulok	1,300
44	13/2554	Phitsanulok	9,868
45	14/2554	Phitsanulok	9,909
46	15/2554	Phitsanulok	8,973
47	16/2554	Phitsanulok	10,000
48	17/2554	Phitsanulok	9,460
48	18/2554	Phitsanulok	10,000
50	19/2554	Phitsanulok	9,635
51	20/2554	Phitsanulok	10,000
52	21/2554	Phitsanulok	10,000
53	22/2554	Phitsanulok	10,000
54	23/2554	Phitsanulok	10,000
55	24/2554	Phitsanulok	4,072
56	25/2554	Phitsanulok	3,869
57	26/2554	Phitsanulok	9,393
58	27/2554	Phitsanulok	8,700
59	1/2550	Phetchabun	9,019
60	2/2550	Phetchabun	9,992
61	3/2550	Phetchabun	10,000
62	4/2550	Phetchabun	586
63	3/2553	Phetchabun	9,576
64	4/2553	Phetchabun	10,000
65	1/2549	Rayong	7,300
66	4/2554	Saraburi	9,381
67	5/2554	Saraburi	9,500
68	6/2554	Saraburi	9,460
69	7/2554	Saraburi	7,106
70	8/2554	Saraburi	9,656
71	9/2554	Saraburi	9,921
72	10/2554	Saraburi	10,000
Total (Rai):			626,539
Total (Km²):			1,002.46

Special prospecting licences

No.	SPL No	Province	Issue Date	Expiry Date	Area (Rai)
1	3/2563	Phetchabun	26/10/2020	25/10/2025	9,375
2	4/2563	Phetchabun	26/10/2020	25/10/2025	9,672
3	5/2563	Phetchabun	26/10/2020	25/10/2025	9,107
4	7/2563	Phetchabun	26/10/2020	25/10/2025	9,798
5	9/2563	Phetchabun	26/10/2020	25/10/2025	10,000
6	10/2563	Phetchabun	26/10/2020	25/10/2025	10,000
7	11/2563	Phetchabun	26/10/2020	25/10/2025	10,000
8	12/2563	Phetchabun	26/10/2020	25/10/2025	10,000
9	13/2563	Phetchabun	26/10/2020	25/10/2025	9,009
10	14/2563	Phetchabun	26/10/2020	25/10/2025	9,997
11	15/2563	Phetchabun	26/10/2020	25/10/2025	9,716
12	16/2563	Phetchabun	26/10/2020	25/10/2025	9,858
13	17/2563	Phetchabun	26/10/2020	25/10/2025	9,599
14	18/2563	Phetchabun	26/10/2020	25/10/2025	8,916
15	19/2563	Phetchabun	26/10/2020	25/10/2025	9,069
16	20/2563	Phetchabun	26/10/2020	25/10/2025	9,375
17	21/2563	Phetchabun	26/10/2020	25/10/2025	10,000
18	22/2563	Phetchabun	26/10/2020	25/10/2025	10,000
19	23/2563	Phetchabun	26/10/2020	25/10/2025	10,000
20	24/2563	Phetchabun	26/10/2020	25/10/2025	9,976
21	25/2563	Phetchabun	26/10/2020	25/10/2025	10,000
22	28/2563	Phetchabun	26/10/2020	25/10/2025	9,375
23	36/2563	Phetchabun	26/10/2020	25/10/2025	9,005
24	37/2563	Phetchabun	26/10/2020	25/10/2025	2,112
25	39/2563	Phetchabun	26/10/2020	25/10/2025	9,604
26	40/2563	Phetchabun	26/10/2020	25/10/2025	10,000
27	41/2563	Phetchabun	26/10/2020	25/10/2025	10,000
28	42/2563	Phetchabun	26/10/2020	25/10/2025	10,000
29	43/2563	Phetchabun	26/10/2020	25/10/2025	8,900
30	44/2563	Phetchabun	26/10/2020	25/10/2025	7,985
31	45/2563	Phetchabun	26/10/2020	25/10/2025	9,350
32	46/2563	Phetchabun	26/10/2020	25/10/2025	1,034
Total (Rai):					290,832
Total (Km ²):					465.3312

Nueva Esperanza, Chile

Tenements for Laguna Resources Chile Limitada (LRC), (a wholly owned subsidiary of Kingsgate Consolidated Limited) as at 30 June 2023.

Mining licences

ID	ID File	Name	Owner	Area (Ha)	Observation
1	031022897-4	PASCUA I 1/20	LRC	200	Constituted
2	031022894-K	PASCUA II 1/30	LRC	300	Constituted
3	031022895-8	PASCUA III 1/30	LRC	300	Constituted
4	031022896-6	PASCUA IV 1/20	LRC	200	Constituted
5	031021296-2	ROBINSON 1/14	LRC	94	Constituted
6	031021193-1	PASCUA 1/328	LRC	1131	Constituted
7	031021169-9	PENA 1/181	LRC	905	Constituted
8	031023646-2	NEGRA 1/1003	LRC	4,545	Constituted
9	031021152-4	NEGRA 1/1003	LRC	370	Constituted
10	031022998-9	REEMPLAZO A 1/10	LRC	10	Constituted
11	031022999-7	REEMPLAZO B 1/5	LRC	5	Constituted
12	031022318-2	NEGRA 1/1003	LRC	100	Constituted
13	031021151-6	FLOR 1/20	LRC	100	Constituted
14	031021192-3	CANARIAS 1/414	LRC	1,066	Constituted
15	031026465-2	CRISTAL 54 B 1/40	LRC	200	Constituted
16	031026466-0	GASTON B 1/40	LRC	88	Constituted
17	03201C776-3	PACITA 1A, 1/40	LRC	196	Constituted
18	03201C777-1	PACITA 2A, 1/40	LRC	200	Constituted
19	03201C778-K	PACITA 3A, 1/40	LRC	200	Constituted
20	03201C779-8	PACITA 4A, 1/40	LRC	200	Constituted
21	03201C780-1	PACITA 5A, 1/40	LRC	200	Constituted
22	03201C893-K	PACITA 6A, 1/20	LRC	100	Constituted
23	03201C781-K	PACITA 7A, 1/40	LRC	200	Constituted
24	03201C782-8	PACITA 8A, 1/40	LRC	200	Constituted
25	03201C783-6	PACITA 9A, 1/40	LRC	200	Constituted
26	03201C784-4	PACITA 10A, 1/40	LRC	200	Constituted
27	03201C785-2	PACITA 11A, 1/40	LRC	200	Constituted
28	03201C786-0	PACITA 12A, 1/40	LRC	200	Constituted
29	03201C787-9	PACITA 13A, 1/40	LRC	200	Constituted

Mining licences

ID	ID File	Name	Owner	Area (Ha)	Observation
30	03201C788-7	PACITA 14A, 1/20	LRC	100	Constituted
31	03201C790-9	PACITA 16A, 1/32	LRC	144	Constituted
32	03201C791-7	PACITA 17A, 1/20	LRC	80	Constituted
33	03102Q947-5	PACITA 19D	LRC	200	Constituted
34	03102Q948-3	PACITA 20D	LRC	300	Constituted
35	03102Q949-1	PACITA 21D	LRC	200	Constituted
36	03102Q950-5	PACITA 22D	LRC	200	Constituted
37	03102Q951-3	PACITA 23D	LRC	200	Constituted
38	03102Q952-1	PACITA 24D	LRC	200	Constituted
Total (Ha):				13,734	

Tenements in progress

ID	ID File	Name	Owner	Area (Ha)	Observation
39	03201P647-4	PACITA 6D	LRC	100	In Progress
Total (Ha):				100	

Directors' Report

For personal use only

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 year ended 30 June 2023.

Directors

The following persons were Directors of Kingsgate Consolidated Limited during the year ended 30 June 2023 and up to the date of this report, except where noted.

Ross Smyth-Kirk

Executive Chairman

Jamie Gibson

Managing Director and Chief Executive Officer – appointed 4 July 2023, previously Managing Director and acting Chief Executive Officer appointed 3 February 2023

Nucharee Sailasuta

Non-Executive Director – appointed 3 February 2023

Peter Warren

Non-Executive Director

Peter Alexander

Non-Executive Director – resigned 1 February 2023

Principal activities

Kingsgate is a gold and silver mining, development and exploration company based in Sydney, Australia. Kingsgate owns and operates the Chatree Gold Mine ("Chatree") in Thailand. In addition, the Company has an advanced development project, Nueva Esperanza, in the highly prospective Maricunga Gold/Silver Belt 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 year ended 30 June 2023 (30 June 2022: nil).

Review of operations and results

Operational Performance Chatree

Akara Resources Public Company Limited (Akara), a subsidiary of Kingsgate, officially reopened the Chatree Gold Mine in March 2023 following approval by the Department of Primary Industries and Mines in Thailand.

Since operations recommenced in March 2023, 9,705 ounces of gold (Au) and 112,097 ounces of silver (Ag) were produced as of 30 June 2023.

During the year, there was a successful re-start with our LotusHall Mining contracting partners, moving rehandled materials from stockpiles to the Run of Mine (ROM). Total material hauled was 714,763 tonnes comprising:

- › Low grade – 91,160.5 tonnes @Au 0.61 g/t and Ag 10.12 g/t.
- › Marginal grade – 623,603 tonnes @Au 0.51 g/t and Ag 9.85 g/t.

The TSF#1 (Tailings Storage Facility) Rehabilitation plan was re-started with 183,638 Non-Acid-Forming tonnes placed to 30 June 2023 by our local contractor Narachi Mining.

During the year, refurbishment of Plant #2 was completed on time and under budget by CR3, a Thai based international engineering firm. Following commissioning, 737,174 dry tonnes were crushed and 723,006 dry tonnes were milled at an average grade of Au 0.55 g/t and Ag 9.71 g/t. Recoveries averaged 83.2% for gold and 56.8% for silver.

Plant #2 continues to perform above expectations and run above nameplate capacity of 2.7 million tonnes per annum.

Following the first gold pour on 23 March 2023, 12 shipments of doré bars were delivered to Precious Metal Refining Co. Limited (PMR) on a weekly basis.

During the year a stockpile density assessment was completed which yielded approximately one million additional tonnes of ore which equates to an additional 14,338 ounces of gold and 248,426 ounces of silver.

Kingsgate secured a range of BOI (Board of Investment) incentives available to Akara over an eight year period, including an exemption from the 20% corporate income tax rate up to a cap of 3.25 billion Thai baht. The TAFTA award deferral remains in place until 31 December 2023.

Final preparations are underway ahead of a restart to mining operations at the Quartz Lease and work continues of the Plant #1 Overhaul Project and to bring the Chatree Gold Mine back up to its full operational capacity of 5 to 5.5 million tonnes per annum in 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.

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. No exploration work was carried out during the period and management costs were kept to a minimum.





Financing

At the end of June 2023, Kingsgate's Group cash totalled \$8.9 million. This does not include \$0.7 million of refundable bank guarantees relating to rehabilitation obligation in respect of the 32 SPLs held by Akara Resources at the end of the year and \$1.4 million deposit on mining licence.

Placement and Share Purchase Plan (SPP)

On 28 March 2023, the Company announced the successful completion of a placement to institutional investors at an issue price of \$1.50 per share, raising \$46 million.

The Company also announced a Share Purchase Plan to existing shareholders in April 2023. The SPP provided the opportunity to acquire up to \$30,000 of fully paid ordinary shares in Kingsgate without incurring any brokerage fees. The SPP was issued at \$1.50 per share, raising \$8.6 million.

The Placement and SPP raised \$54.6 million, issuing 36,431,239 shares. The total cost of \$2.8 million, was deducted from shareholder equity.

Advances from preference shareholder

On 25 November 2022, Akara Resources Public Company Limited (Akara) received an unsecured 200 million Thai baht advance from the preference shareholder. On 22 February 2023, Akara received an additional cash advance of 100 million Thai baht from the preference shareholder. Both advances are repayable in 12 months from drawdown with 12% interest rate.

Repayment of Secured Bridge Facility

On 10 May 2022 a secured Bridge Facility of US\$15 million was entered into with Taurus Mining Finance Fund No.2 L.P. (Taurus). The first tranche of US\$7.5 million was drawn on 11 May 2022 and the second tranche of US\$7.5 million was drawn on 22 July 2022. On 31 March 2023, US\$15 million loan was fully repaid out of the net proceeds received by the Group from a placement.

Under the terms of the Bridge Facility, 2,500,000 options were issued to Taurus during the year ended 2022 and have the following conditions attached to them:

- › each option will entitle the holder to subscribe for one ordinary share of the Company;
- › options are granted for no consideration; and
- › options granted under the plan carry no dividend or voting rights.

Financial results

	2023	2022	2021	2020	2019
Net profit/(loss) after tax ('000)	4,738	(12,420)	(8,877)	(24,244)	8,375
EBITDA ('000)	11,072	(10,406)	(7,415)	(22,782)	15,958
Dividends paid (Cash & DRP) (\$'000)	–	–	–	–	–
Share price 30 June (\$)	1.51	1.33	0.84	0.40	0.26
Basic earnings/(loss) per share (Cents)	2.06	(5.61)	(4.00)	(10.84)	3.70
Diluted earnings/(loss) per share (Cents)	2.04	(5.61)	(4.00)	(10.84)	3.70

Kingsgate has recorded a net profit after income tax of \$4.7 million for the year ended 30 June 2023. This result includes a gain of \$60 million arising from a reversal of the inventory stockpiles write-down to the net realisable value and gold sales of 8,437 ounces at an average gold price received of US\$1,964 per ounce, offset by an increase of rehabilitation provision for \$11.4 million charged to profit and loss.

Direct costs of mining and processing was \$16.3 million, a result of the production at Chatree of 9,705 ounces of gold and 112,097 ounces of silver.

Reversal of previously recorded inventory write-down to net realisable value

Refurbishment of Chatree Plant #2 was completed in early March 2023 and on 15 March 2023, the permission to reopen the Chatree mine was granted. Since that date the Group has used the refurbished Chatree Plant #2 to start processing the available inventory stockpiles. The first gold pour occurred on 23 March 2023.

A reversal of the inventory stockpiles write-down to the net realisable value resulted in a gain of \$60 million recognised at 30 June 2023. No reversal of impairment in respect of Chatree Plant #2 has been recorded.

The net realisable value of the inventory stockpile has been determined based on the accounting policy for inventory described in Note 2i. The determination of net realisable value involves significant judgement and accounting estimates in relation to the selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale. Refer Note 3(i) for details.

Production Summary

	Units	FY2023
Ore Treated	tonnes	723,006
Head Grade – Gold	Au g/t	0.55
Head Grade – Silver	Ag g/t	9.71
Gold Recovery	%	83.2
Silver Recovery	%	56.8
Gold Poured	ounces	9,705
Silver Poured	ounces	112,097

Revenue Summary

Gold sold	ounces	8,437
Silver sold	ounces	97,693
Average Gold Price Received	US\$/oz	1,964
Average Silver Price Received	US\$/oz	23

Receipt of the official Board of Investment Certificate

Kingsgate's Thai controlled entity Akara Resources Public Company Limited (Akara) received on 8 June 2023 approval from the Royal Thai Board of Investment (BOI) for investment promotion application for the Chatree Gold Mine. This approval provides Akara an eight year exemption including:

- › the 20 per cent corporate income tax rate, up to a cap of 3.25 billion Thai baht;
- › the 10 per cent 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 export.

The start of the promotion period was 20 March 2023.

