



Kingsgate

Consolidated Limited

ABN 42 000 837 472

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The Manager, Announcements
Company Announcements Office
Australian Securities Exchange

FOR PUBLIC RELEASE
Via ASX Online (1 page)

Dear Sir/Madam,

Chatree Gold Mine - Operational Update

Kingsgate Consolidated Ltd (ASX: KCN) has received final approvals to access all mining areas at the Chatree Gold Mine operated by Akara Mining, the operating subsidiary of Kingsgate. Akara's initial focus as required by the Highways Department will be to address a wall failure and stress cracks that were accentuated by the early onset of the wet season. The mining operations will then have the flexibility to blend high and low grade areas during the 2012 financial year with the Company expecting a strong gold production performance in the December 2011 half year.

The new Chatree North mill expansion is now fully funded and remains on budget and schedule. The new plant is projected to ramp up to full capacity by the end of December 2011. Gold production at Chatree is expected to be approximately 150,000 ounces in the 2012 financial year, subject to final regulatory approvals. Combined with an estimated 100,000 ounces from the Challenger mine, total Group gold production for the year should be a record of around 250,000 ounces.

The Chatree process plant has been very reliable and has operated at over 98% availability since it commenced operation in its current configuration in 2003. During May 2011 the plant was abnormally impacted by a mechanical breakdown when the SCATS crusher motor failed. The rewind motor also failed upon installation before a replacement motor was successfully installed in late May. This impacted gold production during the month. By month end the process plant capacity was back to normal levels of throughput and production.

During this period of reduced plant capacity, and with the low grade nature of the current ore feed, a SAG mill reline scheduled for July 2011 was brought forward by approximately six weeks. This reline took nearly two days and together with the impacts from the onset of the heaviest early wet season since the Chatree Mine commenced operations in 2000, further impacted gold production.

A subsequent production review was undertaken and concluded that the lost gold production was not recoverable in June and, as a consequence, the gold production from Chatree for the current financial year is expected to be just under 80,000 ounces of gold. Group gold production for the year is now expected to be nearly 120,000 ounces, including approximately 40,000 ounces from the Challenger mine in South Australia (which accords with Kingsgate's acquisition assumptions for the current financial year).

Kingsgate Managing Director, Mr Gavin Thomas said, "We are pleased to have obtained approval to access all mining areas at Chatree including C North. This will ensure a strong second half to calendar 2011. The lower production from Chatree in May as a result of the SCATS crusher failure and the delay in receipt of the final access approvals was unfortunate, but we were able to utilize that time effectively and bring forward the SAG mill reline."

"Importantly, the delays do not represent lost gold production but only a shift in timing into the next financial year which should be a record year for gold production for Kingsgate."

Yours sincerely,

Gavin Thomas
Managing Director & CEO
Kingsgate Consolidated Limited