



# Kingsgate

Consolidated Limited

ABN 42 000 837 472

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**Via ASX Online  
(2 pages)**

**MEDIA RELEASE**

Manager  
Company Announcements Office  
Australian Securities Exchange

## **Kingsgate Directors REJECT Northern Gulf Petroleum Takeover Offer**

The Directors of Kingsgate Consolidated Limited (ASX:KCN) (“Kingsgate” or the “Company”) have today unanimously advised shareholders to **REJECT** the opportunistic and inadequate proportional takeover offer by Singapore-based Northern Gulf Petroleum International Pte. Ltd. (“NGPI”) of 4.2 cents per Kingsgate share.

In the Target’s Statement released to Kingsgate shareholders today, the Directors advise that Grant Thornton Corporate Finance, acting as an Independent Expert, has concluded that the offer is **NOT FAIR** and **NOT REASONABLE**. This conclusion supports the view held by the Kingsgate Board that the NGPI offer significantly undervalues the Company.

The offer is materially lower than the Independent Expert’s value range of 27.9 to 42.0 cents per share.

It also fails to recognise Kingsgate’s improved prospects and financial position; is highly opportunistic in its structure and timing; and ignores the strong potential of Kingsgate’s flagship asset, the Nueva Esperanza Gold/Silver Project in Chile. The Bidder’s Statement is unclear and uncertain regarding the future operation and growth of Kingsgate should NGPI gain control.

In the September quarter, Kingsgate sold 29,905 ounces of gold at a total cash cost of US\$605 per ounce, with an All-in Sustaining Cash Cost of US\$596 per ounce and is expecting to produce 40,000 to 45,000 ounces of gold in the December quarter.

These increases are the result of pit optimisation, higher grades, higher recoveries and lower strip ratios. The average gold price received for the quarter was US\$1,335 per ounce.

If these results are achieved, the Company is expecting to be completely debt free by 31 December 2016, when the Thai Government has indicated the Chatree Gold Mine is to be prematurely closed.

Kingsgate is still negotiating with the Government and is still exploring all legal and diplomatic avenues with regard to the forced closure.

Meanwhile, exploration has resumed at the flagship Nueva Esperanza Project after the winter season. Drilling is planned to extend to known resources and target new high priority targets.

Kingsgate's Chairman, Mr Ross Smyth-Kirk, said "We are optimistic about the Company's future, particularly with our exciting Nueva Esperanza Project in Chile, and strongly recommend that shareholders **REJECT** this offer."

Shares in the Company are to resume trading on the ASX today after being voluntarily suspended since May.

A handwritten signature in black ink, appearing to read 'ROSS SMYTH-KIRK', written in a cursive style.

**Ross Smyth-Kirk**  
**Chairman**  
**Kingsgate Consolidated Limited**

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