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.

For the year ended 30 June 2023, the Group recorded a net profit before tax of \$4,738,000 (2022: loss of \$12,420,000), which included a non-cash reversal of a previous inventory write-down of \$59,822,000, experienced net cash outflows from operating and investing activities of \$51,147,000 (2022: \$12,155,000) and as at that date held cash and cash equivalents of \$8,921,000 (2022: \$7,424,000).

The Group is continuing to develop the Chatree Gold Mine including the overhaul of Chatree Plant #1, while processing available inventory stockpiles through Plant #2. The cash flow generated from these operations is currently not sufficient to fund the ramp up of mining operations and overhaul of Chatree Plant #1.

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 Chatree Plant #1 overhaul and ramp up mining operations to generate sufficient operating cash flows, the Group is dependent on being successful in:

1. negotiating and implementing additional financing facilities in the order of \$25 to \$30 million; and/or
2. deferring the repayment of the Akara preference shareholder Nucharee Sailasuta advances of 300 million Thai baht (\$12,756,000) (see Note 16b) and the liability relating to Preference Shares (see Note 16a) for a period of more than twelve months from the end of September 2023; and/or
3. deferring, if necessary, the timing for completion of Chatree Plant #1 overhaul schedule and managing the balances owed to creditors; and/or
4. completing the sale of the Nueva Esperanza Project; and/or
5. an equity raising.

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 year ended 30 June 2023 contains an independent auditor's 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 (a) to the financial report.

Material business risks

As a mining company, we operate in a dynamic and complex environment where various factors and risks can impact our operations, financial performance, and sustainability. It is crucial for our stakeholders to be aware of the material business risks we face. While we strive to manage these risks effectively, there can be no assurance that they will not have a significant impact on our business in the future. The following are the material business risks that could affect our Group:

Capital and Financing Risk

Access to capital for exploration, development, and expansion projects is essential for our growth. Financial market conditions, interest rates, and credit availability can influence our ability to raise funds. The Group's ability to successfully develop projects is contingent on the ability to fund those projects from operating cash flows or through affordable debt and equity raisings.

Political, economic, social and security risks

Kingsgate's activities are subject to the political, economic, social and other risks and uncertainties in the jurisdictions in which those activities are undertaken, including changes in government policies, local community relations, and potential disruptions due to protests or conflicts in the regions where we operate.

As evidenced by the decision by the Thai Government that the Chatree Gold Mine must cease operation by 31 December 2016, there can be no certainty as to what changes, if any, will be made to relevant laws in the jurisdictions where the Company has current interests, or other jurisdictions where the Company may have interest in the future, or the impact that relevant changes may have on Kingsgate's ability to own and operate its mining and related interests and to otherwise conduct its business in those jurisdictions.

Commodity Prices Volatility and Exchange Rates

Commodity prices fluctuate according to changes in demand and supply. The Group is exposed to changes in commodity prices, which could affect the profitability of the Group's projects. Significant adverse movements in commodity prices could also affect the ability to raise debt and equity to fund exploration and development of projects. The Group will be exposed to changes in the US Dollar.

Mineral resources and ore reserves

Ore reserves and mineral resources are estimates. These estimates are substantially based on interpretations of geological data obtained from drill holes and other sampling techniques. Actual mineralisation or geological conditions may be different from those predicted and as a consequence there is a risk that any part, or all of the mineral resources, will not be converted into reserves.

Market price fluctuations of gold and silver as well as increased production and capital costs, may render ore reserves unprofitable to develop at a particular site for periods of time.

Mining risks and insurance risks

These risks and hazards could result in significant costs or delays that could have a material adverse impact on the Group's financial performance and position.

The Group maintains insurance to cover some of these risks and hazards at levels that are believed to be appropriate for the circumstances surrounding each identified risk. However, there remains the possibility that the level of insurance may not provide sufficient coverage for losses related to specific loss events.

Regulatory Risk

The Group's activities are subject to obtaining and maintaining the necessary titles, authorisations, permits and licences, and associated land access arrangements with the local community, which authorise those activities under the relevant law ("Authorisations"). There can be no guarantee that the Group will be able to successfully obtain and maintain relevant Authorisations to support its activities, or that renewal of existing Authorisations will be granted in a timely manner or on terms acceptable to the Group.

Authorisations held by or granted to the Group may also be subject to challenge by third parties which, if successful, could impact on Kingsgate's exploration, development and/or mining activities.

Reliance on contractors

Some aspects of Kingsgate's activities are conducted by contractors. As a result, the Group's business performance is impacted upon by the availability and performance of contractors and the associated risks.

Legal and Litigation Risk

We may face legal disputes related to contractual agreements, environmental claims, or other matters that can result in financial losses and damage to our reputation.

Community relations and reputational risk

The Group has established community relations functions that have developed a community engagement framework, including a set of principles, policies and procedures designed to provide a structured and consistent approach to community activities.

A failure to appropriately manage local community stakeholder expectations may lead to damage to the Group's reputation and disruptions in the Group's activities.

Health and Safety of Workers

Ensuring the health and safety of our employees is paramount. Health crises, such as pandemics, can disrupt operations and pose risks to our workforce.

Mining operations inherently involve risks related to equipment failures, accidents, and geological challenges. Ensuring the safety of our workforce and mitigating operational disruptions is a top priority.

Environmental, health and safety regulations

Stringent and extensive environmental regulations govern our industry. Failure to comply with these regulations can lead to fines, legal liabilities, and reputational damage. Adapting to evolving environmental standards is crucial. Delays in obtaining, or failure to obtain government permits and approvals may adversely affect the Group.

Climate Change and Sustainability

Climate change considerations, including carbon emissions and environmental sustainability, are increasingly important for our industry. Failure to address these issues can result in reputational harm and regulatory challenges.

Risk management

It is essential to note that these risks are interconnected, and their impact may vary based on market conditions, industry trends, and other factors. We are committed to proactive risk management, continuous improvement, and transparency in our reporting to mitigate these

material business risks and ensure the long-term success of our mining operations.

Please note that this list of material business risks is not exhaustive, and there may be other risks specific to our industry or individual circumstances that could affect our business. Our Board and management team regularly reviews and updates our risk assessment to adapt to changing conditions and implement strategies for risk mitigation.

Significant change in the state of affairs

Akara Resources Public Company Limited (Akara), a subsidiary of Kingsgate, officially reopened the Chatree Gold Mine in March 2023 following approval by the Department of Primary Industries and Mines in Thailand (see "Operational Performance" section of the Directors Report).

There were no other significant changes in the state of affairs of the Group that occurred during the financial year not otherwise disclosed in this report or the consolidated financial statements.

Matters subsequent to the end of the financial year

Mr Jamie Gibson was appointed as Managing Director and Chief Executive Officer of the Company 4 July 2023.

Mr Paul Mason resigned as Company Secretary 31 July 2023. Ms Stephanie Wen was appointed as General Counsel and Company Secretary 1 August 2023.

On 17 July 2023, Akara entered into a drilling agreement with LotusHall Mining Heavy Engineering Construction Co., Ltd (LotusHall), of which Ms Nucharee Sailasuta is the Managing Director, for drill and blast and grade control services for Chatree Gold Mine.

No other matter or circumstance has arisen since 30 June 2023 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.

Likely developments and expected results of operations

Kingsgate is focused on ramping up operations at the Chatree Gold Mine, Thailand, which includes restarting mining operations, and resuming a steady state production of between 100,000 and 120,000 ounces of gold per annum, as well as completing an aggressive near mine and regional exploration program.

The Company also expects to monetise or joint venture its advanced gold-silver development project, Nueva Esperanza, in Chile. Kingsgate will also continue to assess other viable gold project opportunities which may offer value enhancing opportunities for shareholders.

Material business risks that may impact the results of future operations include tenure risks, environmental risks, ore reserve and mineral resources estimates, production estimates and metallurgical recovery, sovereign risks, debt funding risks, future commodity prices, exchange rate risks, development risks, reliance on key personnel, operating risks, capital costs, operating costs, occupational health and safety, political and regulatory risks.

Environmental laws

The Group is subject to various environmental laws in respect to its activities in Thailand and Chile. For the year ended 30 June 2023, the Group has operated within all applicable environmental laws and regulations.

Directors' meetings

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2023, and the number of meetings attended by each Director were:

Directors	Board Meetings		Meetings of Committees					
			Audit		Nomination		Remuneration	
	A	B	A	B	A	B	A	B
Ross Smyth-Kirk	14	14	2	2	1	2	3	3
Jamie Gibson ¹	3	3	1	1	1	1	2	3
Nucharee Sailasuta ¹	2	3	N/A	N/A	N/A	N/A	N/A	N/A
Peter Warren	14	14	2	2	2	2	3	3
Peter Alexander ²	11	11	1	1	1	1	N/A	N/A

A Number of meetings attended.

B Number of meetings held during the time the Director held office or was a member of the committee during the year.

¹ Appointed 3 February 2023.

² Resigned 1 February 2023.

Information on Directors

Ross Smyth-Kirk OAM

B Com, CPA, F Fin

Executive Chairman

Ross Smyth-Kirk was a founding Director of the former leading investment management company, Clayton Robard Management Limited and has had extensive experience over a number of years in investment management including a close involvement with the minerals and mining sectors. He has been a Director of a number of companies over the past 43 years in Australia and the United Kingdom. Mr Smyth-Kirk is a former Chairman of the Australian Jockey Club Limited. He is Chairman of Kingsgate's wholly owned subsidiary, Akara Resources Public Company Limited.

Responsibilities

Chairman of the Board, member of the Audit Committee, Chairman of the Nomination and Remuneration Committees.

Jamie Gibson

GAICD

Managing Director and Chief Executive Officer – appointed 4 July 2023

Jamie Gibson is a highly experienced government and corporate professional with more than 25 years' experience, and has worked with Kingsgate since 2013 across corporate strategy, investor, media, and government relations. During this time, Jamie has built strong relationships with the Thai Government and community leaders around the Chatree Gold Mine, and continues to be an important member of the Kingsgate team that has successfully negotiated the Chatree restart.

Jamie is a Director of Kingsgate's wholly owned subsidiary, Akara Resources Public Company Limited. He is a former Chief Advisor in Mining Portfolios (metals and coal) and has high level international trade and investment experience. Jamie was formerly a Board Member and Vice President of the Australia Thailand Business Council and holds business and management qualifications from Macquarie University and the Sydney Institute of Technology respectively. Jamie is also a graduate of the Australian Institute of Company Directors.

Jamie was previously Managing Director and Acting Chief Executive Officer – appointed 3 February 2023

Responsibilities

Member of the Audit, Nomination and Remuneration Committees.

Nucharee Sailasuta

Non-Executive Director
– appointed 3 February 2023

Nucharee Sailasuta is currently the Managing Director of LotusHall Mining Heavy Engineering Construction Co., Ltd., Managing Director of Lotus Green Energy Co., Ltd., Thailand, and the owner of Pangluang Garden Resort & Restaurant Lampang, Thailand. Nucharee is a Thai business woman with strong mining credentials especially in effective mining management. Since 1983, she has worked in Gold, Copper, Quarry, Coal, Kaolin and Limestone mining operations, both in Thailand and in neighbouring countries, including the Sepon Gold & Copper Mine and Phubia Mining, located in Laos PDR.

In Thailand, Nucharee owns the FGD (Flue Gas Desulfurization) No.2 Project in partnership with EGAT ("the Electricity Generating Authority of Thailand") and has been the mining contractor at the Chatree Gold Mine since operations commenced in 2001. Nucharee is a Director of Kingsgate's wholly owned subsidiary, Akara Resources Public Company Limited. She is also the President of the Business Woman's Association of Lampang, Thailand, and works as a conciliator of Alternative Dispute Resolution for Lampang Court, Ministry of Justice, Thailand, and has won many awards during her impressive career.

Peter Warren

B Com, CPA

Non-Executive Director

Peter Warren was Chief Financial Officer and Company Secretary of Kingsgate Consolidated Limited for six years up until his retirement in 2011. He is a CPA of over 48 years standing, with an extensive involvement in the resources industry. He was Company Secretary and Chief Financial Officer for Equatorial Mining Limited and of the Australian subsidiaries of the Swiss based Alusuisse Group and has held various financial and accounting positions for Peabody Resources and Hamersley Iron. Mr Warren is a former Director of Kingsgate's wholly owned subsidiary, Akara Resources Public Company Limited.

Responsibilities

Chairman of the Audit Committee and member of the Nomination and Remuneration Committees.

Company Secretary

Stephanie Wen

GAICD, LLB, B Com.

General Counsel and
Company Secretary
– appointed 1 August 2023

Stephanie is an experienced legal professional with a strong background in corporate transactions and legal advisory services, both in Australia and the APAC region. Her expertise includes cross-border mergers and acquisitions, IPOs, and capital raising in Asian and Australian markets.

Previously, Stephanie held senior positions in the Legal and Compliance departments of renowned global financial institutions. She also served as a non-executive director for an ASX listed healthcare company. Stephanie holds a dual degree in Law and Commerce (LL B) (B.Com: Accounting) from the University of New South Wales, and a Master's degree in International Affairs (International Business and Finance) from Columbia University in New York. She is a graduate of the Australian Institute of Company Directors.

Paul Mason

BE, CA, AGIA

Company Secretary
– resigned 31 July 2023

Paul was previously the Company Secretary of Kingsgate from 2014 to 2015, following which he was appointed as Commercial Manager at the Group's Chatree Gold Mine, a position he held until the closure of the mine in January 2017. He is a Chartered Accountant, and an Associate Member of the Governance Institute of Australia. Paul has over 26 years of experience in the resources industry in company secretarial and finance roles.

Remuneration Report

Introduction

This Remuneration Report forms part of the Directors' Report. It outlines the Remuneration Policy and framework applied by the Company as well as details of the remuneration paid to Key Management Personnel ("KMP"). KMP are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including Directors and Executive Management.

The information provided in this report has been prepared in accordance with s300A and audited as required by section 308 (3c) of the *Corporations Act 2001*.

The objective of the Company's remuneration philosophy is to ensure that Directors and Executives are remunerated fairly and responsibly at a level that is competitive, reasonable and appropriate, in order to attract and retain suitably skilled and experienced people.

Remuneration Policy

The Remuneration Policy remains unchanged from last financial year. The Remuneration Policy has been designed to align the interests of shareholders, Directors, and employees. This is achieved by setting a framework to:

- › help ensure an applicable balance of fixed and at-risk remuneration, with the at-risk component linking incentive and performance measures to both Group and individual performance;
- › provide an appropriate reward for Directors and Executive Management to manage and lead the business successfully and to drive strong, long-term growth in line with the Company's strategy and business objectives;
- › encourage executives to strive for superior performance;
- › facilitate transparency and fairness in executive remuneration policy and practices;
- › be competitive and cost effective in the current employment market; and
- › contribute to appropriate attraction and retention strategies for Directors and executives.

In consultation with external remuneration consultants, the Group has structured an executive remuneration framework that is market competitive and aligned with the business strategy of the organisation.

The framework is intended to provide a mix of fixed and variable remuneration, with a blend of short and long-term incentives as appropriate. As executives gain seniority within the Group, the balance of this mix shifts to a higher proportion of "at risk" rewards.

