



Kingsgate

Consolidated Limited

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Sterling outcome as Kingsgate sells 85% interest in

Bowdens Silver Project for A\$20M

Experienced Pacific Rim gold producer, Kingsgate Consolidated Limited (ASX:KCN) is pleased to announce the execution of a Share Purchase Agreement (“SPA”) to sell an effective 85% strategic interest in the Bowdens Silver Project, located near Mudgee in central NSW, to Silver Investment Holdings Australia Limited (“SIHA”).

Kingsgate Chief Executive Officer, Mr Greg Foulis said *“This deal is another key part of a strategic portfolio re-alignment for Kingsgate.”*

“Following the successful divestment of the Challenger Operation, we believe that the time is right to deal with the Bowdens Silver Project.”

The terms of the transaction are as follows:

- SIHA, subject to completing Due Diligence within the next 30 days, will acquire 100% of the capital of Kingsgate Bowdens Pty Limited;
- On completion of the acquisition, Kingsgate and SIHA will immediately be associated in an unincorporated Joint Venture with Kingsgate retaining an initial 15% Free Carried Interest (to the point that SIHA meets certain criteria including lodgement of an Environmental Impact Statement, exploration expenditure of A\$4 million and completion of a Bankable Feasibility Study);

- Kingsgate will receive a total payment of A\$20 million cash for the 85% interest in the project of which \$200,000 has been received by way of a non-refundable deposit;
- A further A\$1.8 million will be paid upon completion of the Due Diligence; and
- The remaining A\$18 million will be paid by SIHA at deal completion, which is scheduled to occur by 30 June 2016.

In the current market environment, Kingsgate had to choose between two significant feasibility stage projects and the choice was made to focus on the more advanced Nueva Esperanza Project in Chile.

The A\$20 million sale proceeds, which equate to approximately \$0.08 per Kingsgate share, will enhance balance sheet flexibility.

Mr Anthony McClure, of SIHA, said “We are thrilled to have been able to execute this transaction with Kingsgate.”

“We’ve been evaluating the project for almost twelve months and have worked closely with Kingsgate to reach this agreement.”

Mr McClure added, “We very much look forward to completing the transaction and working alongside the Kingsgate team in the Joint Venture to realise the value of this unique asset.”

SIHA is a public unlisted company incorporated as a New South Wales specific resources group, with particular emphasis on silver and related minerals. The group delivers considerable expertise across all aspects of exploration, development and financing of resource projects.

The deal is a positive outcome for the Bowdens Silver Project, which will see a reinvigoration of work on both regional exploration and the already well advanced Environmental Impact Statement.

SIHA as the Project lead, with support from Kingsgate, is looking forward to briefing key stakeholders, including community and government, on proposed work programs.



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