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Acquisition of Royalty and Water Rights unlocks value at Nueva Esperanza

Kingsgate Consolidated Limited (ASX: KCN) ("Kingsgate" or the "Company") is pleased to advise of a significant acquisition unlocking value and prospectivity for the development of the Nueva Esperanza Silver-Gold Project in Chile ("Nueva Esperanza" or the "NE Project"). The acquisition of these rights from Inversiones Anglo American Norte SpA ("IAAN"), removes a key financial and operational constraint, materially improving project economics, and advances Nueva Esperanza towards development.

Key Highlights

Kingsgate acquires the Royalty and Water Rights delivering long-term value through:

- Elimination of future pre-production royalties of US$2.0M per annum;
- Removal of the 5% NSR royalty over Esperanza, and the 3% NSR royalty over Arqueros;
- Securing long-term water rights and removing the ongoing payment of ~US$0.8M per annum; and
- Facilitates the timely delivery of key technical, infrastructure, and strategic initiatives across the NE Project.

Commenting on the acquisition, Kingsgate's Managing Director and Chief Executive Officer, Jamie Gibson said:

"*This transaction is a major step forward for Nueva Esperanza and materially enhances the Project's value and development potential. Removing this royalty structure and securing long-term water rights significantly improves project economics, reduces structural complexity, and provides Kingsgate with far greater strategic flexibility.*

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Importantly, it also allows us to accelerate key technical workstreams focused on optimising the development pathway. Against an increasingly supportive macro environment for silver, we believe Nueva Esperanza is emerging as a highly strategic asset with significant potential to unlock long-term shareholder value".

Background

Kingsgate through its wholly owned subsidiary Laguna Resources Chile Limitada ("Laguna") owns the prospective Nueva Esperanza Silver-Gold Project.

Under the terms of existing royalty agreements between Laguna and IAAN, Laguna is subject to two royalty agreements (collectively, "the Royalty") with the following salient terms:

Royalty

- Aggregate annual pre-production royalties of US$2.0M per annum comprising:
  - US$1.0M per annum in relation to the Proyecto Esperanza mining properties[1] ("Esperanza"); and
  - US$1.0M per annum in relation to the Proyecto Arqueros mining properties[2] ("Arqueros").
- On commencement of production:
  - A life-of-mine net smelter royalty ("NSR") of 5.0% on mining products from Esperanza[3];
  - A life-of-mine NSR of 3.0% on mining products from Arqueros; and
  - A minimum aggregate NSR payment US$2.0M per annum[4].

Water Rights

Laguna holds a Usufruct Contract for Water Rights ("Water Rights") entered into with IAAN to permit the consumption of up to 50 litres per second of water from ground water wells located close to the Nueva Esperanza tenement package. Salient terms and obligations include:

- A minimum monthly payment of US$64,800 per month (US$778k per annum), or where water is used, an amount of US$1.1 per cubic metre of water extracted[5];
- The duration of the Water Rights contract is only valid until the earlier of 13 years from the commencement of the Arqueros project and December 2039 ("Termination Date");
- Laguna must preserve the Water Rights, including by reimbursing non-use patent payments, enabling the wells for extraction and complying with requirements necessary to maintain their validity; and

[1] Comprises the Esperanza and Teterita tenements.
[2] Comprises the Arqueros tenement package.
[3] The Esperanza royalty permits Esperanza (including Teterita) pre-production royalty payments to offset NSR payments, subject to a minimum payment of US$1.0 million per annum.
[4] A minimum NSR payment of US$ 1 million for each Arqueros and Esperanza.
[5] Subject to the minimum monthly payment of US$64,800. Unit rate costs are subject to annual CPI adjustments.

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- On the Termination Date, Laguna must return the groundwater wells to IAAN in good working condition to allow for their continued use and for their exploitation to remain to the benefit of IAAN.

Laguna currently has total unpaid amounts of US$8.1 million outstanding ("Unpaid Royalties") in relation to the pre-production royalties. A further US$2.0M is due by August 2026.

As part of Kingsgate's ongoing evaluation of the NE Project's development pathway, Kingsgate re-engaged with IAAN in late 2025, to review the existing royalty and water rights arrangements.

Key Terms of the Transaction

Kingsgate and Laguna have entered into definitive legal agreements with IAAN to settle Unpaid Royalties and acquire both the Royalty and Water Rights for a total consideration of US$21.6M comprising of an upfront cash consideration of US$15.6M ("Cash Consideration") and a further US$6.0M in contingent payments ("Contingent Payments"). Further details are set out in the below table:

Consideration

	US$M
Cash Consideration	
Payment of Unpaid Royalties	8.07
Payment for the Royalty and Water Rights	7.53
Total Cash Consideration	**15.60**
Contingent Consideration	
Successful sale, IPO or JV (>25%) of the NE Project	1.75
Six months after start-up of commercial production of the NE Project	1.25
NE Project achieves aggregate production of 6Moz of silver equivalent	1.25
NE Project achieves aggregate production of 12Moz of silver equivalent	1.75
Total Contingent Consideration	**6.00**
Total Consideration	**21.60**

Funding

The transaction is to be fully funded through Kingsgate's existing group cash reserves of ~A$139M[6], while the Company retains undrawn headroom under its existing loan facility with Nebari of US$15M.

[6] As at 30 April 2026 and included restricted cash of A$23M.

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Strategic Rationale

This transaction is a key step in simplifying the NE Project by removing legacy encumbrances, reducing holding costs, and materially de-risking the development pathway for Nueva Esperanza.

Securing these long-term water rights is critical for the NE Project, given the NE Project's location in the Atacama region of Chile, which is characterised by extreme aridity, stringent permitting requirements, with alternative water supply solutions in that region typically costly and complex. Water rights in the Maricunga and broader Atacama region are becoming increasingly scarce, and these strategic assets are considered critical to long-term project development.

Concurrent with this acquisition, Kingsgate has initiated targeted technical workstreams aimed at optimising the NE Project's development strategy. The construction of associated water infrastructure is expected to commence imminently and within six weeks a targeted metallurgical drill program is expected to commence alongside the engagement of specialist consultants.

A primary focus of this work will be to assess the NE Project's amenability to heap leach processing, which, if confirmed, has the potential to materially reduce capital intensity and accelerate the development timeline relative to conventional processing routes.

In parallel, the Company is advancing a strategic review of value realisation pathways for Nueva Esperanza, including the potential for a separate listing of the Project on the Australian Securities Exchange ("ASX"). (Please note that any potential separate listing of Nueva Esperanza on the ASX remains subject to further evaluation, prevailing market conditions, and all applicable board, regulatory, and shareholder approvals).

This process is being considered within the context of a strengthening silver price environment and is intended to unlock the value of Nueva Esperanza for Kingsgate shareholders, while maintaining exposure to the NE Project's future upside.

Kingsgate will continue to update the market as these workstreams progress.

About Kingsgate Consolidated Limited

Kingsgate Consolidated Limited (ASX:KCN) is an Australian gold and silver mining, development, and exploration company. The Company owns and operates the Chatree Gold Mine in Thailand and is advancing the Nueva Esperanza Silver-Gold Project in Chile. Kingsgate's strategy is focused on delivering long-term value to shareholders through operational excellence, prudent financial management, and disciplined growth across its portfolio of precious metal assets.

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Authorised for release by the Board of Kingsgate Consolidated Limited.

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