Remuneration Governance

Role of the Remuneration Committee

The Remuneration Committee is a committee of the Board and has responsibility for setting policy for determining the nature and amount of emoluments of Board members and Executives. The Committee makes recommendations to the Board concerning:

- › Non-Executive Director fees;
- › remuneration level of Executive Directors and other KMP;
- › the executive remuneration framework and operation of the incentive plan;
- › key performance indicators and performance hurdles for the executive team; and
- › the engagement of specialist external consultants to design or validate methodology used by the Company to remunerate Directors and employees.

In forming its recommendations the Committee takes into consideration the Group's stage of development, remuneration in the industry and performance. The Corporate Governance Statement provides further information on the role of this committee.

Remuneration consultants

The Group engages the services of independent and specialist remuneration consultants from time to time. Under the *Corporations Act 2001*, remuneration consultants must be engaged by the Non-Executive Directors and reporting of any remuneration recommendations must be made directly to the Remuneration Committee.

The Remuneration Committee engaged the services of Godfrey Remuneration Group Pty Ltd in the 2013/2014 financial year to review its remuneration practice revisions and to provide further validation in respect of both the executive short-term and long-term incentive plan design methodology and standards. These recommendations covered the remuneration of the Group's Non-Executive Directors and KMP.

Godfrey Remuneration Group Pty Ltd confirmed that the recommendations from that review were made free from undue influence by members of the Group's KMP.

The following arrangements were implemented by the Remuneration Committee to ensure that the remuneration recommendations were free from undue influence:

- › Godfrey Remuneration Group Pty Ltd was engaged by, and reported directly to, the Chair of the Remuneration Committee. The agreement for the provision of remuneration consulting services was executed by the Chair of the Remuneration Committee under delegated authority on behalf of the Board; and
- › any remuneration recommendations by Godfrey Remuneration Group Pty Ltd were made directly to the Chair of the Remuneration Committee.

As a consequence, the Board is satisfied that the recommendations contained in the report were made free from undue influence from any members of the Group's KMP at the time this review was completed.

Executive Director and Key Management Personnel Remuneration

The executive pay and reward framework is comprised of three components:

- › fixed remuneration including superannuation;
- › short-term performance incentives; and
- › long-term incentives through participation in the Kingsgate Employee Share Option Plan ("ESOP").

Fixed remuneration

Total fixed remuneration ("TFR") is structured as a total employment cost package, including base pay and superannuation. Base pay may be delivered as a mix of cash, statutory and salary sacrificed superannuation, and prescribed non-financial benefits at the Executive's discretion.

Executives are offered a competitive base pay. Base pay for executives is reviewed annually to ensure their pay is competitive with the market. An executive's pay is also reviewed on promotion.

The following summarises the performance of the Group over the last five years:

	2023	2022	2021	2020	2019
Revenue	27,337	–	12,339	–	–
Net profit/(loss) after tax ('000)	4,738	(12,420)	(8,877)	(24,244)	8,375
EBITDA ('000s)	11,072	(10,406)	(7,415)	(22,782)	15,958
Share price at year end (\$/share)	1.51	1.33	0.84	0.40	0.26
Dividends paid (cent/share)	–	–	–	–	–
KMP short term employee benefits ('000s)	*1,333	*555	559	328	901

* see page 39 for table outlining the short term employee benefits.

Short-Term Incentives

Linking current financial year earnings of executives to their performance and the performance of the Group is the key objective of our Short-Term Incentive ("STI") Plan. The Remuneration Committee set key performance measures and indicators for the individual executives on an annual basis that reinforce the Group's business plan and targets for the year.

The Board has discretion to issue cash bonuses to employees for individual performance outside the STI Plan.

The structure of the STI Plan remains unchanged since 30 June 2016 and its key features are outlined in the table below:

What is the STI Plan and who participates?	The STI Plan is a potential annual reward for eligible Executive Key Management Personnel for achievement of predetermined individual Key Performance Indicators ("KPIs") aligned to the achievement of business objectives for the assessment period (financial year commencing 1 July).
How much can the executives earn under the STI Plan?	Threshold – represents the minimum acceptable level of performance that needs to be achieved before any Individual Award would be payable in relation to that Performance Measure. Managing Director/CEO – up to 15% of TFR. COO & CFO – up to 12.5% of TFR. Other KMP – up to 10% of TFR. Target – represents a challenging but achievable level of performance relative to past and otherwise expected achievements. It will normally be the budget level for financial and other quantitative performance objectives. Managing Director/CEO – up to 30% of TFR. COO & CFO – up to 25% of TFR. Other KMP – up to 20% of TFR. Stretch (Maximum) – represents a clearly outstanding level of performance which is evident to all as a very high level of achievement. Managing Director/CEO – up to 60% of TFR. COO & CFO – up to 50% of TFR. Other KMP – up to 40% of TFR. (TFR – Total Fixed Remuneration)
Is there Board discretion in the payment of an STI benefit?	Yes, the plan provides for Board discretion in the approval of STI outcomes.
What are the performance conditions?	For KMP between 70–80% of potential STI weighting (dependent upon role) is assessed against specific predetermined KPIs by role with 20–30% being based on company performance indicators.
How are performance targets set and assessed?	Individual performance targets are set by the identification of key achievements required by role in order to meet business objectives determined for the upcoming assessment period in advance. The criteria for KMP are recommended by the Managing Director/CEO for sign off by the Remuneration Committee and in the case of the Managing Director/CEO, are recommended by the Chairman by sign off by the Remuneration Committee. The relative achievement at the end of the financial period is determined by the above authorities with final sign off by the Remuneration Committee after confirmation of financial results and individual/company performance against established criteria. The Remuneration Committee is responsible for assessing whether the KPIs are met. To assist in this assessment, the Committee receives detailed reports on performance from management which are verified by independent remuneration consultants if required. The Committee has the discretion to adjust STIs in light of unexpected or unintended circumstances.

How is the STI delivered?	STIs are paid in cash after the conclusion of the assessment period and confirmation of financial results/individual performance and subject to tax in accordance with prevailing Australian taxation laws. The STIs are then in effect paid and expensed in the financial year subsequent to the measurement year.
What happens in the event of cessation of employment?	Executives are required to be employed for the full 12 months of the assessment period before they are eligible to be considered to receive benefits from the STI Plan.

Long-Term Incentives

The objectives of the LTI Plan are to retain key executives and to align an at-risk component of certain executives' remuneration with shareholder returns. The previously operating Kingsgate Long-Term Incentive ("LTI") plan, also referred to as the Executive Rights Plan, has been terminated. All outstanding Performance Rights and Deferred Rights vested on 1 July 2016 and the Performance Rights subsequently lapsed. The Executive Rights Plan was replaced by the Kingsgate Employee Share Option Plan ("ESOP"). The rules and terms and conditions of the ESOP have been independently reviewed.

Under the terms of the Kingsgate Employee Share Option Plan (ESOP) long-term incentives can be provided to certain employees through the issue of options to acquire Kingsgate shares. Options are issued to employees to provide incentives for employees to deliver long-term shareholder returns.

No executive was the recipient of options during the 2023 financial year.

Key features of the ESOP LTI Plan are outlined in the following table:

What is the LTI Plan and who participates?	Kingsgate executives and other eligible employees can be granted options to acquire Kingsgate Consolidated Limited fully paid shares. In granting the options the Board takes into account such matters as the position of the eligible person, the role they play in the Company, their current level of fixed remuneration, the nature of the terms of employment and the contribution they make to the Group.
What are the performance and vesting conditions?	The period over which the options vest is at the discretion of the Board though in general it is 1–3 years. The executive and eligible employee must still be employed by the Company at vesting date.
Is there a cost to participate?	The options may at the discretion of the Board be issued for nil consideration and are granted in accordance with performance guidelines established by the Remuneration Committee and approved by the Board.
What happens in the event of bonus shares, rights issues or other capital reconstructions?	If between the grant date and the date of conversion of options into shares there are bonus shares, rights issues or other capital reconstructions that affect the value of Kingsgate Consolidated shares, the Board may, subject to the ASX Listing Rules make adjustments to the number of rights and/or the vesting entitlements to ensure that holders of rights are neither advantaged or disadvantaged by those changes.

Directors and Key Management Personnel

Except where noted, the named persons held their current positions for the whole of the year and up to the date of this report.

Ross Smyth-Kirk	Executive Chairman
Jamie Gibson	Managing Director and Chief Executive Officer – appointed 4 July 2023, previously Managing Director and acting Chief Executive Officer appointed 3 February 2023
Nucharee Sailasuta	Non-Executive Director – appointed 3 February 2023
Peter Warren	Non-Executive Director
Peter Alexander	Non-Executive Director – resigned 1 February 2023

Changes since the end of the reporting period

There were no changes to Directors and Key Management Personnel since the end of the reporting period.

Contract terms of the Executive Directors and Key Management Personnel

Remuneration and other key terms of employment for the Senior Executives are summarised in the following table.

Name	Term of agreement	Fixed annual remuneration including superannuation		Notice period by Executive	Notice period by the Company ²
		FY 2023	FY 2022		
Ross Smyth-Kirk ³	Open	\$319,292 ¹	\$317,568 ¹	90 days	90 days
Jamie Gibson ⁴	Note 4	Note 4	N/A	90 days ⁴	90 days ⁴

¹ Amount shown are annual salaries as at year end. This amount does not include the director fees received from subsidiary.

² Notice period by the Company in respect of benefits payable in the event of an early termination only.

³ Ross Smyth-Kirk is on full time employment effective 1 July 2022.

⁴ Jamie Gibson became an executive director on 3 February 2023 and was remunerated pursuant to the terms and conditions of a Consultancy Agreement entered into between Mr Gibson and the Company. Pursuant to the Agreement, Mr Gibson is entitled to a payment of up to \$1,500 per day (inclusive of all entitlements) or as otherwise approved by Kingsgate, in respect of work performed for the Company. The Agreement may be terminated by either party by giving of 90 days notice, or earlier in the event of a default not remedied within 14 days.

Fixed annual remuneration, inclusive of the required superannuation contribution amount is reviewed annually by the Board following the end of the financial year.

Non-Executive Directors Fees

Non-Executive Directors are paid fixed fees for their services to the Company plus statutory superannuation contributions the Company is required by law to make on their behalf. Those fees are inclusive of any salary-sacrificed contribution to superannuation that a Non-Executive Director wishes to make.

The level of Non-Executive Directors fees is set so as to attract the best candidates for the Board while maintaining a level commensurate with boards of similar size and type. The Board may also seek the advice of independent remuneration consultants, including survey data, to ensure Non-Executive Directors' fees and payments are consistent with the current market.

Non-Executive Directors' base fees, inclusive of committee membership but not including statutory superannuation, are outlined as follows.

	Financial year ended 30 June 2023 ¹ \$	Financial year ended 30 June 2022 ¹ \$
Non-Executive Directors remuneration excluding superannuation	270,000	180,000
	270,000	180,000

¹ On an annualised basis for all Non-Executive Directors. This amount does not include director fees received from subsidiary.

The aggregate remuneration of Non-Executive Directors is set by shareholders in general meeting in accordance with the Constitution of the Company, with individual Non-Executive Directors remuneration determined by the Board within the aggregate total. The aggregate amount of Non-Executive Directors' fees approved by shareholders on 13 November 2008 is \$1,000,000.

Non-Executive Directors do not receive any additional fees for serving on committees of the Company.

There are no retirement allowances for Non-Executive Directors.

Additional Statutory Disclosures

Details of remuneration

Details of the nature and amount of each major element of the remuneration of the Directors and the Group Key Management Personnel are set out in the following tables:

Year ended 30 June 2023	Short-term benefits				Long-term benefits	Post-employment benefits	Total
	Cash salary and fees	Cash bonus ⁸	Non-monetary benefit ¹	Other benefits ²	Other benefits ²	Super-annuation	
Name	\$	\$	\$	\$	\$	\$	\$
Non-Executive Directors							
Nucharee Sailasuta³							
<i>Payable by Company</i>	36,964	–	–	–	–	–	36,964
<i>Paid by subsidiary</i>	16,424	–	–	–	–	–	16,424
Peter Warren	90,000	–	–	–	–	9,450	99,450
Peter Alexander⁴	52,500	–	–	–	–	5,513	58,013
Sub-total Non-Executive Directors Compensation	195,888	–	–	–	–	14,963	210,851
Executive Directors							
Ross Smyth-Kirk⁵							
<i>Paid by Company</i>	294,000	250,000	13,702	24,628 ⁶	547	25,292	608,169
<i>Paid by subsidiary</i>	81,009	–	–	–	–	–	81,009
Jamie Gibson⁷							
<i>Paid by Company</i>	207,143	250,000	–	–	–	–	457,143
<i>Paid by subsidiary</i>	16,424	–	–	–	–	–	16,424
Sub-total Executive Directors Compensation	598,576	500,000	13,702	24,628	547	25,292	1,162,745
TOTAL	794,464	500,000	13,702	24,628	547	40,255	1,373,596

¹ Non-Monetary benefit relates to car parking.

² Represents annual leave (short term) and long service leave (long term) entitlements, measured on an accrual basis, and reflects the leave expenses over the 12 month period.

³ Appointed 3 February 2023. See Note 23d related party transactions and Note 16 for borrowings.

⁴ Resigned 1 February 2023.

⁵ Full time employment effective 1 July 2022.

⁶ Benefits paid on 6 September 2023.

⁷ Managing Director and Chief Executive Officer appointed 4 July 2023, previously Managing Director and Acting Chief Executive Officer appointed 3 February 2023.

⁸ Cash bonus paid at the discretion of the Board.

Year ended
30 June 2022

Year ended 30 June 2022	Short-term benefits			Post-employment benefits	
Name	Cash salary and fees \$	Cash bonus \$	Non-monetary benefits ¹ \$	Super-annuation \$	Total \$
Non-Executive Directors					
Peter Alexander	90,000	–	–	9,000	99,000
Peter Warren	90,000	–	–	9,000	99,000
Sub-total Non-Executive Directors Compensation	180,000	–	–	18,000	198,000
Executive Chairman					
Ross Smyth-Kirk					
<i>Paid by Company</i>	294,000	–	1,509	23,568	319,077
<i>Paid by Subsidiary</i>	79,306	–	–	–	79,306
Sub-total Executive Chairman Compensation	373,306	–	1,509	23,568	398,383
TOTAL	553,306	–	1,509	41,568	596,383

¹ Non-monetary benefits relate primarily to car parking.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration 2023	STI/cash bonus 2023	At risk – LTI 2023
Executive Director			
Ross Smyth-Kirk	64%	36%	–
Jamie Gibson ¹	N/A	N/A	N/A

¹ Jamie Gibson became an Executive Director on 3 February 2023 and was remunerated pursuant to the terms and conditions of a Consultancy Agreement entered into between Mr Gibson and the Company. Pursuant to the Agreement, Mr Gibson is entitled to a payment of up to \$1,500 per day (inclusive of all entitlements) or as otherwise approved by Kingsgate, in respect of work performed for the Company.

Share Holdings 2023	Balance at start of year	Participation of Share Purchase Plan during the year	Other changes during the year	Balance at year end
Executive Chairman				
Ross Smyth-Kirk	5,076,725	1,333	–	5,078,058
Executive Director				
Jamie Gibson ¹	–	–	25,000 ¹	25,000
Non-Executive Director				
Nucharee Sailasuta	–	–	–	–
Peter Warren	200,000	20,000	–	220,000
Peter Alexander ²	46,487	–	(46,487) ²	–

¹ Jamie Gibson appointed 3 February 2023 and he bought 25,000 shares on-market on 28 April 2023.

² Peter Alexander resigned 1 February 2023 and at the time of his resignation he held 46,487 shares.

