



Kingsgate

Consolidated Limited

1 August 2011

Via ASX Online
(6 pages including cover)

Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir/Madam,

Kingsgate to Acquire Bowdens Silver Project

Kingsgate Consolidated Limited - ASX:KCN - ("Kingsgate") announces that it has entered into an agreement to purchase the Bowdens silver project in New South Wales (N.S.W.), Australia from a wholly-owned subsidiary of Silver Standard Resources Inc. ("Silver Standard") (<http://www.silverstandard.com/>), subject to the satisfaction of certain conditions precedent.

Bowdens, located some 240km west of Sydney, is an epithermal silver deposit with an existing NI 43-101 resource (Measured and Indicated) of 79.5Moz of silver, and an additional inferred resource of 17.6Moz, using a 40 g/t silver equivalent cut-off grade. The deposit contains significant by-product credits totalling an additional 27.4Moz (Measured & Indicated silver equivalent) and 5.9Moz (Inferred silver equivalent).

The project has been subject to extensive technical and feasibility due diligence. Kingsgate's development team plans to fast-track the project through a Bankable Feasibility Study. Based on Kingsgate's initial review, Bowdens could be in production by early 2014.

Bowdens has the potential to be a robust project with the possibility of increasing the resource base. Kingsgate plans to release a JORC-compliant resource and the conclusions of an updated scoping study within the next 2 months.

Bowdens has become a non-core asset for Silver Standard as it concentrates on developing silver projects in both South and North America. This sale represents a continuation of Silver Standard's strategy of divesting peripheral assets.

Consideration for the acquisition is A\$75M comprising:

- A\$35m cash, payable upon closing;
- Two payments, each of A\$5m cash, payable on 31/12/2011 and 30/06/2012; and
- \$30m in Kingsgate shares.

Completion of the Bowdens acquisition is subject to customary conditions including receipt of any required regulatory approvals and third party comments. Kingsgate expects the transaction to close by October 2011.

Funding for the cash component of the purchase will be provided through existing and additional debt facilities provided by Investec Bank (Australia).

Kingsgate's Managing Director and CEO Gavin Thomas said, "This exciting opportunity enables Kingsgate to acquire an advanced development project with exploration and development upside. Bowdens is ideally suited to the company's core strengths of identifying quality projects and bringing them into production cost effectively".

Ross Smyth Kirk, Kingsgate's Chairman said, "Kingsgate now has two advanced development projects in its portfolio that will underpin substantial production growth to 2015. Bowdens represents an important further step in establishing the company as a leading ASX-listed, mid-tier precious metal producer".

Yours sincerely,

A handwritten signature in black ink, appearing to read "Gavin Thomas". The signature is fluid and cursive, with a horizontal line underneath the name.

Gavin Thomas
Managing Director & CEO
Kingsgate Consolidated Limited

Bowdens Project – Acquisition Rationale

Transaction Rationale

- Bowdens represents a continuation of Kingsgate's previously stated growth strategy and is consistent with recent initiatives including the acquisition of a 70% interest in Laguna Resources NL, which wholly owns the Arqueros/Esperanza silver gold project in Chile.
- Bowdens meets Kingsgate's key objectives of using the company's technical expertise to acquire and develop advanced exploration projects.
- The asset facilitates Kingsgate's strategy of project and geographic diversification.
- There will be significant synergy between Arqueros and Bowdens, in terms of the technical understanding required for development.

Key attributes of Bowdens

1. Robust project

- Bowdens has the potential to be developed as an open pit operation with the capacity to sustain a 3-4Mtpa ore processing rate over a minimum 10 year mine life.
- Low strip ratio is expected due to the near-surface and flat lying nature of the mineralisation.
- Availability of key infrastructure with access to water, proximity to grid power and a skilled workforce. Silver Standard has already acquired, and has further options, over land covering a significant portion of the likely footprint of the project, and these will pass to Kingsgate as part of the transaction

2. Advanced nature of the project

- Bowdens underwent a detailed assessment by respected technical consultants as part of the 2004 resource modelling and detailed scoping study which included metallurgical, mining, environmental and capital and operating cost aspects of the project.
- Previous scoping studies provide the platform to accelerate environmental base line, feasibility and development work and move through the required regulatory and environmental approvals.
- The region hosts a large number of skilled workers, given the presence of numerous operating mines.

