



Kingsgate

Consolidated Limited

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Nueva Esperanza Gold/Silver Project Exploration Update

Kingsgate Consolidated (ASX:KCN) ("Kingsgate" or the "Company") is pleased to provide an update on exploration activities at its 100% owned Nueva Esperanza Project in Chile. The spring exploration season commenced in September 2016, and forms part of a previously announced US\$3 million exploration budget for FY17 which will focus on district targets separate from the three existing resource areas. For the balance of the 2016/17 season exploration will be focused on detailed geological mapping, surface sampling, Air-Blast and RC drilling.

Air-Blast & RC Drill Hole Programs

An approximate 300 hole, Phase II Air-Blast drill hole program is currently underway to follow up on the successful Phase I, 485 hole program completed in March 2016. Various anomalous areas identified during the Phase I program will be infilled to a higher sample density and individual point anomalies identified by the Phase I program will be followed up with additional holes (See location map page 2).

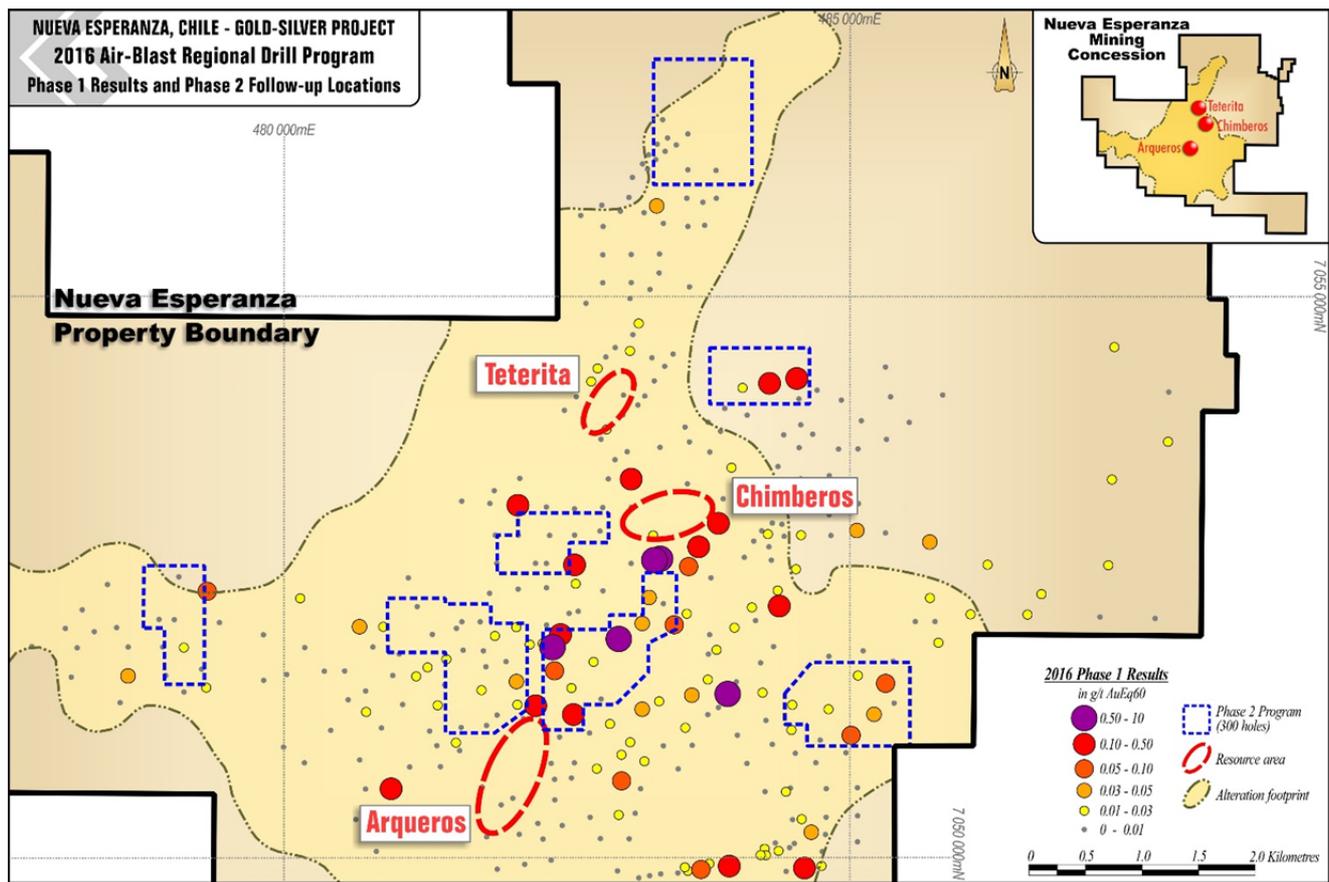
Air-Blast drilling is a rapid and very cost-effective method of exploring large prospective areas of bedrock masked by a thin veneer of post-mineral cover. It is anticipated the holes will be on average 12 to 15 metres deep.

A Reverse Circulation (RC) drill program is scheduled to get underway in November and will systematically test a number of different targets.

The targets have been generated by a number of methods including detailed geological mapping, interrogation of historical exploration data, new and evolving geological models focused on the margins of dacite domes and Air-Blast geochemical anomalies. The initial RC drill program will comprise of approximately 40 holes.

The initial focus for the RC drilling will be in the Chimberos sector testing deeper silver-gold targets north and south of the Chimberos pit in proximity to the contact between the Palaeozoic basement and overlying younger Tertiary volcanic sequence.

Additional exploration holes are planned in the vicinity of the Arqueros and Teterita deposits.



2016 Air-Blast Drill Program – Previously reported Phase 1 results and Phase 2 follow-up locations

Surface Sampling

Surface rock sampling is ongoing and is following up on a number of new target areas some of which are located in the vicinity of dacitic domes. An area east of Cerro Gaston and the Potosi sector has been sampled in detail following up several highly anomalous boulder float samples taken prior to the winter shutdown.

Technical Team

The technical team working at Nueva Esperanza was materially strengthened in FY17 by the addition of two Senior Geologists. Both Geologists complement the current exploration team and are very experienced in working in the high Andean environment and on large epithermal deposits.

Kingsgate looks forward to providing further exploration updates as results come to hand. This work complements the Nueva Esperanza Pre-Feasibility Study released in April 2016, (See ASX:KCN titled “Nueva Esperanza Pre-Feasibility Study dated 14 April 2016”) that underpins the strategic value of this exciting project and provides the foundation for Permitting and Feasibility work activities in 2017.

Greg Foulis
Chief Executive Officer
Kingsgate Consolidated Limited