Loans to Directors

There were no loans made to Directors or other Key Management Personnel at any time during the year.

END OF THE REMUNERATION REPORT

Insurance of officers

During the financial year, the Group paid premiums to insure Directors and Officers of the Group. The contracts include a prohibition on disclosure of the premium paid and nature of the liabilities covered under the policy.

Directors' interest in contracts

a. Advances from preference shareholder (see Note 16b and Note 23d)

On 25 November 2022, Akara Resources Public Company Limited (Akara) received an unsecured THB200,000,000 advance from the preference shareholder Ms Nucharee Sailasuta. 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%	2024 ¹	8,504	8,504

¹ The advance from preference shareholder is repayable in 12 months from drawdown.

On 22 February 2023, Akara received an additional cash advance of THB100,000,000 from the preference shareholder Ms Nucharee Sailasuta. 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	Face value \$'000	Carrying amount \$'000
Advance from preference shareholder	THB	12%	2024 ²	4,252	4,252

² The advance from preference shareholder is repayable in 12 months from drawdown.

A total of \$588,000 interest was expensed and \$138,000 accrued at year end (see Note 16b for details).

b. Preference shares in controlled entity (see Note 16a and Note 23d)

Preference Shareholder interest in the amount of \$544,000 were expensed during the year and an amount of \$676,000 accrued at year end (see Note 16a for details).

c. Services provided to Chatree Gold Mine (see Note 23d)

LotusHall Mining Heavy Engineering Construction Co., Ltd (LotusHall), of which Ms Nucharee Sailasuta is the Managing Director, provided primarily ore rehandle services to Chatree Gold Mine during the year ended 30 June 2023. A total of \$2,013,000 was expensed during the year. At year end, \$827,000 is included in current payables.

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year are detailed in Note 29: Auditors' Remuneration. The Directors are satisfied that the provision of non-audit services during the period by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services disclosed in Note 29: Auditors' Remuneration to the financial statements do not compromise the external auditors' independence, based on the Auditors' representations and advice received from the Audit Committee, for the following reasons:

- › all non-audit services have been reviewed to ensure they do not impact the integrity and objectivity of the auditor; and
- › none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

A copy of the Auditor's Independence Declaration as required under section 307c of the *Corporations Act 2001* is set out in page 43.

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 have been rounded to the nearest thousand dollars except where otherwise indicated.

Auditors

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

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



Ross Smyth-Kirk OAM

Director

Sydney
29 September 2023

Auditor's Independence Declaration



Auditor's Independence Declaration

As lead auditor for the audit of Kingsgate Consolidated Limited for the year ended 30 June 2023, 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 audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

A handwritten signature in blue ink, appearing to read 'Craig Thomason'.

Craig Thomason
Partner

PricewaterhouseCoopers

Sydney
29 September 2023

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Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Sales revenue	5a	27,337	–
Cost of sales	5b	(23,500)	–
Gross profit		3,837	–
Exploration expenses		(7,408)	(4,274)
Care and maintenance expenses		(5,027)	(2,924)
Plant refurbishment expenses		(14,788)	–
Corporate and administration expenses	5c	(11,386)	(10,588)
Other income and expenses	5d	212	1,758
Foreign exchange (losses)/gain		(2,811)	5,521
Reversal of previously recorded inventory write-down to net realisable value	5e	59,822	–
Rehabilitation provision revision expenses	17	(11,444)	–
Profit/(loss) before finance costs and income tax		11,007	(10,507)
Finance income		57	5
Finance costs	5f	(6,326)	(1,918)
Net finance costs		(6,269)	(1,913)
Profit/(loss) before income tax		4,738	(12,420)
Income tax expense	6	–	–
Profit/(loss) after income tax		4,738	(12,420)
Other comprehensive income			
<i>Items that may be reclassified to profit and loss</i>			
Exchange differences on translation of foreign operations (net of tax)	19a	1,382	(5,010)
Total other comprehensive income/(loss) for the year		1,382	(5,010)
Total comprehensive income/(loss) for the year		6,120	(17,430)
Profit/(loss) attributable to:			
Owners of Kingsgate Consolidated Limited		4,738	(12,420)
Total comprehensive income/(loss) attributable to:			
Owners of Kingsgate Consolidated Limited		6,120	(17,430)

Earnings per share		Cents	Cents
Basic earnings/(loss) per share	30	2.06	(5.61)
Diluted earnings/(loss) per share	30	2.04	(5.61)

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 30 June 2023

	Note	2023 \$'000	2022 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	7	8,921	7,424
Restricted cash	7	649	–
Receivables	8	9,331	246
Inventories	9	34,800	–
Other assets	10	4,636	298
Total current assets		58,337	7,968
Non-current assets			
Inventory	9	29,681	–
Property, plant and equipment	11	120	98
Right-of-use assets	12	–	21
Exploration, evaluation and development	13	26,436	25,471
Intangibles	14	711	–
Other assets	10	11,439	10,202
Total non-current assets		68,387	35,792
TOTAL ASSETS		126,724	43,760
LIABILITIES			
Current liabilities			
Payables	15	16,889	8,866
Lease liability	12	–	20
Borrowings	16	12,756	8,960
Provisions	17	2,436	305
Total current liabilities		32,081	18,151
Non-current liabilities			
Payables	15	7,441	7,402
Borrowings	16	11,286	10,915
Provisions	17	25,867	15,186
Total non-current liabilities		44,594	33,503
TOTAL LIABILITIES		76,675	51,654
NET ASSETS / (LIABILITIES)		50,049	(7,894)
EQUITY			
Contributed equity	18	727,307	675,484
Reserves	19a	60,431	59,049
Accumulated losses	19b	(737,689)	(742,427)
TOTAL EQUITY/(NET DEFICIT)		50,049	(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 year ended 30 June 2023

	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	–	–	(12,420)	(12,420)
Total other comprehensive income for the year	–	(5,010)	–	(5,010)
Total comprehensive loss for the year	–	(5,010)	(12,420)	(17,430)
Transaction with owners in their capacity as owners:				
Payments for share buy-backs	(433)	–	–	(433)
Payments for share buy-backs expenses	(2)	–	–	(2)
Movement in share-based payment reserve	–	1,669	–	1,669
Total transaction with owners	(435)	1,669	–	1,234
Balance at 30 June 2022	675,484	59,049	(742,427)	(7,894)
Balance at 1 July 2022	675,484	59,049	(742,427)	(7,894)
Profit after income tax	–	–	4,738	4,738
Total other comprehensive income for the year	–	1,382	–	1,382
Total comprehensive income for the year	–	1,382	4,738	6,120
Transaction with owners in their capacity as owners:				
Issue of shares	54,647	–	–	54,647
Share issue costs	(2,824)	–	–	(2,824)
Total transaction with owners	51,823	–	–	51,823
Balance at 30 June 2023	727,307	60,431	(737,689)	50,049

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Receipts from customers		20,272	114
Payments to suppliers and employees (inclusive of GST/VAT)		(60,534)	(13,724)
Interest received		57	5
Finance costs paid		(5,059)	(171)
Net cash outflow from operating activities	25	(45,264)	(13,776)
Cash flows from investing activities			
Payment for property, and equipment		(22)	(21)
Payment for intangibles		(733)	–
Payments as a reduction of rehabilitation provision		(197)	–
Payment of deposits		(4,282)	(2)
Increase in restricted cash		(649)	–
Non-refundable proceeds from the sale of Nueva Esperanza Project		–	1,644
Net cash (outflow)/inflow from investing activities		(5,883)	1,621
Cash flows from financing activities			
Proceeds from issue of shares		54,647	–
Payments for share issue transaction costs		(2,815)	–
Proceeds from Secured Bridge Facility, net of transaction costs		10,808	10,110
Proceeds from advances from preference shareholder, net of transaction costs		12,658	–
Repayment of Secured Bridge Facility		(22,538)	–
Payment of lease liability		(20)	(83)
Payments for share buy-backs		–	(433)
Payments for share buy-back expenses		–	(2)
Net cash inflow from financing activities		52,740	9,592
Net increase/(decrease) in cash held		1,593	(2,563)
Cash at the beginning of the year		7,424	9,984
Effects of exchange rate on cash and cash equivalents		(96)	3
Cash at the end of the year		8,921	7,424

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

Notes to the Financial Statements

for the year ended 30 June 2023

For personal use only

The Financial Report of Kingsgate Consolidated Limited (Kingsgate or the "Company") for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of Directors on 29 September 2023.

Kingsgate is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange using the ASX code KCN. The consolidated financial statements of the Company as at and for the year ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "group entities"). A description of the nature of the Group's operations and its principal activities is included in the Directors' Report.

1. Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Company is a for-profit entity for the purpose of preparing the financial statements.

a. 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.

For the year ended 30 June 2023, the Group recorded a net profit before tax of \$4,738,000 (2022: loss of \$12,420,000), which included a non-cash reversal of a previous inventory write-down of \$59,822,000, experienced net cash outflows from operating and investing activities of \$51,147,000 (2022: \$12,155,000) and as at that date held cash and cash equivalents of \$8,921,000 (2022: \$7,424,000).

The Group is continuing to develop the Chatree Gold Mine including the overhaul of Chatree Plant #1, while processing available inventory stockpiles through Plant #2. The cash flow

generated from these operations is currently not sufficient to fund the ramp up of mining operations and overhaul of Chatree Plant #1.

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 Chatree Plant #1 overhaul and ramp up mining operations to generate sufficient operating cash flows, the Group is dependent on being successful in:

1. negotiating and implementing additional financing facilities in the order of \$25 to \$30 million; and/or
2. deferring the repayment of the Akara preference shareholder Nucharee Sailasuta advances of 300 million Thai baht (\$12,756,000) (see Note 16b) and the liability relating to Preference Shares (see Note 16a) for a period of more than twelve months from the end of September 2023; and/or
3. deferring, if necessary, the timing for completion of Chatree Plant #1 overhaul schedule and managing the balances owed to creditors; and/or
4. completing the sale of the Nueva Esperanza Project; and/or
5. an equity raising.

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.

b. Compliance with IFRS

The financial statements comply with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB").

c. Historical cost convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial instruments (including derivative instruments) at fair value through profit or loss. Comparative information is reclassified where appropriate to enhance comparability or in conformity with revised standards and interpretations.

d. Functional and presentation currency

The financial statements of the Group entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated statements are presented in Australian dollars, which is the Company's functional currency and presentation currency.

e. Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

f. Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity,



or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

g. New and amended standards adopted by the group

The Group has applied all the new standards and amendments that have been published and which are applicable for the first time for its annual reporting period commencing 1 July 2022. These standards and amendments did not have a material impact on the financial statements.

h. New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the financial statements.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented.

a. Principles of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred does not include amounts related to the settlement of a pre-existing relationship. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred. Any contingent consideration payable is recognised at fair value at the acquisition date.

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The non-controlling interest in the acquiree is based on the fair value of the acquiree's net identifiable assets. The adjustments to non-controlling interests are based on the proportionate amount of the net assets of the subsidiary. The acquisition of an asset or group of assets that is not a business is accounted for by allocating the cost of the transaction to the net identifiable assets and liabilities acquired based on their fair values.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

b. Foreign currency translation

(i) Transactions and balances

Foreign currency transactions are translated into the respective functional currencies of the Group entities at exchange rates on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss; except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or, are attributable to part of the net investment in a foreign operation.

Translation differences on assets and liabilities carried at fair value are reported as part of the

fair value gain or loss. Translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary assets are included in the fair value reserve in equity.

Exchange gains and losses which arise on balances between Group entities are taken to the foreign currency translation reserve where the intra-group balances are in substance part of the Group's net investment. Whereas a result of a change in circumstances, a previously designated intra-group balance is intended to be settled in the foreseeable future, the intra-group balance is no longer regarded as part of net investment. The exchange differences for such balance previously taken directly to the foreign currency translation reserves are recognised in the profit or loss.

(ii) Foreign operations

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- › the assets and liabilities of the foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the year-end exchange rate;
- › the income and expenses of foreign operations are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rate prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- › foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve.

c. Revenue

Revenue is measured at the fair value of the consideration received or receivable. Sales revenue represents the net proceeds receivable from the buyer.

Gold and silver sales

Revenue from contracts with customers is recognised when control of the goods is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

The Group recognises revenue from gold doré sales at the point where the doré is delivered to the buyer at the buyer's location.

d. Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is not recognised for:

- › temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- › temporary differences related to investments in subsidiaries where the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- › taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and, they relate to income taxes levied by the same tax authority on the same taxable entity.

Additional income tax expenses that arise from the distribution of cash dividends are recognised at the same time that the liability to pay the related dividend is recognised.

Tax consolidation

The Company and its wholly owned Australian resident entities formed a tax-consolidation group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidation group is Kingsgate Consolidated Limited.

Current tax expense or benefit, deferred tax assets and deferred tax liabilities arising from temporary differences of the members of the tax-consolidation group are recognised in the separate financial statements of the members of the tax-consolidation group using the “standalone taxpayer” approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation.

Current tax assets or liabilities and deferred tax assets arising from unused tax losses assumed by the head entity from the subsidiaries in the tax-consolidation group, are recognised as amounts receivable or payable to other entities in the tax-consolidation group in conjunction with any tax funding agreement amounts.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidation group to the extent that it is probable that future taxable profits of the tax-consolidation group will be available against which the asset can be utilised.

Tax funding and sharing agreements

The members of the tax-consolidation group have entered into a funding agreement that sets out the funding obligations of members of the tax-consolidation group in respect of tax amounts. The tax funding arrangements require payments to or from the head entity and any deferred tax asset assumed by the head entity, resulting in the head entity recognising an intra-group receivable or payable in the separate financial statements of the members of the tax-consolidation group equal in amount to the tax liability or asset assumed. The intra-group receivables or payables are at call.

The head entity recognises the assumed current tax amounts as current tax liabilities or assets adding to its own current tax amounts, since they are also due to or from the same taxation authority. The current tax liabilities or assets are equivalent to the tax balances generated by external transactions entered into by the tax-consolidated group.

The amounts receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end

of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

The members of the tax-consolidation group have also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the consolidated financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

Uncertain tax position

An uncertain tax treatment is any tax treatment applied by the Group where there is uncertainty over whether that treatment will be accepted by the tax authority. The Group is required to determine the uncertainty over income tax treatment by addressing the following:

- › the Group determines whether uncertain tax treatments should be considered separately, or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- › the Group determines if it is probable that the tax authorities will accept the uncertain tax treatment; and if it is not probable that the uncertain tax treatment will be accepted, the Group reflects the effect of the uncertainty in its income tax accounting in the period in which that determination is made (for example, by recognising an additional tax liability or applying a higher tax rate);
- › the Group measures the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty.

Based on the assessment completed by the Group, there is no material tax uncertainty that requires a tax liability to be recognised or that requires a different tax rate to be applied.

e. Leases

Where the Group has entered into a lease contract for the right to control the use of an asset over the lease term, the present value of future lease commitments is recognised as a liability on the balance sheet at commencement date, with the corresponding asset recognised as a right-of-use asset.

The lease liability represents the present value of the expected future lease payments, discounted at the consolidated entity's average incremental borrowing rate.

The right of use assets are classified as leases of property and are carried at cost less accumulated depreciation and impairment loss. The assets are amortised on a straight line basis over the shorter of the asset's useful life and the lease term.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

f. Impairment of assets

Assets other than goodwill and indefinite life intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

g. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

h. Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are due for settlement no more than 90 days from the date of recognition.

