



Kingsgate

Consolidated Limited

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Manager
Company Announcements Office
Australian Securities Exchange

Kingsgate 2012 Mineral Resources & Ore Reserves

Kingsgate Consolidated Limited (ASX: KCN) increased its global gold and silver Mineral Resource inventory and replenished its Ore Reserves from mine depletion over the year to 30 June 2012.

Group Mineral Resources are now estimated at 10.1 million ounces gold equivalent, including by-products, an increase of 10% compared to the June 2011 estimate of 9.3 million ounces gold equivalent. Included in this estimate are 5.1 million ounces of gold and 207 million ounces of silver. Resources depleted by mining have been replaced at Challenger and increased at Chatree, and the addition of Teterita and Chimberos have increased the global resources at Nueva Esperanza.

The major changes for each project encompassed the following:

- Chatree, Thailand: At a gold price of US\$1,400/ounce the gold cut-off grade was reduced from 0.4 to 0.3 grams per tonne but with pit parameters essentially unchanged since 2010. This has resulted in a significant increase in reserve tonnes at a slightly lower average gold grade.
- Challenger, South Australia: The inclusion of the Challenger West structure increased the average grade of the total deposit from 5.6 to 6.1 grams per tonne gold.
- Nueva Esperanza, Chile: The inclusion of the Teterita and Chimberos mineralised bodies significantly increased resources and the additional drilling has upgrade resources categories for much of the mineralisation.
- Bowdens, New South Wales: Drilling is ongoing at Bowdens and an upgrade to the current resources is anticipated before the end of the year.

Group Ore Reserves are now estimated at 2.57 million ounces gold equivalent compared to 2.61 million ounces gold equivalent in 2011. This change reflects mining depletion of approximately 280,000 ounces gold equivalent which has been mostly offset by increases at both Challenger and Chatree.

The Mineral Resources and Ore Reserves have been reported according to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

A handwritten signature of 'Gavin Thomas' in black ink.

Gavin Thomas
Managing Director & CEO
Kingsgate Consolidated Limited

Kingsgate Consolidated Limited 2012 Mineral Resources and Ore Reserves Statement

As at 30 June 2012 the combined Mineral Resources at Chatree and Challenger total 4.90 million ounces of gold and 31.7 million ounces of silver in 173.8 million tonnes with corresponding Ore Reserves of 2.37 million ounces of gold and 17.8 million ounces of silver in 74.6 million tonnes of ore, an increase of over 10 million tonnes of ore from Chatree.

Combined Mineral Resources at Nueva Esperanza and Bowdens total 88.9 million tonnes at 61g/t silver for 175 million ounces of silver with additional credits in gold, lead and zinc as tabled below. The combined silver equivalent for these two advanced projects is 217 million ounces (see notes for metal equivalence factors).

Bowdens figures are unchanged compared to last year, however over 11,000m of drilling completed throughout the year is expected to grow resources from extensions to the mineralisation included in the 2011 estimates. An updated resource estimate will be incorporated into the advanced feasibility study in order to develop Ore Reserves and a mine plan later in 2012.

The notes on metal equivalences below refer to the 'Kingsgate Summary Mineral Resource and Ore Reserve Tables' and subsequent tables in the following pages:

1. Rounding of figures may cause numbers to not add correctly
2. Nueva Esperanza silver equivalent: $\text{AgEq (g/t)} = \text{Ag (g/t)} + \text{Au(g/t)} \times \text{EQa}$
Gold Equivalent: $\text{AuEq (g/t)} = \text{Au (g/t)} + \text{Ag (g/t)}/\text{EQa}$
 $\text{EQa} = (\text{price gold} * \text{recovery gold}) / (\text{price silver} * \text{recovery silver})$
Calculated from prices of US\$1250/oz Au and US\$30/oz Ag, and metallurgical recoveries of 85% Au and 78% Ag estimated from test work by Kingsgate and Laguna
2. Bowdens silver equivalent: $\text{AgEq (g/t)} = \text{Ag (g/t)} + 22.4 \times \text{Pb (\%)} + 25.5 \times \text{Zn (\%)}$
Calculated from prices of US\$28/oz Ag, US\$2200/t Pb, US\$2200/t Zn and metallurgical recoveries of 81% Ag, 73% Pb, and 83% Zn estimated from test work by Silver Standard
3. Bowdens gold equivalent: $\text{AuEq (g/t)} = \text{AgEq (g/t)} / \text{EQb}$
 $\text{EQb} = (\text{gold price} / \text{silver price})$
Calculated from prices of US\$1250/oz Au, US\$28/oz Ag and assuming consistent metallurgical recoveries for silver of 81%
4. Chatree gold equivalent: $\text{AuEq/t} = \text{Au (g/t)} + \text{Ag (g/t) / EQa}$
 EQa see note 1 above.
Calculated from prices of US\$1400/oz Au and US\$26/oz Ag and metallurgical recoveries of 85% Au and 50% silver based on metallurgical test work and plant performance
5. Cut-off grade for Chatree is 0.3g/t Au; Nueva Esperanza is 0.5g/t AuEq; Bowdens is 30g/t AgEq
6. In the company's opinion, the silver and gold included in the metal equivalent calculations have a reasonable potential to be recovered.

Kingsgate Summary Mineral Resource and Ore Reserve Tables

| Challenger and Chatree Ore Reserves | | | | | | | | | | | | |
|--|----------------------------|---------------------|---------------|-----------------|--------------------|-----------------|--------------------|--------------------|----------------|------------------|---------------------|---------------------|
| Source | Category | Tonnes (Million) | Grade (g/t) | | | Contained Metal | | | | | | |
| | | | Gold (g/t) | Silver (g/t) | Au Equiv. (g/t) | Gold (M oz) | Silver (M oz) | | | | | |
| CHALLENGER | Proved | 0.64 | 4.32 | - | 4.32 | 0.09 | - | | | | | |
| | Probable (incl stockpiles) | 2.61 | 6.61 | - | 6.61 | 0.55 | - | | | | | |
