



Kingsgate

Consolidated Limited

ABN 42 000 837 472

28 September 2016

Dear Shareholder,

Unsolicited takeover offer from Northern Gulf Petroleum International Pte. Ltd.

On 16 September 2016, Kingsgate Consolidated Limited (“Kingsgate”) received an unsolicited takeover offer from Singaporean entity, Northern Gulf Petroleum International Pte. Ltd. (“Bidder”) (the “Offer”). The Offer is to acquire 50.1% of the Kingsgate shares held by each shareholder for 4.2 cents per share.

You will soon receive a copy of the Bidder’s Statement in the mail from the Bidder, which will contain further details relating to the Offer.

Kingsgate Board recommends that shareholders TAKE NO ACTION before reviewing Kingsgate’s Target Statement which will be sent to you in mid-October.

Your Board is currently undertaking a detailed review of the Offer.

At this early stage, your Board recommends that you should simply **TAKE NO ACTION** in relation to the Offer and your Kingsgate shares.

Do not fill in any documents sent to you by the Bidder.

While your Board’s review is not yet complete, your Board would like to share with you the following initial observations in relation to the Offer:

- The Offer is opportunistic as it has been made while Kingsgate shares are in voluntary suspension;
- The Offer is only a proportional offer. This means that the Bidder is seeking to acquire 50.1% of your shares, so that it can secure control of Kingsgate at minimal cost; and
- Based on the Bidder’s Statement, the Bidder has neither the experience nor the credentials needed to realise the significant potential of Kingsgate’s flagship asset, the wholly-owned Nueva Esperanza Gold/Silver Project in Chile – in fact, the Bidder’s Statement barely gives any attention to this asset.

Full details of your Board’s formal response to the Offer and the Bidder’s Statement will be provided in Kingsgate’s Target’s Statement, which will be sent to shareholders in mid-October. You will have ample time to consider your Board’s recommendation after you receive our Target’s Statement.

Ross Smyth-Kirk
Chairman