Collectability of trade and other receivables is reviewed on an ongoing basis. The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables.

The amount of the impairment loss is recognised in the income statement within other expenses. When a trade and other receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

i. Inventories

Raw materials and stores, work in progress and finished goods (including gold bullion), are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Stockpiles represent ore that has been extracted and is available for further processing. If there is significant uncertainty as to whether the stockpiled ore will be processed it is expensed as incurred. Where the future processing of this ore can be predicted with confidence, e.g. because it exceeds the mine's cut-off grade, it is valued at the lower of cost and net realisable value. If the ore will not be processed within the 12 months after the reporting date, it is included within non-current assets. Work in progress inventory includes ore stockpiles and other partly processed material. Quantities are assessed primarily through surveys and assays, and truck counts.

j. Non-derivative financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

k. Derivative financial instruments

Derivative financial instruments are used by the Group to protect against the Group's Australian dollar gold price risk exposures. The Group does not apply hedge accounting and accordingly all fair value movements on derivative financial instruments are recognised in the profit or loss.

Derivative financial instruments are stated at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the income statement immediately.

l. Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation

Depreciation and amortisation of mine buildings, plant, machinery and equipment is provided over the assessed life of the relevant mine or asset, whichever is the shorter.

Depreciation and amortisation is determined on a units-of-production basis over the estimated recoverable reserves from the related area. In some circumstances, where conversion of resources into reserves is expected, some elements of resources may be included. For mine plant, machinery and equipment, which have an expected economic life shorter than the life of the mine, a straight line basis is adopted.

The expected useful lives are as follows:

- › mine buildings – the shorter of applicable mine life and 25 years;
- › plant, machinery and equipment – the shorter of applicable mine life and 3-15 years depending on the nature of the asset.

The estimated recoverable reserves and life of each mine and the remaining useful life of each class of asset are reassessed at least annually.

I. Property, plant and equipment continued

Where there is a change in the reserves during the period, depreciation and amortisation rates are adjusted prospectively from the beginning of the reporting period.

Major spares purchased specifically for a particular plant are capitalised and depreciated on the same basis as the plant to which they relate.

Impairment

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2f).

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period the item is derecognised.

m. Deferred stripping costs

As part of its mining operations, the Group incurs stripping (waste removal) costs both during the development phase and production phase of its operations.

Stripping costs incurred during the production phase are generally considered to create two benefits, being either the production of inventory in the period or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where production stripping costs are incurred and the benefit is improved access to the ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a "production stripping asset", if the following criteria are all met:

- › future economic benefits (being improved access to the ore body) associated with the stripping activity are probable;
- › the component of the ore body for which access has been improved can be accurately identified; and
- › the costs associated with the stripping activity associated with that component can be reliably measured.

The amount of stripping costs deferred is based on the ratio obtained by dividing the volume of waste mined by the volume of ore mined for

each component of the mine. Stripping costs incurred in the period are deferred to the extent that the actual current period waste to ore ratio exceeds the life of component expected waste to ore ("life of component") ratio.

A component is defined as a specific volume of the ore body that is made more accessible by the stripping activity. An identified component of the ore body is typically a subset of the total ore body of the mine. It is considered that each mine may have several components, which are identified based on the mine plan. The mine plans and therefore the identification of specific components will vary between mines as a result of both the geological characteristics and location of the ore body. The financial considerations of the mining operations may also impact the identification and designation of a component.

The identification of components is necessary for both the measurement of costs at the initial recognition of the production stripping asset, and the subsequent depreciation of the production stripping asset.

The life of component ratio is a function of an individual mine's design and therefore changes to that design will generally result in changes to the ratio. Changes in other technical or economic parameters that impact reserves will also have an impact on the life of component ratio even if they do not affect the mine's design. Changes to the life of component ratio are accounted for prospectively from the date of change.

The production stripping asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset.

The production stripping asset is amortised over the expected useful life of the identified component of the ore body that is made more accessible by the activity, on a units of production basis. Economically recoverable reserves are used to determine the expected useful life of the identified component of the ore body. The production stripping asset is then carried at cost less accumulated amortisation and any impairment losses.

The production stripping asset is included in "Exploration, Evaluation and Development". These costs form part of the total investment in the relevant cash generating unit to which

they relate, which is reviewed for impairment in accordance with the Group's impairment accounting policy (Note 2f).

n. Exploration, evaluation and feasibility expenditure

Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred by, or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises direct costs and depreciation and does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Exploration expenditure for each area of interest is carried forward as an asset provided the rights to tenure of the area of interest are current and one of the following conditions is met:

- › the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- › exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration expenditure is written off when it fails to meet at least one of the conditions outlined above or an area of interest is abandoned. The carrying value of exploration and evaluation assets is assessed in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources* and the Group's impairment policy (Note 2f).

Feasibility expenditure

Feasibility expenditure represents costs related to the preparation and completion of a feasibility study to enable a development decision to be made in relation to an area of interest and capitalised as incurred.

At the commencement of production, all past exploration, evaluation and feasibility expenditure in respect of an area of interest that has been capitalised is transferred to mine properties where it is amortised over the life of the area of interest to which it relates on a unit-of-production basis.

o. Mine properties

Mine properties represents the accumulated exploration, evaluation, land and development expenditure incurred by or on behalf of the Group in relation to areas of interest in which mining of a mineral resource has commenced.

When further development expenditure is incurred in respect of a mine property after commencement of production, such expenditure is carried forward as part of the mine property only when substantial future economic benefits are thereby established. Otherwise, such expenditure is classified as part of the cost of production.

Amortisation of costs is provided on the units-of-production method with separate calculations being made for each component. The units-of-production basis results in an amortisation charge proportional to the depletion of the estimated recoverable reserves. In some circumstances, where conversion of resources into reserves is expected, some elements of resources may be included. Development and land expenditure still to be incurred in relation to the current recoverable reserves are included in the amortisation calculation. Where the life of the assets is shorter than the mine life, their costs are amortised based on the useful life of the assets.

The estimated recoverable reserves and life of each mine and the remaining useful life of each class of asset are reassessed at least annually. Where there is a change in the reserves during a six month period, depreciation and amortisation rates are adjusted prospectively from the beginning of that reporting period.

p. Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

q. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable

that some or all of the facility will be drawn down, the fee is capitalised and amortised over the period of the facility to which it relates.

Preference shares which are mandatorily redeemable on a specific date are classified as liabilities. The dividends on these preference shares are recognised in the profit or loss as finance costs.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

r. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Where the funds used to finance a qualifying asset form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to the relevant borrowings during the period. Where funds borrowed are directly attributable to a qualifying asset, the amount capitalised represents the borrowing costs specific to those borrowings.

All other borrowing costs are recognised as expenses in the period in which they are incurred.

s. Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance costs.

t. Restoration and rehabilitation provision

The estimated costs of decommissioning and removing an asset and restoring the site are included in the cost of the asset at the date the obligation first arises and to the extent that it is first recognised as a provision. This restoration asset is subsequently amortised on a units-of-production basis.

The corresponding provision of an amount equivalent to the restoration asset created is reviewed at the end of each reporting period. The provision is measured at the best estimate of present obligation at the end of the reporting period based on current legal and other requirements and technology, discounted where material using national government bond rates at the reporting date with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Where there is a change in the expected restoration, rehabilitation or decommissioning costs, an adjustment is recorded against the carrying value of the provision and any related restoration asset, and the effects are recognised in the income statement on a prospective basis over the remaining life of the operation.

The unwinding of the effect of discounting on the rehabilitation provision is included within finance costs in the income statement.

Costs incurred that relate to an existing condition caused by past operations, but do not have a future economic benefit are expensed as incurred.

u. Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries (including non-monetary benefits and annual leave) expected to be settled within 12 months of the reporting date are recognised in provisions for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

u. Employee benefits continued

(ii) Long service leave and severance pay

The liability for long service leave and severance pay is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Cash bonuses

Cash bonuses are expensed in the income statement at reporting date.

A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the Directors or employees and the obligation can be estimated reliably.

(iv) Retirement benefit obligations

Defined contribution plan

Contributions to defined contribution superannuation plans are recognised as an expense in the income statement as they become payable.

Defined benefit plan

The Company's Thai subsidiary, Akara Resources Public Company Limited, have a defined benefit plan which is the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Retirement benefit

Under labour laws applicable in Thailand, employees completing 120 days of service are entitled to severance pay on termination or retrenchment without cause or upon retirement age of 60. The severance pay will be at the rate according to number of years of service as stipulated in the Labour Law which is currently at a maximum rate of 400 days of final salary.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the

defined benefit obligation at the end of the reporting period, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

(v) Share-based payment transactions

The Group provides benefits to employees (including Directors) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares ("equity settled transactions").

The fair value of these equity settled transactions is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled.

The fair value at grant date is determined using a pricing model that takes into account the exercise price, the term, the share price at the grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate.

Upon the exercise of the equity settled reward, the related balance of the share-based payments reserve is transferred to share capital.

v. Dividends

Dividends are recognised as a liability in the period in which they are declared.

w. Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- › the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- › by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjust the figures used in the determination of basic earnings per

share to take into account:

- › the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- › by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

x. Contributed equity

Issued ordinary share capital is classified as equity and is recognised at the fair value of the consideration received by the Group. Incremental costs directly attributable to the issue of shares and share options are recognised as a deduction, net of tax from the proceeds.

y. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of the cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

z. Operating and segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The operating segments are disclosed in Note 4.

aa. Parent entity financial information

The financial information for the parent entity Kingsgate Consolidated Limited, disclosed in Note 30 has been prepared on the same basis as the consolidated financial statements except as set out below:

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of Kingsgate.

Share-based payments

The issue by the Company of equity instruments to extinguish liabilities of a subsidiary undertaking in the Group is treated as a capital contribution to that subsidiary undertaking.

3. Critical accounting estimates, assumptions and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. Actual results may differ from these estimates under different assumptions and conditions. The estimates and assumptions that could materially affect the financial position and results are discussed below:

(i) Reversal of previously recorded inventory write-down and impairment charges in relation to Chatree Gold Mine

Refurbishment of Chatree Plant #2 was completed in early March 2023 and on 15 March 2023, the permission to reopen the mine was granted. Since that date the Group has used the refurbished Chatree Plant #2 to start processing the available inventory stockpiles. The first gold pour occurred on 23 March 2023 and \$27,337,000 of gold and silver sales have been recorded for the financial year ended June 2023.

The indicator triggering the impairment assessment and eventually causing the write down of the Chatree Gold Mine assets to practically nil in 2016 was the closure of the mine. An inventory write-down to its net realisable value and an impairment loss were recorded because the mine closed and operations were ceased, this included mining operations, and processing operations for

Chatree Plant #1 and Chatree Plant #2.

The recommencement of operations through the processing of the inventory stockpiles using Chatree Plant #2 is considered to be an indicator for reversal of the inventory write-down and impairment as it relates to the inventory stockpiles and Chatree Plant #2. The mine and Chatree Plant #1 do not have a reversal indicator as the mining operations and Chatree Plant #1 operations have not yet resumed.

The Group has prepared a model which represents the value of the future cash flows expected to be derived from processing the inventory stockpiles using Chatree Plant #2. It does not represent the entire assets of the Chatree Gold Mine.

The value of the inventory stockpiles write-down recorded in June 2016 and December 2016 need to be reversed before any impairment of Chatree Plant #2 is reversed. Based on this model, a reversal of the inventory stockpiles write-down to the net realisable value amounting to \$59,822,000 was recognised during the year. No reversal of impairment in respect of Chatree Plant #2 has been recorded.

The net realisable value of the inventory has been determined based on the accounting policy for inventory described in Note 2i. The determination of net realisable value involves significant judgements and estimates in relation to the selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

(ii) Restoration and rehabilitation provision

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 \$14,779,000. This was based on management's rehabilitation plan which is a revision from the initial plan submitted to the Thai Authorities in 2007 and which was estimated in the context of the early closure of the Chatree Gold Mine.

Following the reopening of the mine on 15 March 2023, the Group revised its previous estimates and increased its total rehabilitation liability to \$26,523,000 with a corresponding charge to profit and loss of \$11,444,000.

Significant estimates and assumptions are required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the mine site. Factors that will affect this liability include changes in technology, changes in regulations,

price increases, changes in timing of cash flows which are based on life of mine plans and changes in discount rates. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which they change or become known.

(iii) 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 30 June 2023 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 30 June 2023 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 and recent expression of interest for the acquisition of the Nueva Esperanza Gold/Silver Project.

4. 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 mine and project and include the following:

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

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

2023	Chatree \$'000	Nueva Esperanza \$'000	Corporate \$'000	Total \$'000
External sales revenue	27,337	–	–	27,337
Other income/(expense)	216	(4)	–	212
Total segment income	27,553	(4)	–	27,549
Segment EBITDA	27,198	(6,839)	(9,287) ¹	11,072
Depreciation and amortisation	(28)	(31)	(6)	(65)
Segment result	27,170	(6,870)	(9,293)	11,007
Finance income				57
Finance costs				(6,326)
Net finance costs				(6,269)
Profit before tax				4,738
Other segment information				
Segment assets	85,572	34,972	6,180	126,724
Segment liabilities	(62,434)	(11,189)	(3,052)	(76,675)
Net asset/(liabilities)	23,138	23,783	3,128	50,049

¹ Includes foreign exchange loss of \$2,811,000 for the Group.

2022	Care and Maintenance Chatree \$'000	Nueva Esperanza \$'000	Corporate \$'000	Total \$'000
Other income/(expense)	114	–	1,644	1,758
Total segment income	114	–	1,644	1,758
Segment EBITDA	(5,591)	(4,177)	(638) ²	(10,406)
Depreciation and amortisation	–	(97)	(4)	(101)
Segment result	(5,591)	(4,274)	(642)	(10,507)
Finance income				5
Finance costs				(1,918)
Net finance costs				(1,913)
Loss before tax				(12,420)
Other segment information				
Segment assets	2,650	33,656	7,454	43,760
Segment liabilities	(30,439)	(10,848)	(10,367)	(51,654)
Net assets/(liabilities)	(27,789)	22,808	(2,913)	(7,894)

² Includes foreign exchange gain of \$5,521,000 for the Group.