| | Total | 3.25 | 6.16 | - | 6.16 | 0.64 | - | | | | | |
| CHATREE | Proved | 46.2 | 0.79 | 7.9 | 0.88 | 1.17 | 11.7 | | | | | |
| | Probable | 16.7 | 0.72 | 5.9 | 0.78 | 0.39 | 3.2 | | | | | |
| | Stockpiles (Proved) | 8.4 | 0.63 | 10.7 | 0.75 | 0.17 | 2.9 | | | | | |
| | Total | 71.3 | 0.75 | 7.8 | 0.84 | 1.73 | 17.8 | | | | | |
| TOTAL ORE RESERVES | | 74.6 | 0.99 | 7.4 | 1.07 | 2.37 | 17.8 | | | | | |
| Challenger & Chatree Mineral Resources (Inclusive of Ore Reserves) | | | | | | | | | | | | |
| Source | Category | Tonnes (Million) | Grade (g/t) | | | Contained Metal | | | | | | |
| | | | Gold (g/t) | Silver (g/t) | Au Equiv. (g/t) | Gold (M oz) | Silver (M oz) | | | | | |
| CHALLENGER | Measured | 1.15 | 3.56 | - | 3.56 | 0.13 | - | | | | | |
| | Indicated | 2.55 | 7.80 | - | 7.80 | 0.64 | - | | | | | |
| | Inferred | 1.31 | 7.46 | - | 7.46 | 0.31 | - | | | | | |
| | Total | 5.01 | 6.74 | - | 6.74 | 1.09 | - | | | | | |
| CHATREE | Measured | 86.9 | 0.74 | 7.0 | 0.82 | 2.07 | 19.6 | | | | | |
| | Indicated | 50.7 | 0.67 | 4.8 | 0.72 | 1.09 | 7.8 | | | | | |
| | Inferred | 31.2 | 0.65 | 4.3 | 0.70 | 0.65 | 4.3 | | | | | |
| | Total | 168.8 | 0.70 | 5.8 | 0.77 | 3.81 | 31.7 | | | | | |
| TOTAL MINERAL RESOURCES | | 173.8 | 0.88 | 5.7 | 0.94 | 4.90 | 31.7 | | | | | |
| Nueva Esperanza & Bowdens Mineral Resources | | | | | | | | | | | | |
| Source | Category | Tonnes (Million) | Grade | | | | | Contained Metal | | | | |
| | | | Gold (g/t) | Silver (g/t) | Lead (%) | Zinc (%) | Ag Equiv. (g/t) | Au Equiv. (g/t) | Gold (M oz) | Silver (M oz) | Ag Equiv. (M oz) | Au Equiv. (M oz) |
| NUEVA ESPERANZA | Measured | 1.8 | 0.01 | 90 | - | - | 90 | 2.01 | 0.00 | 5.2 | 5.2 | 0.12 |
| | Indicated | 20.2 | 0.26 | 81 | - | - | 93 | 2.06 | 0.17 | 52.6 | 60.2 | 1.34 |
| | Inferred | 8.7 | 0.2 | 66 | - | - | 75 | 1.67 | 0.06 | 18.5 | 21.0 | 0.47 |
| | Total | 30.7 | 0.23 | 77 | - | - | 88 | 1.95 | 0.23 | 76.3 | 86.4 | 1.92 |
| BOWDENS | Indicated | 31.2 | - | 60.6 | 0.30 | 0.40 | 78 | 1.72 | - | 60.8 | 77.8 | 1.73 |
| | Inferred | 27 | - | 44 | 0.3 | 0.4 | 61 | 1.35 | - | 38.2 | 53.0 | 1.18 |
| | Total | 58.2 | - | 52.9 | 0.30 | 0.40 | 70 | 1.55 | - | 99.0 | 130.6 | 2.90 |
| TOTAL MINERAL RESOURCES | | 88.9 | 0.08 | 61 | - | - | 76 | 1.69 | 0.23 | 175 | 217 | 4.82 |