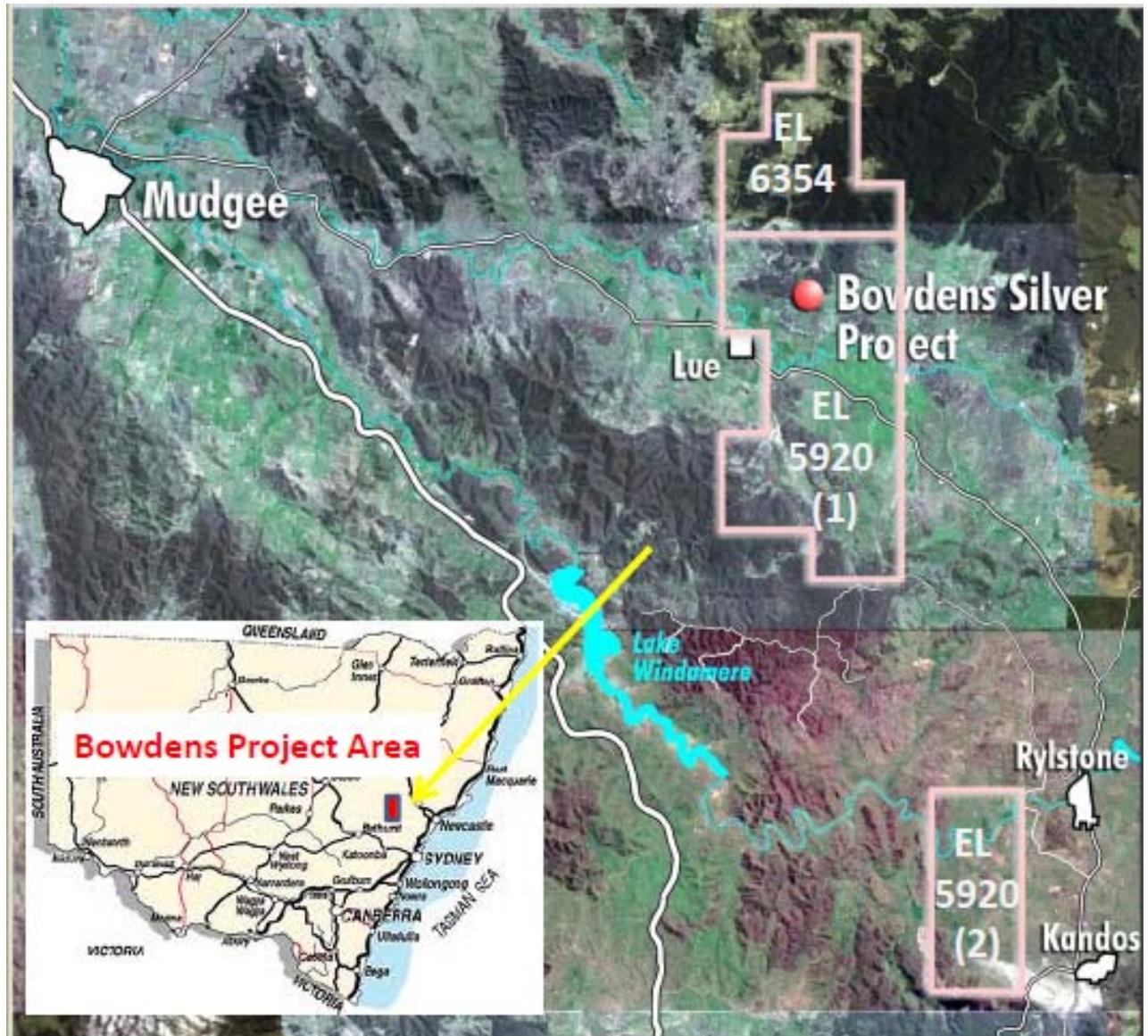
3. Resource Potential

- The current pit shell has been optimised based on existing drilling. Areas of potential for further mineralisation will be the subject of a planned drill program over the next 6-9 months.
- Kingsgate will assess the project based on the current resource base, with any exploration success having the potential to scale-up the project and extend mine life.

Bowdens Project – Project Summary

Location and Ownership History

Bowdens is located near Mudgee in N.S.W, Australia, approximately 240km west of Sydney. The property is contained within the exploration license EL5920.



The property has been through the following exploration and feasibility phases:

- CRA Exploration (1989 - 1994). Discovery and initial drilling.
- Golden Shamrock Mines (1994 - 1997). Continued exploration drilling. Bowdens was sold when Golden Shamrock was bought by AngloGold Ashanti.
- Silver Standard (1997 - present). Drilling and feasibility work leading to a NI 43-101 compliant resource in 2004; completion of a scoping study and detailed metallurgical work.