5. Revenue and expenses		2023 \$'000	2022 \$'000
a. Sales revenue			
Gold sales		24,048	–
Silver sales		3,289	–
Total sales revenue		27,337	–
b. Cost of sales			
Direct costs of mining and processing		20,090	–
Royalties and other expenses incurred upon the sale of doré		3,382	–
Depreciation (operation)		28	–
Total cost of sales		23,500	–
c. Corporate and administration expenses			
Administration		6,506	5,587
Statutory and professional fees		4,843	4,900
Depreciation (corporate)		37	101
Total corporate and administration expenses		11,386	10,588
d. Other income and expenses			
Net loss on sale of fixed assets		(4)	–
Other revenue		216	*1,758
Total other income and expenses		212	1,758
* Mainly relates to the payment from TDG of the non-refundable deposit of C\$1,500,000			
e. Reversal of previously recorded inventory write-down to net realisable value			
Chatree Gold Mine (see Note 3i and Note 9)		59,822	–
Total reversal of previously recorded inventory write-down to net realisable value		59,822	–
f. Finance costs			
Interest and finance charges		3,954	1,606
Amortisation of deferred borrowing costs		2,372	312
Total finance costs		6,326	1,918
g. Depreciation and amortisation			
Property, plant and equipment		17	18
Right-of-use assets		20	83
Intangibles		28	–
Total depreciation and amortisation expenses		65	101
<i>Included in</i>			
Depreciation – operation		28	–
Depreciation – corporate		37	101

5. Revenue and expenses continued

	2023 \$'000	2022 \$'000
h. Employee benefits expenses		
<i>Included in</i>		
Cost of sales	2,904	–
Care and maintenance expenses	1,525	695
Corporate and administration expenses	1,605	1,706
Exploration expenses	321	–
Total employee benefits expenses	6,355	2,401
i. Other items		
Short-term and low value lease expenses	250	285
Total other items	250	285

6. Income tax

	2023 \$'000	2022 \$'000
a. Income tax expense		
Current tax	–	–
Deferred tax	–	–
Total income tax expense	–	–
Deferred tax expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	(2,349)	620
(Decrease)/increase in deferred tax liabilities	2,349	(620)
Deferred tax	–	–
b. Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) before income tax	4,738	(12,420)
Tax at Australian rate of 30%	1,421	(3,726)
Tax effect of amounts not deductible/assessable in calculating taxable income		
Non-deductible expenses	121	430
Non-deductible interest expense to preference shareholders	403	394
Non-deductible rehabilitation provision revision expenses	3,433	–
Non-assessable unrealised foreign exchange gain	680	(110)
Non-assessable reversal of previously recorded inventory write-down to net realisable value	(17,947)	–
Realised foreign exchange gain on capitalisation of intercompany loan	–	4,816
Tax losses not brought to account	11,889	(1,804)
Income tax expense	–	–

Kingsgate's Thai controlled entity Akara Resources Public Company Limited (Akara) received on 8 June 2023 approval from the Royal Thai Board of Investment (BOI) for investment promotion application for the Chatree Gold Mine. This approval provides Akara an eight year exemption including:

- › the 20 per cent corporate income tax rate, up to a cap of 3.25 billion Thai baht;
- › the 10 per cent 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 export.

The start of the promotion period was 20 March 2023.

	2023 \$'000	2022 \$'000
c. Tax recognised in other comprehensive income		
Foreign exchange losses recognised directly in foreign currency translation reserves	–	–
Total tax recognised in other comprehensive income	–	–
d. Deferred tax liabilities offset		
Deferred tax assets amounting to \$10,964,000 (2022: \$8,615,000) have been offset against deferred tax liabilities.		
e. Unrecognised deferred tax assets and tax liabilities		
Tax losses – Australian entities	302,895	291,013
Tax losses – other entities	68,045	39,209
Subtotal	370,940	330,222
Unrecognised deferred tax assets	111,282	94,831

f. Tax consolidation group

Kingsgate Consolidated Limited and its wholly owned Australian subsidiary have implemented the tax consolidation legislation as of 1 July 2003. The accounting policy in relation to this legislation is set out in Note 2d.

On adoption of the tax consolidation legislation, the entities in the tax-consolidation group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liabilities of the wholly owned entities in the case of default by the head entity, Kingsgate Consolidated Limited.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate Kingsgate for any current tax payable assumed and are compensated for any current tax receivable and deferred tax assets relating to the unused tax losses or unused tax credits that are transferred to Kingsgate under the tax legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amount receivable/payable under the tax agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligation to pay tax instalments.

	Assets		Liabilities		Net	
g. Recognised deferred tax assets and liabilities	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Deferred tax assets/(liabilities)						
Employee benefits	91	66	–	–	91	66
Unrealised exchange losses/(gains)	10,534	8,427	(10,964)	(8,615)	(430)	(188)
Other items	516	283	–	–	516	283
Financial assets	321	321	–	–	321	321
Tax losses	(498)	(482)	–	–	(498)	(482)
Total deferred tax assets/(liabilities)	10,964	8,615	(10,964)	(8,615)	–	–
Set off tax	(10,964)	(8,615)	10,964	8,615	–	–
Net deferred tax assets/(liabilities)	–	–	–	–	–	–
Deferred tax assets/(liabilities) expected to be recovered within 12 months	–	–	–	–	–	–
Deferred tax assets/(liabilities) expected to be recovered after more than 12 months	10,964	8,615	(10,964)	(8,615)	–	–
Total deferred tax assets/(liabilities)	10,964	8,615	(10,964)	(8,615)	–	–

6. Income tax continued

h. Movement in deferred tax balances

	Balance at 1 July \$'000	Recognised in profit or loss \$'000	Balance at 30 June \$'000
2023			
Deferred tax assets/(liabilities):			
Employee benefits	66	25	91
Unrealised exchange losses	(188)	(242)	(430)
Other items	283	233	516
Financial assets	321	–	321
Tax losses	(482)	(16)	(498)
Net deferred tax assets/(liabilities)	–	–	–
2022			
Net deferred tax assets/(liabilities):			
Employee benefits	50	16	66
Unrealised exchange losses	(5,064)	4,876	(188)
Other items	150	133	283
Financial assets	321	–	321
Tax losses	4,543	(5,025)	(482)
Net deferred tax assets/(liabilities)	–	–	–

7. Cash and cash equivalents and restricted cash

	2023 \$'000	2022 \$'000
Cash on hand	12	7
Deposits at call	8,909	7,417
Total cash and cash equivalents	8,921	7,424
Restricted cash	649	–
Total restricted cash	649	–

Cash on hand

These are petty cash balances held by subsidiaries.

Deposits at call

These deposits are at call and may be accessed daily.

Restricted cash

Restricted cash includes cash held on deposit with financial institutions that is restricted to use on community projects in Thailand and rehabilitation projects for Chatree Gold Mine.

Risk exposure

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 28.

8. Receivables

	2023 \$'000	2022 \$'000
Current		
Trade receivables	7,280	–
Other debtors	2,051	246
Total receivables – current	9,331	246

Trade receivables

Trade receivables represent gold and silver sales at the end of the financial year, where payment was yet to be received. No trade receivables were past due or impaired as at 30 June 2023.

Other debtors

Other debtors relate to Goods and Services Tax/Value Added Tax receivables.

Risk exposure

The Group's exposure to credit and currency risks are disclosed in Note 28.

9. Inventories

	2023 \$'000	2022 \$'000
Current		
Raw materials and stores	4,057	–
Stockpiles and work in progress	27,398	–
Gold bullion	3,345	–
Total inventories – current	34,800	–
Non-current		
Stockpiles	29,681	–
Total inventories – non-current	29,681	–

As noted in Note 3i, there was a reversal of the inventory stockpiles write-down to the net realisable of \$59,822,000 for the year ended 30 June 2023 (30 June 2022: nil).

10. Other assets

	2023 \$'000	2022 \$'000
Current		
Prepayments	634	94
Other deposits	3,477	204
Other assets	525	–
Total other assets – current	4,636	298
Non-current		
Prepayments	9,195	8,859
Other deposits	2,244	1,343
Total other assets – non-current	11,439	10,202

Prepayments

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

11. Property, plant and equipment

	2023 \$'000	2022 \$'000
At 1 July		
Cost	261,159	264,194
Accumulated depreciation and amortisation	(76,801)	(79,883)
Accumulated impairment	(184,260)	(184,260)
Net book amount	98	51
Year ended 30 June		
Opening net book amount	98	51
Additions	22	21
Disposals	(4)	–
Depreciation and amortisation expense	(17)	(18)
Foreign currency differences	21	44
Closing net book amount	120	98
At 30 June		
Cost	269,710	261,159
Accumulated depreciation and amortisation	(85,330)	(76,801)
Accumulated impairment	(184,260)	(184,260)
Net book amount	120	98

12. Right-of-use assets and lease liabilities

Amounts recognised in the consolidated statement of financial position:

	2023 \$'000	2022 \$'000
Right-of-use assets		
Property	–	21
Lease liabilities		
Current	–	20
Non-current	–	–
Future lease payments in relation to lease liabilities as at year end are as follows:		
Within one year	–	20
Later than one year but not later than five years	–	–
Depreciation of right-of-use assets:		
The depreciation and amortisation disclosed in the consolidated statement of profit or loss includes the following amount for right-of-use assets:		
Property (Note 5g)	20	83

13. Exploration, evaluation and development

	Exploration & evaluation \$'000	Feasibility expenditure \$'000	Mine properties \$'000	Total \$'000
At 30 June 2021				
Cost	39,991	85,698	361,150	486,839
Accumulated depreciation and amortisation	–	–	(70,422)	(70,422)
Accumulated impairment	(39,991)	(63,091)	(289,871)	(392,953)
Net book amount	–	22,607	857	23,464
Year ended 30 June 2022				
Opening net book amount	–	22,607	857	23,464
Foreign currency exchange differences	–	2,017	(10)	2,007
Closing net book amount	–	24,624	847	25,471
At 30 June 2022				
Cost	39,991	87,715	356,904	484,610
Accumulated depreciation and amortisation	–	–	(66,186)	(66,186)
Accumulated impairment	(39,991)	(63,091)	(289,871)	(392,953)
Net book amount	–	24,624	847	25,471
Year ended 30 June 2023				
Opening net book amount	–	24,624	847	25,471
Foreign currency exchange differences	–	936	29	965
Closing net book amount	–	25,560	876	26,436
At 30 June 2023				
Cost	39,991	88,651	368,945	497,587
Accumulated depreciation and amortisation	–	–	(78,198)	(78,198)
Accumulated impairment	(39,991)	(63,091)	(289,871)	(392,953)
Net book amount	–	25,560	876	26,436

14. Intangibles

	2023 \$'000	2022 \$'000
Year ended 30 June		
Opening net book amount	–	–
Additions	733	–
Amortisation expense	(28)	–
Foreign currency differences	6	–
Closing net book amount	711	–
At 30 June		
Cost	739	–
Accumulated depreciation and amortisation	(28)	–
Net book amount	711	–

Intangibles primarily relate to mining software licenses purchased during the year ended 30 June 2023. The licenses have a useful life of 10 years.

15. Payables

	2023 \$'000	2022 \$'000
Current		
Trade payables	5,555	953
Other payables and accruals	11,334	7,913
Total payables – current	16,889	8,866
Non-current		
Other payables	7,441	7,402
Total payables – non-current	7,441	7,402

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 28.

The Group is required to pay Anglo American US\$2,000,000 per year in advance pre-production royalties related to the Nueva Esperanza Gold/Silver Project. The Group also has an obligation to pay US\$64,800 per month to Anglo American for water rights. During the year ended 30 June 2021, the Group finalised an agreement with Anglo American relating to the deferral of 65% of the fees for both the water rights and project royalty payments which were due from June 2020 until December 2021. These balances are now repayable from January 2022 to September 2025. These deferred balances are also repayable immediately under certain conditions including the sale of Nueva Esperanza Gold/Silver Project. Included in non-current other payable is also a US\$3,000,000 contingent consideration for the Nueva Esperanza Gold/Silver Project which is due 24 months after the start of commercial operation.

16. Borrowings

	2023 \$'000	2022 \$'000
Current		
Advances from preference shareholder ^b	12,756	–
Secured Bridge Facility ^c	–	8,960
Total borrowings – current	12,756	8,960
Non-current		
Preference shares in controlled entity ^a	11,286	10,915
Total borrowings – non-current	11,286	10,915
Total borrowings¹	24,042	19,875

¹ The Group has nil unused facilities as of 30 June 2023.

a. 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	11,286	11,286

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.

b. Advances 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%	2024 ²	8,504	8,504

² The advance from preference shareholder is repayable in 12 months from drawdown.

On 22 February 2023, Akara received an additional cash advance of THB100,000,000 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	Face value \$'000	Carrying amount \$'000
Advance from preference shareholder	THB	12%	2024 ³	4,252	4,252

³ The advance from preference shareholder is repayable in 12 months from drawdown.

16. Borrowings continued

c. Secured Bridge Facility

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 was 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. On 31 March 2023, US\$15,000,000 loan was fully repaid out of the net proceeds received by the Group from a Placement (see Note 18).

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.

Issue of options to Taurus

Under the terms of the Bridge Facility, 2,500,000 options were issued to Taurus and have the following conditions attached to them:

- › each option will entitle the holder to subscribe for one ordinary share of the Company;
- › options are granted for no consideration; and
- › options granted under the plan carry no dividend or voting rights.

Set out below are summaries of options granted to Taurus:

Grant date	13 May 2022
Expiry date	12 May 2027
Exercise price (\$)	\$2.00
Balance at the start of year (Number)	–
Granted during year (Number)	2,500,000
Exercised during year (Number)	–
Balance end of year (Number)	2,500,000
Vested and exercisable at end of year (Number)	2,500,000

The options will expire at the end of its vesting periods.

Fair value of options granted

The fair value at grant date of the options is determined using the Black-Scholes option pricing model which incorporates the following inputs:

Term	5 years
Exercise price (\$)	\$2.00
Underlying share price at the date of grant	\$1.385
Expected share price volatility over the term of the options	65%
Risk free rate for the term of the options (based on Government bond rate)	3%

The assessed fair value of the share options issued was \$0.6678 resulting in a value of \$1,669,000.

For more information about the Group's exposure to interest rate and liquidity risk, see Note 28.

17. Provisions	Note	2023 \$'000	2022 \$'000
Current			
Employee benefits	2u, 24	874	305
Restoration and rehabilitation	2t	1,562	–
Total provisions – current		2,436	305
Non-current			
Employee benefits	2u, 24	906	407
Restoration and rehabilitation	2t	24,961	14,779
Total provisions – non-current		25,867	15,186
Movements in the restoration and rehabilitation provision:			
Restoration and rehabilitation			
At the beginning of the financial year		14,779	14,955
Revision of restoration and rehabilitation provision – see Note 3(ii)		11,444	–
Foreign currency exchange differences		300	(176)
At the end of the financial year		26,523	14,779

18. Contributed equity	2023 Shares	2022 Shares	2023 \$'000	2022 \$'000
Opening balance	221,320,453	221,853,852	675,484	675,919
Shares issued via placement	30,698,067	–	46,047	–
Shares issued via Share Purchase Plan	5,733,172	–	8,600	–
Share issue costs	–	–	(2,824)	–
Share buy-back	–	(533,399)	–	(433)
Share buy-back expenses	–	–	–	(2)
Closing balance	257,751,692	221,320,453	727,307	675,484

Placement and Share Purchase Plan (SPP)

On 28 March 2023, the Company announced the successful completion of a Placement to institutional investors at an issue price of \$1.50 per share, raising \$46,047,000.

The Company also announced a Share Purchase Plan to existing shareholders in April 2023. The SPP provided the opportunity to acquire up to \$30,000 of fully paid ordinary shares in Kingsgate without incurring any brokerage fees. The SPP was issued at \$1.50 per share, raising \$8,600,000.

The Placement and SPP raised \$54,647,000, issuing 36,431,239 shares. The total cost of \$2,824,000, was deducted from shareholder equity.

Share buy-back

No share buy-back occurred during the year ended 30 June 2023. During the year ended 30 June 2022, the Company purchased 533,399 shares on-market in order to give shareholders the option of maintaining or selling all or part of their shareholding. The buy-back was approved by shareholders at the 2021 annual general meeting. The shares were acquired at an average price of \$0.82 per share, with prices ranging from \$0.80 to \$0.84. The total cost of \$435,000, including \$2,000 of transaction costs, was deducted from shareholder equity.