CHATREE

As at 30 June 2012 Mineral Resources at Chatree total 3.81 million ounces of gold and 31.7 million ounces of silver in 168.8 million tonnes with corresponding Ore Reserves of 1.73 million ounces of gold and 17.8 million ounces of silver in 71.2 million tonnes of ore.

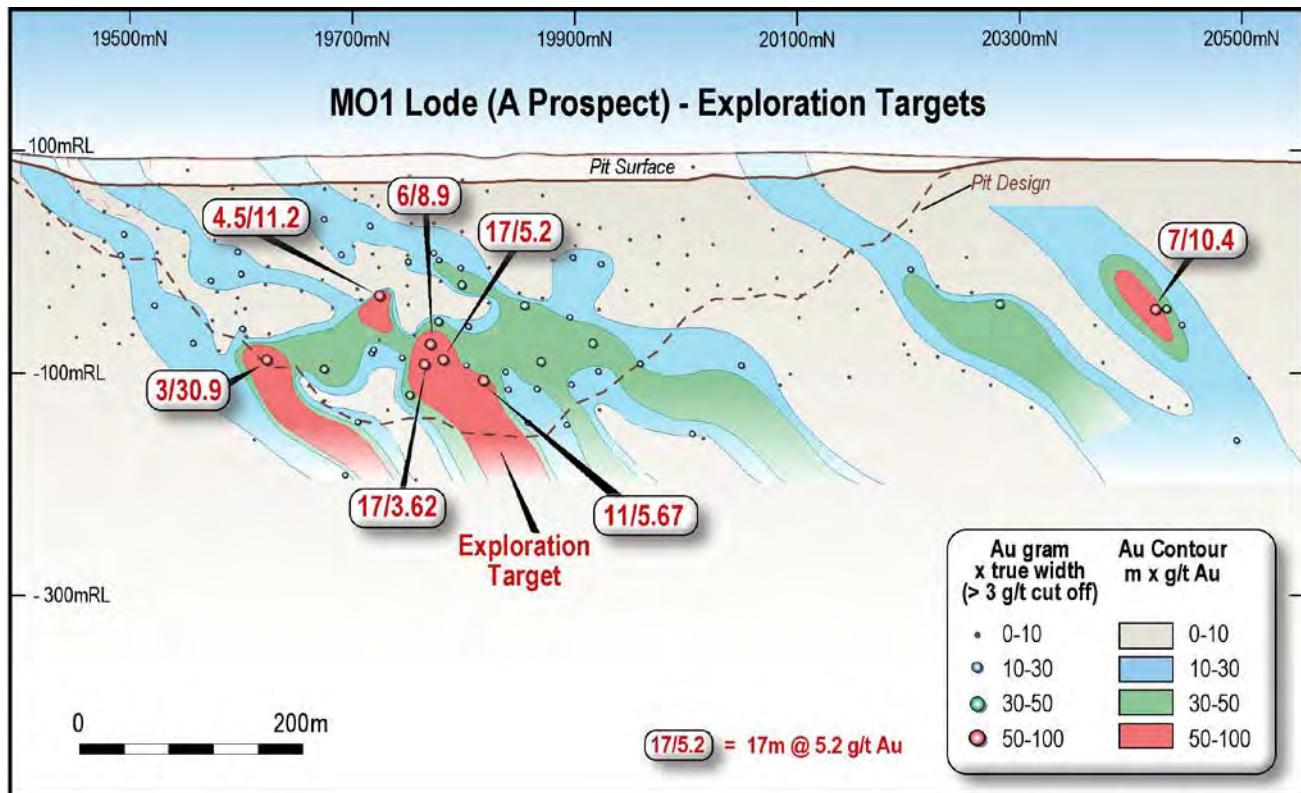
| Chatree Mineral Resources Inclusive of Ore Reserves At 0.3g/t Gold Cut-Off Grade | | | | | | |
|---|---------------------|---------------|-----------------|-----------------|------------------|----------------|
| Category | Tonnes (Million) | Grade | | Contained Metal | | |
| | | Gold (g/t) | Silver (g/t) | Gold (M oz) | Silver (M oz) | AuEq (M oz) |
| Measured | 86.9 | 0.74 | 7.0 | 2.07 | 19.6 | 2.28 |
| Indicated | 50.7 | 0.67 | 4.8 | 1.09 | 7.8 | 1.18 |
| Inferred | 31.2 | 0.65 | 4.3 | 0.65 | 4.3 | 0.70 |
| Total | 168.8 | 0.70 | 5.8 | 3.81 | 31.7 | 4.16 |

Rounding of figures may cause numbers not to add correctly

Mineral Resources

A 3.5% increase in gold ounces and a 33% increase in tonnes reflects lowering of the cut off grade and completion of new resource models for A, D and C Pits during the year. The new modelling followed a review of reconciliation achieved within some of the ore units within A Pit between July 2011 and March 2012. Based on the higher gold price, the cut-off grade for resource reporting was lowered from 0.4g/t Au to 0.3g/t Au, resulting in an additional 42 million tonnes of resource.

Drilling is currently underway to test new geologic interpretations of the high grade lodes at the base of A Pit. This drilling targets the potential down-plunge position of high grade quartz lodes within the pit design. Successful targeting of these high grade lodes has the potential to provide Mineral Resources and Ore Reserves at grades significantly above the current overall resource grade.



