



Kingsgate

Consolidated Limited

ABN 42 000 837 472

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22 February 2012

The Manager, Announcements
Company Announcements Office
Australian Securities Exchange

**FOR PUBLIC RELEASE
Via ASX Online (3 pages)**

Dear Sir/Madam,

Kingsgate Announces \$70 million Fully Underwritten Institutional Share Placement

Kingsgate Consolidated Limited ("Kingsgate") announces a fully underwritten share placement to raise gross proceeds of approximately \$70 million ("Placement").

The proceeds of the Placement will provide Kingsgate with the financial flexibility to fund its development and exploration expenditure plans for the Nueva Esperanza and Bowdens projects during 2012, including accelerating the development timetable of those projects where possible.

Managing Director and CEO of Kingsgate Gavin Thomas said "Kingsgate is moving into a new phase of production growth which will be underpinned by the company's development pipeline and portfolio of mine and near-mine exploration targets.

"In particular, the company is committed to advancing the feasibility studies and project development plans at the Nueva Esperanza and Bowdens projects as well as progressing the underground exploration program at the Challenger Gold Mine."

"Kingsgate's strategy remains to accelerate development of projects as and when work confirms their financial and technical robustness. This is particularly the case at Nueva Esperanza given the encouraging results from the current exploration and feasibility work as well as the advancement of the environmental approval process. Opportunities also exist to order long lead time items in parallel with the feasibility studies".

"It is important that the Company remains well funded to continue this aggressive growth path, to take advantage of these opportunities and seek to realise the underlying value in its total asset portfolio", he said.

The Chairman of Kingsgate Ross Smyth-Kirk said "Given the high level of volatility in capital markets since mid 2011, and notwithstanding the strong improvement in current market sentiment, the Board is committed to ensuring that Kingsgate has sufficient financial flexibility to implement management's exploration, feasibility and development plans."

Kingsgate's expenditure plans in 2012

Kingsgate's planned development and exploration expenditure at Nueva Esperanza, Bowdens and Challenger for 2012 is as follows:

- **\$15 million:** feasibility and drilling at Nueva Esperanza
- **\$5 million:** regional exploration work planned on the Nueva Esperanza tenements
- **\$13 million:** feasibility, drilling and other commitments at Bowdens
- **\$10 million:** accelerated project development at both projects (including ordering of long lead items, detailed engineering and design, etc)
- **\$10 million:** the Challenger underground exploration program

In addition, Kingsgate is scheduled to repay approximately \$40 million in debt by 30 September, 2012. The reduction in debt outstanding under existing facilities will assist the company to optimise its longer term borrowing structure. This flexibility will be important given the capital commitments likely to be required at Nueva Esperanza and Bowdens.

Capital Raising Details

Kingsgate is seeking to raise approximately \$70 million via a fully underwritten Placement of approximately 9.9 million new ordinary fully paid shares ("New Shares") to institutional and sophisticated investors at a fixed offer price of \$7.10 per New Share. New Shares issued under the Placement will rank equally with existing Kingsgate ordinary shares on issue, including being entitled to the FY2012 interim dividend. The New Shares issued pursuant to the Placement are expected to be allotted and issued on 29 February 2012.

Trading in Kingsgate shares has been halted today while the Placement is undertaken. Trading is expected to recommence on 23 February 2012 following the announcement of the outcome of the Placement.

Yours sincerely



Gavin Thomas
Managing Director & CEO
Kingsgate Consolidated Limited

IMPORTANT NOTICES

Investments involve risks

An investment in Kingsgate shares is subject to investment and other known and unknown risks, some of which are beyond the control of Kingsgate. Kingsgate, like other mining companies, is subject to the hazards and risks normally associated with the exploration, development and production of natural resources from open pit or underground mining, which can be difficult to predict and are often affected by factors outside of the control of Kingsgate. Potential investors should consider current publicly available information on Kingsgate (such as that available on the websites of Kingsgate and ASX), carefully consider their personal circumstances and consult their stockbroker, solicitor, accountant or other professional adviser before making any investment decision.

Caution regarding forward-looking statements

This release contains forward-looking statements, which can usually be identified by the use of words such as such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or words of similar effect. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual outcomes to differ materially from those expressed in the statements contained in this release. You should not place undue reliance on these forward-looking statements. These forward-looking statements are based on information available to us as of the date of this release. Except as required by law or regulation (including the ASX Listing Rules) we undertake no obligation to update these forward-looking statements.

Not financial advice

This announcement is not financial advice or a recommendation to acquire Kingsgate shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek such legal, financial and/or taxation advice as they deem necessary or appropriate to their jurisdiction.

Offering restrictions

This announcement is not an offer or an invitation to acquire Kingsgate shares or any other financial products and is not a prospectus, product disclosure statement or other offering document under Australian law or any other law. It is for information purposes only and may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Kingsgate shares to be issued pursuant to the Placement have not been, and will not be, registered under the U.S. Securities Act of 1933 ("U.S. Securities Act") or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States unless the shares have been registered under the U.S. Securities Act, or in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act.

Past performance not indicative of future performance

Past performance information given in this announcement is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

Underwriters

The Underwriters have not authorised or caused the issue, lodgement, submission, dispatch or provision of this announcement and do not make or purport to make any statement in this announcement and there is no statement in this announcement which is based on any statement by the Underwriters.

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