19. Reserves

	2023 \$'000	2022 \$'000
Foreign currency translation reserve	52,961	51,579
Share-based payment reserve	10,811	10,811
General reserve	(3,341)	(3,341)
Total reserves	60,431	59,049
Movements:		
Foreign currency translation reserve		
At the beginning of the financial year	51,579	56,589
Exchange differences on translation of foreign controlled entities (net of tax)	1,382	(5,010)
At the end of the financial year	52,961	51,579
Share-based payment reserve		
At the beginning of the financial year	10,811	9,142
Share-based payment expense	–	1,669
At the end of the financial year	10,811	10,811
General reserve		
At the beginning of the financial year	(3,341)	(3,341)
Net change	–	–
At the end of the financial year	(3,341)	(3,341)

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 2b.

Share-based payment reserve

The share-based payment reserve is used to recognise the fair value of deferred rights, performance rights and options issued but not exercised. The share-based payment reserve also records the value of the equity instrument issued to Taurus as part of the Bridge Facility (refer Note 16).

General reserve

The general reserve represents changes in equity as a result of changes in non-controlling interests and revaluation of employee benefit obligations recognised in other comprehensive income in prior periods.

20. Commitments for expenditure

	2023 \$'000	2022 \$'000
Short-term and low value leases		
Within one year	84	–
Total short-term and low value leases	84	–

In addition to the table above, the Group is also to pay Anglo American US\$2,000,000 per year in advance pre-production royalties related to the Nueva Esperanza Gold/Silver Project. Akara has a minimum contribution commitment for various community and rehabilitation funds for 65 million Thai Baht on a calendar year basis. The Group also has an obligation to pay US\$64,800 per month to Anglo American for water rights.

21. Controlled entities

Entity	Country of Incorporation	Class of shares	Equity holding	
			2023 %	2022 %
Parent Entity				
Kingsgate Consolidated Limited	Australia	Ordinary	100	100
Subsidiaries				
Dominion Mining Limited	Australia	Ordinary	100	100
Gawler Gold Mining Pty Ltd	Australia	Ordinary	100	100
Kingsgate Treasury Pty Ltd	Australia	Ordinary	100	100
Kingsgate Capital Pty Ltd	Australia	Ordinary	100	100
Kingsgate Chile NL	Australia	Ordinary	100	100
Laguna Exploration Pty Ltd	Australia	Ordinary	100	100
Akara Resources Public Company Limited	Thailand	Ordinary	100	100
Issara Mining Limited	Thailand	Ordinary	100	100
Suan Sak Patana Ltd	Thailand	Ordinary	100	100
Phar Mai Exploration Ltd	Thailand	Ordinary	100	100
Richaphum Mining Ltd	Thailand	Ordinary	100	100
Phar Lap Ltd	Thailand	Ordinary	100	100
Phar Rong Ltd	Thailand	Ordinary	100	100
Asia Gold Ltd	Mauritius	Ordinary	100	100
Laguna Resources Chile Ltda	Chile	Ordinary	100	100
Minera Kingsgate Limitada	Chile	Ordinary	100	100

22. Dividends

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

No interim dividend was declared for the year ended 30 June 2023 (30 June 2022: nil).

23. Related parties

a. Controlling entity

The ultimate parent entity of the Group is Kingsgate Consolidated Limited.

b. Subsidiaries

Interests in subsidiaries are set out in Note 21.

c. Key Management Personnel compensation

The aggregate compensation provided to Key Management Personnel is set out below:

	2023 \$	2022 \$
Short-term employee benefits	1,332,794	554,815
Long-term employee benefits	547	–
Post-employment benefits	40,255	41,568
Total Key Management Personnel compensation	1,373,596	596,383

Detailed information on remuneration of Directors and Key Management Personnel is disclosed in the Remuneration Report.

d. Related party transactions

On 3 February 2023, Ms Nucharee Sailasuta was appointed to the Kingsgate Board as a Non-Executive Director. Ms Nucharee Sailasuta is also a director and preference shareholder of the Company's Thai subsidiary, Akara Resources Public Company Limited.

Details of the related party transactions during the year were as follows:

- LotusHall Mining Heavy Engineering Construction Co., Ltd (LotusHall), of which Ms Nucharee Sailasuta is the Managing Director, provided primarily ore rehandle services to Chatree Gold Mine during the year ended 30 June 2023. A total of \$2,013,000 was expensed during the year. At year end, \$827,000 is included in current payables;
- Preference Shareholder interest in the amount of \$544,000 were expensed during the year and an amount of \$676,000 accrued at year end (see Note 16a for details); and
- Ms Nucharee Sailasuta advanced a total of 300,000,000 Thai baht as working capital support to Akara during the year. A total of \$588,000 interest was expensed and \$138,000 accrued at year end (see Note 16b for details).

24. Employee benefits

	2023 \$'000	2022 \$'000
Employee benefits and related on-costs liabilities		
Provision for employment benefits – current	874	305
Provision for employee benefits – non-current	906	407
Total employee provisions	1,780	712

Superannuation

The Group makes contributions on behalf of employees to externally managed defined contribution superannuation funds. Contributions are based on percentages of employee wages and salaries and include any salary-sacrifice amounts. Contributions to defined contribution plans for 2023 were \$215,000 (2022: \$149,000).

25. Reconciliation of profit/(loss) after income tax to net cash flow from operating activities

	2023 \$'000	2022 \$'000
Profit/(loss) for the year	4,738	(12,420)
Depreciation and amortisation	65	101
Net profit on sale of fixed assets	4	–
Amortisation of deferred borrowing costs	2,373	312
Net exchange differences	2,245	(404)
Rehabilitation provision expenses	11,444	–
Non-refundable proceeds from the sale of Nueva Esperanza Project	–	(1,644)
Change in operating assets and liabilities:		
(Increase)/decrease in receivables	(9,037)	790
(Increase)/decrease in prepayments	(536)	270
(Increase)/decrease in other assets	(328)	–
(Increase)/decrease in inventories	(63,984)	–
Increase/(decrease) in creditors	6,709	(995)
Increase/(decrease) in provisions	1,043	214
Net cash outflow from operating activities	(45,264)	(13,776)
Net (debt)/cash and cash equivalents reconciliation		
Cash and cash equivalents	8,921	7,424
Borrowings – repayable within one year	(12,756)	(8,980)
Borrowings – repayable after one year	(11,286)	(10,915)
Net (debt)/cash and cash equivalents	(15,121)	(12,471)
Cash and cash equivalents	8,921	7,424
Gross debt – fixed interest rates	(24,042)	(19,875)
Gross debt – nil interest rates	–	(20)
Net (debt)/cash and cash equivalents	(15,121)	(12,471)

	Cash \$'000	Borrowing from Taurus due within 1 year \$'000	Preference shares in controlled entity due after 1 year \$'000	Advances from preference shareholder due within 1 year \$'000	Lease liabilities due within 1 year \$'000	Lease liabilities due after 1 year \$'000	Total \$'000
Net cash and cash equivalents/(debt) as at 30 June 2021	9,984	–	(11,046)	–	(83)	(20)	(1,165)
Cash flows	(2,563)	(10,110)	–	–	83	–	(12,590)
Foreign exchange adjustments	3	(207)	131	–	–	–	(73)
Other non-cash movements	–	1,357	–	–	(20)	20	1,357
Net cash and cash equivalents/(debt) as at 30 June 2022	7,424	(8,960)	(10,915)	–	(20)	–	(12,471)
Cash flows	1,593	11,730	–	(12,658)	20	–	685
Foreign exchange adjustments	(96)	(847)	(371)	(98)	–	–	(1,412)
Other non-cash movements	–	(1,923)	–	–	–	–	(1,923)
Net cash and cash equivalents/(debt) as at 30 June 2023	8,921	–	(11,286)	(12,756)	–	–	(15,121)

continued

26. Events occurring after reporting date

Mr Jamie Gibson was appointed as Managing Director and Chief Executive Officer of the Company 4 July 2023.

Mr Paul Mason resigned as Company Secretary effective 31 July 2023. Ms Stephanie Wen was appointed as General Counsel and Company Secretary 1 August 2023.

On 17 July 2023, Akara entered into a drilling agreement with LotusHall Mining Heavy Engineering Construction Co., Ltd (LotusHall), of which Ms Nucharee Sailasuta is the Managing Director, for drill and blast and grade control services for Chatree Gold Mine.

No other matter or circumstance has arisen since 30 June 2023 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.

27. 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 contribution totalling US\$3,500,000 and A\$750,000 for 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 30 June 2023 that is 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 outflow in settlement resulting from these proceedings is remote.

28. Financial risk management and instruments

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk, fair value risk and interest rate risk), credit risk and liquidity risk.

At this point, the Directors believe that it is in the interest of shareholders to expose the Group to foreign currency risk, price risk and interest rate risk. Therefore, the Group does not employ any derivative hedging of foreign currency or interest rate risks. The Directors and management monitor these risks, in particular market forecasts of future movements in foreign currency and price movements and, if it is to be believed to be in the best interests of shareholders, will implement risk management strategies to minimise potential adverse effects on the financial performance of the Group.

The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. Risk management is carried out by the senior executive team.

	2023 \$'000	2022 \$'000
Financial assets		
Cash and cash equivalents	8,921	7,424
Restricted cash	649	–
Receivables	9,331	246
Other deposits	5,721	1,547
Total financial assets	24,622	9,217
Financial liabilities		
Payables	(24,330)	(16,268)
Borrowings	(24,042)	(19,875)
Lease liabilities	–	(20)
Total financial liabilities	(48,372)	(36,163)

Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US dollar and Thai baht and, as discussed earlier, no financial instruments are employed to mitigate the exposed risks. This is the Group's current policy and it is reviewed regularly including forecast movements in these currencies by management and the Board. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. Currently foreign exchange risks arise primarily from:

- › cash balances in US dollars;
- › receivables denominated in US dollars for Australian entities; and
- › payables denominated in Australian dollars for Thailand entities.

The functional currency of the Thai subsidiaries is Thai baht. The functional currency of the Chilean subsidiaries is the US dollar. The Company's functional currency is Australian dollar.

The Group's exposure to US dollar and Thai baht foreign currency risk arises mainly from balances receivable and payable between Group companies which are not considered to form part of the related investment balance in the entities. The unrealised foreign exchange gain/loss on these balances is therefore recorded in the statement of profit or loss of the Group. At the reporting date, expressed in Australian dollars these balances were as follows:

	USD 2023 \$'000	THB 2023 \$'000	Total 2023 \$'000	USD 2022 \$'000	THB 2022 \$'000	Total 2022 \$'000
Cash and cash equivalents	110	–	110	962	–	962
Receivables	1,960	76,172	78,132	1,889	75,964	77,853
Payables	(7,253)	(76,172)	(83,425)	(6,887)	(75,964)	(82,851)
Borrowing	–	–	–	(10,883)	–	(10,883)
Total exposure to foreign currency risk	(5,183)	–	(5,183)	(14,919)	–	(14,919)

	Impact on post tax profit and loss		Impact on other comprehensive income	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
One cent weakened in Australian dollar against the US dollar	20	129	20	129
One cent strengthened in Australian dollar against the US dollar	(19)	(126)	(19)	(126)
One cent weakened in Australian dollar against the Thai baht	622	706	821	899
One cent strengthened in Australian dollar against the Thai baht	(624)	(707)	(819)	(896)

28. Financial risk management and instruments continued

Interest rate risk

The Group's exposure to interest rate risk for classes of financial assets and financial liabilities, at 30 June 2023 and 30 June 2022 are set out as follows:

	Floating interest rate \$'000	Fixed interest rate maturing in			Non-interest bearing \$'000	Total \$'000
		1 year or less \$'000	1–2 years \$'000	2–5 years \$'000		
2023						
Financial assets						
Cash and cash equivalents	5,207	–	–	–	3,714	8,921
Restricted cash	649	–	–	–	–	649
Receivables	–	–	–	–	9,331	9,331
Other deposits	2,625	–	–	–	3,096	5,721
Total financial assets	8,481	–	–	–	16,141	24,622
Financial liabilities						
Payables	–	(1,879)	(1,161)	(698)	(20,592)	(24,330)
Borrowings	–	(12,756)	(11,286)	–	–	(24,042)
Total financial liabilities	–	(14,635)	(12,447)	(698)	(20,592)	(48,372)
Net financial assets/(liabilities)	8,481	(14,635)	(12,447)	(698)	(4,451)	(23,750)
2022						
Financial assets						
Cash and cash equivalents	6,155	–	–	–	1,269	7,424
Receivables	–	–	–	–	246	246
Other deposits	1,356	–	–	–	191	1,547
Total financial assets	7,511	–	–	–	1,706	9,217
Financial liabilities						
Payables	–	(1,810)	(1,339)	(1,710)	(11,409)	(16,268)
Borrowings	–	(8,960)	(10,915)	–	–	(19,875)
Lease liabilities	–	–	–	–	(20)	(20)
Total financial liabilities	–	(10,770)	(12,254)	(1,710)	(11,429)	(36,163)
Net financial assets/(liabilities)	7,511	(10,770)	(12,254)	(1,710)	(9,723)	(26,946)

Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers including, outstanding receivables and committed transactions.

The Group has no significant concentrations of credit risk.

The maximum exposure to credit risk is represented by the carrying value of the Group's financial assets in the statement of financial position. The maximum exposure to credit risk at reporting date was:

	2023 \$'000	2022 \$'000
Cash and cash equivalents	8,921	7,424
Restricted cash	649	–
Receivables	9,331	246
Other deposits	5,721	1,547
Total exposure to credit risk at year end	24,622	9,217

Liquidity risk

The Group's liquidity requirements are based upon cash flow forecasts. Liquidity management, including debt/equity management, is carried out under policies approved by the Board and forecast material liquidity changes are discussed at Board meetings. The following table analyses the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period at the reporting date. The amounts disclosed are the contractual undiscounted cash flows. The borrowings of the Group are repayable on demand, however the contractual amounts for borrowings also include the interests that are expected to be repaid until the repayment of these debts based on the cash flow forecast prepared by the Group.

	Carrying amount \$'000	1 year or less \$'000	1–2 years \$'000	2–5 years \$'000	More than 5 years \$'000	Total \$'000
2023						
Payables	24,330	16,889	1,273	5,736 ¹	452	24,350
Borrowings	24,042	14,328	11,286	–	–	25,614
Total financial liabilities	48,372	31,217	12,559	5,736	452	49,964
2022						
Payables	16,268	8,866	1,338	6,283 ¹	–	16,487
Borrowings	19,875	12,863	11,554	–	–	24,417
Lease liabilities	20	20	–	–	–	20
Total financial liabilities	36,163	21,749	12,892	6,283	–	40,924

¹ Primarily related to pre-production royalties and water rights payable in respect of the Nueva Esperanza Gold/Silver Project in Chile and the contingent consideration (refer Note 15).