Longitudinal projection of A Pit showing high grade targets and selected intersections (meters/gold grade)

Ore Reserves

Ore Reserves are based on optimisation of the Mineral Resource model with current estimates of costs, revenue and recovery parameters. The reduction in the cut-off grade has resulted in a decrease in the waste to ore stripping ratio from 4.0:1 to 3.0:1 and the addition of 11 million tonnes of ore at a slightly lower grade of 0.75g/t gold. The additional ore resulted from a reclassification of marginal mineralised material with the higher grade ore still contained within essentially the same pit shell as last year's mine design.

| Chatree Ore Reserves At 0.3g/t Gold cut-off grade | | | | | | |
|--|---------------------|---------------|-----------------|-----------------|------------------|----------------|
| Category | Tonnes (Million) | Grade | | Contained Metal | | |
| | | Gold (g/t) | Silver (g/t) | Gold (M oz) | Silver (M oz) | AuEq (M oz) |
| Proved | 46.2 | 0.79 | 7.9 | 1.17 | 11.7 | 1.30 |
| Probable | 16.7 | 0.72 | 5.9 | 0.39 | 3.2 | 0.42 |
| Stockpiles (Proved) | 8.4 | 0.63 | 10.7 | 0.17 | 2.9 | 0.20 |
| Total | 71.3 | 0.75 | 7.8 | 1.73 | 17.8 | 1.92 |

Notes:

1. Reserves are based on a three year average gold price of US\$1,400/oz and a silver price of US\$26/oz.
2. All reserves are based on detailed pit designs.
3. Rounding of figures may cause numbers not to add correctly.

CHALLENGER

As at the end of June 2012, the Mineral Resources of 1.09 million ounces of gold match the June 2011 total. Ore Reserves of 0.64 million ounces have been increased by 5.5%. Allowing for mining depletion of 92,000 ounces during the year the new figure represents a gain of 21%, or 125,700 additional ounces of gold.

Gains

These gains are mainly attributable to:

- Extending the M1 and M2 Shoot reserves from 0mRL to minus 100mRL. This is based on both the increased density of drilling and related increased confidence of the interpreted shoots below the major offset structures (79 Fault and 215 Shear). New 'life of mine' studies indicate that current infrastructure is capable of supporting development to below the minus 100m RL.
- Upgrading of the Challenger West Shoot Ore Reserves, in particular applying an increased ovm (ounces per vertical meter) between 1000m and 700mRLs based on development and detailed drilling results. Reserves have also been extended from 700mRL down to 600mRL. The resource grade at Challenger West increased substantially throughout the year with the largest component averaging 23.1g/t gold from 1,170-600mRL. The average grade from 600-0mRL is 12.3g/t.

Grade estimation

Estimation of Ore Reserve grades is based on stope development applying planned dilution. These grades should be regarded as optimum target grades with any unplanned dilution resulting in reduced grades (but not reduced ounces).

Risk Issues

A potential risk to Ore Reserves estimates is the continuity of the M1 and M2 Shoots below the offset fault. Until development reaches a 'steady state' below the offset fault, the application of the generic reserve model to the M1 and M2 shoots below 175mRL must carry a relatively high risk.

While the development and detailed drilling of the Challenger West Shoot on 800m and 790mRLs justify the upgraded estimation, the overall economics of accessing and developing this shoot is still to be demonstrated.

Upside

The generic estimation of 672 ounces per vertical metre (ovm) applied to the M2 Shoot reserves below the fault offset relates to historic production and to remaining reserves above 400mRL. This is significantly lower

than recent production of 900 to 1,000 ovm immediately above the offset between the 400m and 300m RLs. There is obviously a potential to upgrade the reserves if thus increased endowment continues below the fault offset.

Although the Challenger West resources have been extended down to 0m RL a relatively low endowment (92 ovm) has been applied below the base of the reserve estimates (600mRL). This is based on sporadic results from the underground drilling programs. However, the continuity of the structure can be interpreted including occasional narrow, high grade intersections (e.g. 0.35m @ 100.7g/t with associated visible gold returned from 165mRL) and the Challenger experience is that it requires development and close spaced drilling to accurately estimate gold endowment. Clearly if the endowment currently estimated above 600mRL continues there is potential to both to significantly increase the current Inferred Resources and make additional conversion to reserves. Ongoing drilling programs are designed to further evaluate this potential.

