



# Kingsgate

Consolidated Limited

ABN 42 000 837 472

4 November 2015

**Via ASX Online  
(2 pages)**

**FOR PUBLIC RELEASE**

Manager  
Company Announcements Office  
Australian Securities Exchange

## **Response to Open Offer for Challenger Gold Mine**

Kingsgate correctly assessed Challenger sale options, the conditionality and risks of potential offers, and has considered the operating capabilities of possible counterparties.

Kingsgate has concluded, and remains of the view, that the agreement with WPG and PYBAR represents the best potential outcome for all stakeholders with significantly less risk.

In relation to the Open Offer announced today by Marmota Energy Limited (ASX:MEU) ("Marmota") for the Challenger Gold Mine, Kingsgate wishes to advise the following:

- A brief discussion with a broker representing Marmota did occur last week;
- Marmota provided insufficient evidence that they could provide a fully funded quantified offer;
- Marmota did not demonstrate to Kingsgate's satisfaction that they have the financial capability to fund such an offer;
- Kingsgate has received no written offer or proposal from Marmota other than its announcement made to the ASX today; and

- Marmota's Westpoint Hill prospect is an undrilled gold anomaly generated from surface calcrete sampling. These anomalies are commonplace across the Gawler Craton, South Australia.

It was also evident from the discussion with the broker that Marmota would need to undertake a period of formal due diligence before such an offer could be given serious consideration.

A key determinant in Kingsgate entering in to an exclusive Agreement with WPG and PYBAR is that it was recognised that they have both the financial ability and demonstrated skills to complete the transaction.

WPG spent considerable time undertaking proper due diligence on Challenger prior to executing the Option Agreement.

Importantly, Kingsgate has a duty of care and responsibility to the South Australian Government and wider community to ensure that any sale transaction meets all mine closure and rehabilitation obligations in a satisfactory manner, and it was deemed that WPG and PYBAR would be best placed to ensure these obligations are fulfilled.

Kingsgate also considers that the Challenger South South West Zone represents the best opportunity for exploration upside within the project tenements, which is why a royalty provision was negotiated for that specific area.

A handwritten signature in black ink, appearing to read 'Greg Foulis', with a stylized flourish at the end.

**Greg Foulis**  
**Chief Executive Officer**  
**Kingsgate Consolidated Limited**