29. Auditors' remuneration

	2023 \$	2022 \$
Audit and other assurance services		
<i>PricewaterhouseCoopers Australian Firm</i>		
Audit and review of the financial reports	555,000	301,000
<i>Related Practices of PricewaterhouseCoopers Australian Firm</i>		
Audit and review of the financial statements	179,609	74,107
Total remuneration for audit services	734,609	375,107
Other services		
<i>PricewaterhouseCoopers Australian Firm</i>		
Service fee on sale of Nueva Esperanza Project to TDG	–	16,500
<i>Related Practices of PricewaterhouseCoopers Australian Firm</i>		
BOI report	4,039	–
Other services	–	1,239
Total remuneration for non-audit related services	4,039	17,739
Taxation services		
<i>PricewaterhouseCoopers Australian Firm</i>		
Tax compliance services	50,000	27,000
Nueva Esperanza tax advice	–	82,440
<i>Related Practices of PricewaterhouseCoopers Australian Firm</i>		
Tax compliance services	10,630	16,467
Review tax ruling of doré sales	10,630	–
Review refining contract	–	12,392
Total remuneration for tax related services	71,260	138,299

30. Earnings per share

	2023 Cents	2022 Cents
Basic earnings/(loss) per share	2.06	(5.61)
Diluted earnings/(loss) per share	2.04	(5.61)
	\$'000	\$'000
Net profit/(loss) used to calculate basic and diluted earnings per share	4,738	(12,420)
	Number	Number
Weighted average number of ordinary shares used as the denominator: basic	229,916,383	221,338,363
Adjustment for dilutive effect	2,500,000	–
Weighted average number of ordinary shares used as the denominator: diluted	232,416,383	221,338,363

31. Parent entity financial information

As at, and throughout the financial year ending 30 June 2023, the parent entity of the Group was Kingsgate Consolidated Limited.

Summary of financial information	2023 \$'000	2022 \$'000
Results of parent entity		
Loss for the year	(49,188)	(20,345)
Other comprehensive loss	–	–
Total comprehensive losses	(49,188)	(20,345)
Financial position of parent entity at year end		
Current assets	6,081	7,384
Total assets	29,888	31,663
Current liabilities	87,966	92,376
Total liabilities	87,966	92,376
Total equity of the parent entity comprising:		
Issued capital	727,307	675,484
Reserve	10,432	10,432
Accumulated losses	(795,817)	(746,629)
Total equity	(58,078)	(60,713)

Contingent liabilities of the parent entity

There are cross guarantees given by Kingsgate Consolidated Limited, Dominion Mining Limited and Gawler Gold Mining Pty Ltd as described in Note 32. No liability was recognised by the parent entity or the Group in relation to this guarantee, as the fair value of the guarantees is immaterial.

As at 30 June 2023, the parent entity had no contractual commitments for the acquisition of property, plant or equipment.

32. Deed of Cross Guarantee

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, the wholly owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and Directors' Reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee ("Deed"). The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of the winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Corporations Act 2001, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:

- › Dominion Mining Limited; and
- › Gawler Gold Mining Pty Ltd.

The above companies represent a 'closed group' for the purpose of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Kingsgate Consolidated Limited, they also represent the 'extended closed group'.

32. Deed of Cross Guarantee continued

A consolidated statement of profit or loss and other comprehensive income, a summary of movements in consolidated accumulated losses, and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, is set out as follows:

Statement of profit or loss and other comprehensive income	2023 \$'000	2022 \$'000
Corporate and administration expenses	(7,333)	(4,876)
Other income and expenses	10,867	6,144
Foreign exchange gain/(losses)	6,410	13,665
Impairment losses – Nueva Esperanza Project	(490)	(3,238)
Intercompany loan (write-off)/forgiveness	(54,689)	(31,556)
Loss before financial costs and income tax	(45,235)	(19,861)
Finance income	53	2
Finance costs	(4,120)	(488)
Net finance costs	(4,067)	(486)
Loss before income tax	(49,302)	(20,347)
Income tax expense	–	–
Loss after income tax	(49,302)	(20,347)
Total comprehensive loss for the year	(49,302)	(20,347)
Loss attributable to:		
Owners of Kingsgate Consolidated Limited	(49,302)	(20,347)
Total comprehensive loss attributable to:		
Owners of Kingsgate Consolidated Limited	(49,302)	(20,347)
Summary of movements in consolidated retained earnings		
Accumulated losses		
At the beginning of the financial year	(746,628)	(726,281)
Loss for the year	(49,302)	(20,347)
At end of the financial year	(795,930)	(746,628)

Statement of financial position

ASSETS

Current assets

Cash and cash equivalents

5,403

7,230

Receivables

141

72

Other assets

541

87

Total current assets

6,085

7,389

Non-current assets

Property, plant and equipment

24

8

Investment in subsidiaries

23,781

24,271

Total non-current assets

23,805

24,279

TOTAL ASSETS

29,890

31,668

LIABILITIES

Current liabilities

Payables

87,778

83,200

Provisions

302

220

Borrowings

–

8,960

Total current liabilities

88,080

92,380

Non-current liabilities

Provisions

1

–

Total non-current liabilities

1

–

TOTAL LIABILITIES

88,081

92,380

NET LIABILITIES

(58,191)

(60,712)

EQUITY

Contributed equity

727,307

675,484

Reserves

10,432

10,432

Accumulated losses

(795,930)

(746,628)

TOTAL EQUITY

(58,191)

(60,712)

Directors' Declaration

In the Directors' opinion:

- a) the financial statements and notes that are set out on pages 44 to 79 and the Remuneration Report in the Directors' Report, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards, the *Corporation Regulations 2001* and other mandatory professional reporting requirements.
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note 32 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in Note 32.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Acting Chief Financial Officer for the financial year ended 30 June 2023.

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



Ross Smyth-Kirk OAM

Director

Dated at Sydney on 29 September 2023
On behalf of the Board

For personal use only

Independent Auditor's Report



Independent auditor's report

To the members of Kingsgate Consolidated Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Kingsgate Consolidated Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- › the consolidated statement of financial position as at 30 June 2023
- › the consolidated statement of changes in equity for the year then ended
- › the consolidated statement of cash flows for the year then ended
- › the consolidated statement of profit or loss and other comprehensive income for the year then ended
- › the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- › the directors' declaration.

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Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

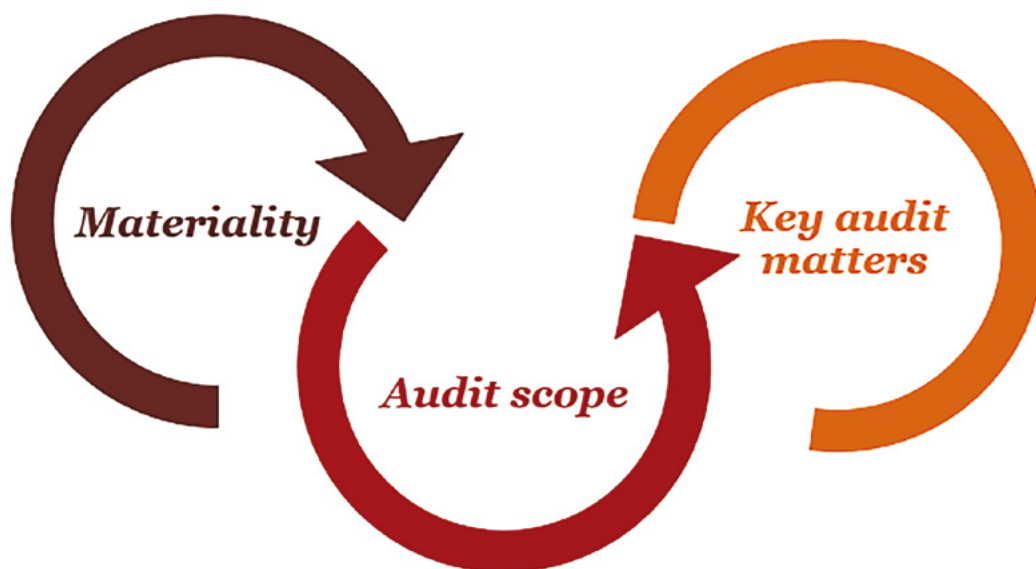
Material uncertainty related to going concern

We draw attention to Note 1(a), which indicates that the Group held cash and cash equivalents of \$8,921,000 as at 30 June 2023, experienced net cash outflows from operating and investing activities of \$51,147,000 for the year then ended, and is dependent on being successful in raising additional funds through one or more sources, as described in Note 1(a). These conditions, along with other matters set forth in Note 1(a), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	Audit scope	Key audit matters
- For the purpose of our audit we used overall Group materiality of \$1.2 million, which represents approximately 1% of the Group's total assets. - We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. - We chose the Group's total assets because, in our view, it is the benchmark which best reflects the expected requirements of users of the Group's financial statements. - We chose total assets as the materiality benchmark rather than a profit measure given the fact that operations at Chatree Gold Mine recommenced in the latter part of the year, and the Group's focus on the possible sale of the Nueva Esperanza Gold/Silver Project. - We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	- Our audit focused on where the Group made subjective judgments; for example, significant accounting estimates involving assumptions and inherently uncertain future events. - The Australian engagement team directed the involvement of the Thai component audit team, which audited the financial information of Akara Resources Public Company Limited. - The component auditor in Chile, operating under instructions, also performed specified audit procedures over the Group's Chilean operations' financial information. - The Australian engagement team determined the required level of involvement in the work performed by the Thai and Chilean component audit teams, in order to be satisfied that sufficient appropriate audit evidence had been obtained for our opinion on the Group financial statements as a whole.	- Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: - Reversal of the inventory write-down at Chatree Gold Mine. - Impairment indicator assessment of exploration and evaluation assets Nueva Esperanza Gold/Silver Project. - These are further described in the <i>Key audit matters</i> section of our report, except for the matter which is described in the <i>material uncertainty related to going concern</i> section.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter(s) described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Reversal of inventory write-down at Chatree Gold Mine. (Refer to note 3(i) and 5(e)) \$59.8 million During the year, the refurbishment of Chatree Plant #2 was completed and the Thai Government granted permission to reopen the mine. The production plant reopened in March 2023 and processing of the stockpile recommenced. Management considered this to be an indicator for reversal of the previous inventory write-down. Based on cash flow models prepared, a reversal of inventory write-down \$59,822,000 was recognised in relation to Chatree Gold Mine. The reversal of the inventory write-down at Chatree Gold Mine and associated disclosures is considered to be a key audit matter due to the significance of the reversal to the consolidated statement of profit or loss and other comprehensive income, and the significance of the asset to the consolidated statement of financial position, and the significant judgments involved in determining the net realisable value of inventories.	We considered the Group's reversal of the prior period inventory write-down at Chatree Gold Mine. We performed the following procedures, amongst others: › performed a site visit to inspect the production activities at Chatree Gold Mine and refurbishment work performed; › reviewed mining licences and permits granted by the Department of Mines granting permission to re-open the mine; › confirmed that the reversal of impairment was limited to Chatree Plant #2 and the ore stockpile; › assessed whether the methodology adopted to reverse the previous inventory write-down was consistent with the requirements of Australian Accounting Standards; and › evaluated management's model and assessed whether the cashflow forecasts and key assumptions within the forecasts were reasonable. We evaluated the disclosures made in note 3(i) in relation to the reversal of inventory write-down and assessed their adequacy, in light of the requirements of Australian Accounting Standards.



Key audit matter

Impairment indicator assessment of exploration and evaluation assets Nueva Esperanza Gold/Silver Project (Refer to Note 3(iii))

The impairment indicator assessment of the exploration and evaluation assets for the Nueva Esperanza Gold/Silver Project was a key audit matter given the significance of the carrying value of this CGU (\$23.8 million as at 30 June 2023) and given the impairment charge recorded in the 2019 financial year (\$33.4 million).

The impairment indicator (and the potential reversal of impairment) assessment is also subject to significant judgements by the Group as described in the Note 3 (iii) to the financial statements.

How our audit addressed the key audit matter

We considered the Group's impairment indicator assessment for the Nueva Esperanza Gold/Silver Project and its conclusion that no impairment indicators, nor indicators for impairment loss reversal existed at balance sheet date.

In respect of the impairment indicator assessment, we:

- › evaluated if the Group identified and considered the relevant internal and external factors in its assessment;
- › obtained and discussed with the directors information relating to recent offers to acquire the Project and the current status of any expressions of interest;
- › obtained and reviewed evidence around recent developments for the Esperanza Gold/Silver Project; and
- › considered the Groups' market capitalisation at balance sheet date compared with the net assets of the Group.

We evaluated the adequacy of the disclosures made in Note 3 (iii), including those regarding the key internal and external factors considered in light of the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Corporate Information and the Directors' report. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 35 to 41 of the directors' report for the year ended 30 June 2023.

In our opinion, the remuneration report of Kingsgate Consolidated Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Craig Thomason
Partner

Sydney
29 September 2023

Shareholder Information

as at 15 September 2023

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Distribution of equity securities

Size of Holding	Number of shareholders of fully paid ordinary shares
1 – 1,000	3,909
1,001 – 5,000	2,520
5,001 – 10,000	854
10,001 – 100,000	1,358
100,001 +	296
Total	8,937

20 largest shareholders

Below are the 20 largest shareholders of quoted ordinary shares:

	Shareholder	Number of shares	Percentage
1	HSBC Custody Nominees (Australia)	27,860,412	10.81
2	Citicorp Nominees Pty Limited	20,881,917	8.10
3	BNP Paribas Noms Pty Ltd	18,539,010	7.19
4	BNP Paribas Nominees Pty Ltd	9,952,286	3.86
5	BNP Paribas Nominees Pty Ltd	9,447,457	3.67
6	Arinya Investments Pty Ltd	4,996,944	1.94
7	Clawson Holdings Pty Ltd	3,100,000	1.20
8	Russell Phillip Quinn	3,000,000	1.16
9	J P Morgan Nominees Australia	2,648,582	1.03
10	Andrew Lenox Hewitt	2,459,303	0.95
11	Wyong Rugby League Club Ltd	2,300,000	0.89
12	Warbont Nominees Pty Ltd	2,252,095	0.87
13	Ian Gillespie-Jones	2,180,009	0.85
14	Jay Evan Dale Hughes	2,000,000	0.78
15	Philip Storr	1,650,000	0.64
16	Jamari Pty Ltd	1,510,000	0.59
17	Frank Markert Pty Ltd	1,456,087	0.56
18	HSBC Custody Nominees (Australia) Limited	1,340,647	0.52
19	Anthony Mark Van Der Steeg	1,263,000	0.49
20	Twisted Corporation Pty Ltd	1,184,332	0.46

Voting rights – Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Corporate Information

Kingsgate Consolidated Limited
ABN 42 000 837 472

Directors

Ross Smyth-Kirk OAM	Executive Chairman
Jamie Gibson	Managing Director
Nucharee Sailasuta	Non-Executive Director
Peter Warren	Non-Executive Director

Chief Executive Officer

Jamie Gibson

Company Secretary

Stephanie Wen

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 Depositary Receipt (ADR) under the code OTC: KSKGY.

Registered Office and Principal Business Address

[Kingsgate Consolidated Limited](#)

Suite 12.07 – Level 12
14 Martin Place
Sydney NSW 2000
Australia

Tel: +61 2 8256 4800
Email: info@kingsgate.com.au
Web: www.kingsgate.com.au

Thailand Office

[Akara Resources Public Company Limited](#)

No. 99 Moo 9, Tambon Khao Chet Luk
Amphur Thap Khlo
Phichit 66230
Thailand

Tel: +66 56 614 500
Fax: +66 56 614 190
Email: admincgm@akararesources.com
Web: www.akararesources.com

Share Registry

[Link Market Services Limited](#)

Level 12
680 George Street
Sydney NSW 2000
Australia

Postal address:
Locked Bag A14
Sydney South NSW 1235
Australia

Tel: +61 1300 554 474
Fax: +61 2 9287 0303
Email: registrars@linkmarketservices.com.au
Web: www.linkmarketservices.com.au

Auditor

[PricewaterhouseCoopers](#)

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