



Kingsgate

Consolidated Limited

ABN 42 000 837 472

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(2 pages)**

FOR PUBLIC RELEASE

Manager
Company Announcements Office
Australian Securities Exchange

Option to Acquire Challenger Gold Mine Exercised

Kingsgate (ASX:KCN) is pleased to announce that the “Option Agreement” to sell its 100% owned Challenger Gold Mine in South Australia to a 50/50 Joint Venture between Diversified Minerals Pty Ltd (a 100% owned associate of the PYBAR Group) and WPG Resources Limited has been exercised.

As announced on 30 October this year, and after a 6 week period of due diligence, the option has been exercised which will see the Joint Venture acquire Challenger at the completion of the current life-of-mine plan and exhaustion of Ore Reserves in February 2016.

“The sale of Challenger signals the first strategic step towards securing a new future for the company,” Kingsgate Chief Executive Officer, Mr Greg Foulis said.

“We can now concentrate on pursuing new business and mine development opportunities to enhance our portfolio including pushing ahead with our exciting development, Nueva Esperanza in Chile,” he said.

Kingsgate maintains that 20,000 to 25,000 ounces of gold will be produced from Challenger between the end of the September quarter and the completion of commercial production in February 2016.

The current Group production forecast for FY16 of 165,000 to 180,000 ounces was predicated on the February closure and therefore, the full-year forecast remains unchanged.

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

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