A potentially more significant target is represented by the high grade zone, within the interpreted Lower SEZ structure, identified from the 280mRL development and related drilling. Further planned drilling, which has been delayed due to access issues is required to facilitate any resource and reserve estimation for this structure.

Development and related drilling has allowed the estimation of 9,200 ounces of reserves for the Aminus Shoot between 340m and 160mRLs. Recent intersections of 3m @ 16.54g/t and 0.34m @ 1443.07g/t on separate features with both containing visible gold has indicated that Aminus is made up of multiple narrow, high grade structures. These are relatively close to development for the M1 Shoot and, if they can be shown to be consistent enough to develop profitably, they have the potential to add to resources and reserves. Any further exploration and development strategies will be dependent on an economic evaluation of current development at 280m and 260mRLs.

Mineral Resources and Ore reserves are summarised in the table below:

| Challenger Mineral Resources (Inclusive of Ore Reserves) | | | |
|--|---------------------|---------------|-----------------|
| Category | Tonnes (Million) | Grade | Contained Metal |
| | | Gold (g/t) | Gold (M oz) |
| Measured | 1.15 | 3.56 | 0.13 |
| Indicated | 2.55 | 7.80 | 0.64 |
| Inferred | 1.31 | 7.46 | 0.31 |
| Total | 5.01 | 6.74 | 1.09 |

| Challenger Ore Reserves | | | |
|-------------------------------|---------------------|---------------|-----------------|
| Category | Tonnes (Million) | Grade | Contained Metal |
| | | Gold (g/t) | Gold (M oz) |
| Proved (including stockpiles) | 0.64 | 4.32 | 0.09 |
| Probable | 2.61 | 6.61 | 0.55 |
| Total | 3.25 | 6.16 | 0.64 |

Rounding of figures may cause numbers not to add correctly

BOWDENS

The Bowdens deposit is approximately 240 km northwest of Sydney and 3 km north of the village of Lue, New South Wales, Australia.

Mineral Resources are unchanged at Bowdens from previously announced estimates. However, a program of 11,000m of RC and diamond drilling was undertaken throughout the year and is only recently completed. An updated resource estimate will be available later in 2012.

The recent drilling returned numerous significant intersections outside the known mineralised envelope that will most likely deepen and broaden the pit.

| Bowdens Mineral Resources (Cut-off grade 30g/t AgEq) | | | | | | | |
|--|---------------------|---------------|-------------|-------------|------------------|----------------|----------------|
| Category | Tonnes (Million) | Grade | | | Contained Metal | | |
| | | Silver g/t | Lead (%) | Zinc (%) | Silver (M oz) | AgEq (M oz) | AuEq (M oz) |
| Indicated | 31.2 | 60.6 | 0.30 | 0.40 | 60.8 | 77.8 | 1.73 |
| Inferred | 27.0 | 44.0 | 0.3 | 0.4 | 38.2 | 53.0 | 1.18 |
| Total | 58.2 | 52.9 | 0.30 | 0.40 | 99.0 | 130.6 | 2.90 |

Rounding of figures may cause numbers not to add correctly

NUEVA ESPERANZA (100%)

As at end of June 2012, Mineral Resources of 76.2 million ounces of silver and 0.23 million ounces of gold represent increases of 53% and 44% respectively from June 2011. These increases are attributed to the nearby Teterita and Chimberos resources that were acquired during the Financial Year, adding 10 million tonnes in resources.

Mineral Resources have been estimated using Multiple Indicator Kriging (MIK) with a variance adjustment to derive estimates of recoverable resources for a medium scale open pit operation. The estimates are reported above gold equivalent cut-off grades using silver to gold equivalence ratio of 45:1.

Arqueros estimates are based on three-metre down-hole composites from RC, diamond and underground open hole percussion (DTH) drilling. Data type comparisons suggest that grades from channel samples are biased high relative to other sampling types and the resource dataset excludes channel sampling results.