The previous owners completed 395 drill holes totalling more than 43,000 metres of drilling. Only minor work on the project has been undertaken since 2006 as Silver Standard focused on other projects in its portfolio.

The NI43-101 Mineral Resource, as quoted by Silver Standard, is as follows:

Measured & Indicated Resources (at 40 AgEq g/t cut off)

Class	Tonnes (t)	Grade			
		Ag (g/t)	Pb (%)	Zn (%)	AgEq (g/t)
Measured	22.9	50.41	0.33	0.46	71.43
Indicated	24.7	53.33	0.26	0.36	68.45
Measured & Indicated	47.6	51.93	0.30	0.41	69.88

Inferred Resources (at 40 AgEq g/t cut off)

Class	Tonnes (t)	Grade			
		Ag (g/t)	Pb (%)	Zn (%)	AgEq (g/t)
Inferred	13.4	40.94	0.21	0.32	54.49

Mining

Mineralisation at Bowdens occurs as gently dipping, continuous zones that outcrop over large parts of the deposit and plunge to the north. Mining is likely to occur through an open pit operation. The strip ratio is expected to be low as a result of the favourable location and character of the mineralisation.

Initial pit optimisation work indicates a near-surface zone of higher grade silver that could be accessed in the early stages of production. This will have a positive impact on project economics and payback period.

Mineralisation & Processing

Bowdens is an epithermal silver deposit hosted in volcanic rocks, comprising rhyolite and volcanic breccia. Silver mineralisation is associated with lead and zinc sulphides. Early stage mineralisation is disseminated within siliceous fill-cementing breccia with late stage mineralisation being quartz-carbonate-sulphide assemblages in crustiform veining. Visible sulphides are pyrite, sphalerite and galena.

Previous metallurgical work has been completed by highly regarded experts in Australia and Canada. Most of the payable silver reports to a silver-rich lead concentrate with minor silver reporting to the zinc concentrate. Early indications are that the concentrate will be of high quality and in strong demand by off takers and traders. This could assist Kingsgate when assessing optimum funding routes for project development.

Exploration

The potential exists to grow the resource base over time through further exploration. A drilling program has been planned to test the possible extent of the mineralisation. This exploration will not impact the planned feasibility and development work schedule.

Further growth potential is considered from the following:

- In and around the currently defined zone of mineralisation.
- Several prospects in close proximity to the Bowdens Deposit require further exploration. Drilling at the Coomber Prospect has identified similar mineralisation and grades with excellent potential to increase the resource portfolio.

Forward Work Program

Kingsgate intends to immediately commence a Bankable Feasibility Study building on the high quality work previously completed by Silver Standard and its consultants. A detailed exploration program to better define the extent of the mineralisation has been outlined which, pending board approval, will be undertaken over the next 6-9 months.

Work on updating the scoping study is well advanced and results should be available for release to the market in the short term. This is likely to coincide with an updated JORC-compliant resource statement.

Environmental, regulatory and Government approvals are likely to be the key determinants to the timing of project development. Whilst these time-lines are uncertain, significant base-line studies have already been completed over a number of years, which will facilitate completion of the required work.

During its ownership of the project, Silver Standard has built good and positive community relations in the local area around Bowdens. Following completion of the transaction, Kingsgate intends to build on these relationships, and meet with the local community to discuss the project. Kingsgate has an enviable safety and community relations record at its flagship Chatree operation in Thailand and fully intends to recognise and foster these critical areas at Bowdens.

Competent Person Statement

The forward looking statements regarding Bowdens deposit were made by Mr Ron James from information provided by Silver Standard Inc. and its agents. Mr James is a member of the Australian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation under consideration to qualify as a competent person as defined in the 2004 edition of the "Australian Code of Reporting of exploration results, mineral resources and ore reserves". Mr James consents to the inclusion of the mineral resource estimate in the form and context in which it appears based on the information presented to him.

The exploration activities and results contained in this document are based on information compiled by Dr Ian Pringle, a Member of the Australasian Institute of Mining and Metallurgy. Dr Pringle is the Manager and a Director of Silver Standard Australia Pty Ltd and also a Principal of Ian J Pringle & Associates Pty Ltd, a consultancy company in minerals exploration. He has sufficient experience which is relevant to the style of mineralization and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Dr Pringle has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.