



Kingsgate

Consolidated Limited

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(2 pages)

Manager
Company Announcements Office
Australian Securities Exchange

Recommended Takeover Offer by Kingsgate for the Minority Interests in Laguna

Kingsgate Consolidated Limited (ASX: KCN) ("Kingsgate") is pleased to announce a conditional off-market takeover offer ("offer") for all the fully paid shares in Laguna Resources NL (ASX: LRC) ("Laguna") not currently owned by Kingsgate which total 2.97 million shares.

Consideration for the transaction will be \$3.75 cash per Laguna fully paid share. Kingsgate will also offer to acquire certain Laguna partly paid shares. The offer is conditional only on Kingsgate becoming entitled to compulsorily acquire shares which are not tendered into the offer.

The Directors of Laguna independent of Kingsgate have informed Kingsgate that they intend to recommend that shareholders accept the offer in the absence of a superior offer and subject to the Independent Expert concluding that the offer is fair and reasonable.

Other key points related to the offer include the following:

- The offer price of \$3.75 represents a premium of over 100% to the last traded price of Laguna fully paid shares.
- The offer allows Laguna shareholders to dispose of their holdings in an otherwise illiquid stock. Over the last month less than 1200 shares have traded on the Australian Securities Exchange ("ASX").
- Shareholders who accept the offer will be paid within 5 business days after the minimum acceptance condition has been satisfied or waived (or 5 business days after receipt of their acceptance, should the condition be already satisfied or waived at that time).
- Laguna does not currently have any cash-generating assets. Drilling and feasibility expenditure on Laguna's Nueva Esperanza project is increasing and Kingsgate has extended a loan of \$11.6m to Laguna to cover recent costs. The loan is due to be repaid on 31 December 2012 and it is Kingsgate's expectation that, should the offer be unsuccessful, Laguna will need to undertake a rights issue or other capital raising to repay the loan and fund expenditure for the next 6-12 months.
- Given the low trading liquidity in Laguna shares, if the offer is unsuccessful, Kingsgate will seek for the Directors of Laguna to undertake a review of the costs and benefits of Laguna's ongoing ASX listing. If this review concludes that the listing should not be maintained, Kingsgate intends that a general meeting of Laguna will be held where shareholders can vote on the delisting of the shares from the ASX.

Commenting on the offer, Kingsgate Chief Executive Officer and Managing Director Gavin Thomas said "Laguna shareholders are currently faced with an illiquid investment requiring significant capital contributions over the next few years. The offer allows them to realize the value of their investment in a timely and cost effective manner. Further, given the expected large ongoing capital requirements for the Nueva Esperanza project, optimum development of the project will best occur as a wholly owned subsidiary within the Kingsgate Group".

Kingsgate will shortly lodge its Bidder's Statement with ASIC and this is expected to be dispatched to Laguna shareholders within a week of lodgement. The offer is expected to close mid-January 2012, subject to any extensions to the offer period.

Kingsgate has appointed Clayton Utz as its legal adviser in relation to the offer.

Yours sincerely,

A handwritten signature in black ink that reads "Gavin Thomas". The signature is written in a cursive style with a long, sweeping underline that extends to the left.

Gavin Thomas
Managing Director & CEO