Comparison of data sets from Arqueros show no significant differences between gold and silver grades from DTH sampling and the recent Laguna RC and diamond drilling. Although this provides some confidence in the general reliability of the DTH data, the results are not conclusive and further 'twin' drilling is planned to be undertaken this spring.

Detailed density information is available for Arqueros and Teterita but none for Chimberos where a density of 2.0 tonnes per cubic meter was assigned, consistent with Arqueros. The Chimberos deposit is less well understood than the other Nueva Esperanza deposits, and all resources estimated for this deposit are classified as Inferred reflecting the generally sparse sampling of uncertain quality.

Drilling is underway at Chimberos in order to improve confidence in estimated Mineral Resources. A campaign of "twin" drilling will be incorporated into the resource extension drilling in order to assess the quality of existing assay data. The focus of the resource drilling will be the remnant high grade "core" of the deposit. Updated resources are expected by the end of calendar year 2012. Mineral Resources tabled below are reported at a cut-off grade of 22.5g/t AgEq.

| Nueva Esperanza Mineral Resources (Cut-off grade 0.5 AuEq) | | | | | | | |
|--|---------------------|---------------|-----------------|-----------------|------------------|----------------|----------------|
| Category | Tonnes (Million) | Grade | | Contained Metal | | | |
| | | Gold (g/t) | Silver (g/t) | Gold (M Oz) | Silver (M oz) | AgEq (M oz) | AuEq (M oz) |
| Measured | 1.8 | 0.01 | 90 | 0.00 | 5.1 | 5.2 | 0.12 |
| Indicated | 20.2 | 0.26 | 81 | 0.17 | 52.6 | 60.2 | 1.34 |
| Inferred | 8.7 | 0.2 | 66 | 0.06 | 18.5 | 21.0 | 0.47 |
| Total | 30.7 | 0.23 | 77 | 0.23 | 76.3 | 86.4 | 1.92 |

Rounding of numbers may generate rounding errors.

Competent Persons Statements:

In this report, information concerning Thailand operations relates to Exploration Results, Mineral Resources and Ore Reserve estimates is based on information compiled by the following Competent Persons: Ron James, Brendan Bradley, Guy Davies, Fiona Davidson and Suphanit Suphananthi who are employees of the Kingsgate Group. All except Brendan Bradley are members of The Australasian Institute of Mining and Metallurgy; Brendan Bradley is a member of the Australian Institute of Geoscientists. These people qualify as Competent Persons as defined in the Australasian code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2004 edition) and possess relevant experience in relation to the mineralisation of being reported herein as Exploration Results, Mineral resources and Ore reserves. Each Competent Person has consented to the Public reporting of these statements and the inclusion of the material in the form and context in which it appears.

In this report, the information concerning Challenger operations that relates to Exploration Results, Mineral Resources and Ore Reserves estimates is based on information compiled by Paul Androvic, Tim Benfield, Tony Poustie and Andrew Giles who are full-time employees of the Kingsgate Group. Paul Androvic, Tim Benfield and Tony Poustie are members of The Australasian Institute of Mining and Metallurgy and Andrew Giles is a member of the Australian Institute of Geoscientists. These persons have sufficient experience that is relevant to the mineralisation and type of deposit under consideration and to the activity that they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Paul Androvic, Tim Benfield, Tony Poustie, and Andrew Giles consent to the inclusion in the report of the matters based on their information in the form in which it appears.

The information in this report that relates to Bowdens and Nueva Esperanza Mineral Resource estimation is based on work completed by Jonathon Abbott who is a full-time employee of MPR Geological Consultants and a member of the Australian Institute of Geoscientists and Mr Ron James. Mr Abbott and Mr James have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Abbott and Mr James consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to data quality, comments on the resource estimates and economic potential of the estimated resources for Bowdens and Nueva Esperanza is based on information compiled by Ron James who is a member of the Australasian Institute of Mining and Metallurgy. Mr James has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The Competent Person has consented to the Public reporting of these statements and the inclusion of the material in the form and context in which it appears.