



Kingsgate

Consolidated Limited

42 000 837 472

6 September 2010

**Via ASX online
(11 pages including cover)**

FOR PUBLIC RELEASE

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir/Madam,

DIVIDEND REINVESTMENT PLAN

Pursuant to ASX Listing Rule 3.17 we enclose a letter dated 2 September 2010 which has been sent to ordinary Australian and New Zealand shareholders.

Yours faithfully,
KINGSGATE CONSOLIDATED LIMITED

PETER WARREN
Company Secretary



Kingsgate

Consolidated Limited

ABN 42 000 837 472

2 September 2010

Dear Shareholders,

DIVIDEND REINVESTMENT PLAN

We advise that the Company has declared a 20 cent per share unfranked dividend with respect to the full year ended 30 June 2010. The record date is 10 September 2010 and the dividend will be paid on 24 September 2010.

We would like to remind shareholders that the Company's DRP is active. The issue price for DRP shares will be based on a 2% discount to the average market price of the company shares calculated in accordance with the rules of the DRP.

The last day for the receipt of an election/variation notice by the Company Registry, Security Transfer Registrar, for the Company's Dividend Reinvestment Plan is 9 September 2010.

If you do not wish to change the manner in which you currently receive dividends, you need not to return this Form.

The DRP rules and election form are enclosed for your information.

Yours faithfully,
FOR KINGSGATE CONSOLIDATED LIMITED

Peter Warren
Company Secretary



Kingsgate

Consolidated Limited

ABN 42 000 837 472

This document outlines the rules of the Company's Dividend Reinvestment Plan (DRP). You should read this document and the DRP rules in full before deciding whether or not to participate in the DRP.

Main features of the Dividend Reinvestment Plan

- If you elect to participate in the DRP, any subsequent cash dividend to which your participating shares are entitled will be applied to subscribe for new shares in the Company.
- The DRP is an easy way to increase your holding in the Company, whilst also saving on transaction costs. Participants will not be charged any brokerage or other transaction costs for shares issued under the DRP.
- Shares issued under the DRP are issued at a discount to the market price in the five trading days up to and including the record date.
- All shares issued under the DRP rank equally with existing shares.
- Participation in the DRP is optional and flexible. Subject to nominating a minimum of 200 shares to participate, shareholders can elect to participate for some or all of their shares. Participants can also vary or terminate their participation in the DRP by notifying the Company.
- If a shareholder elects to participate for only part of their shareholding, the balance of the dividend due to them will be paid in cash or credited to their financial institution account.
- A participant's reinvestment will start with the first dividend payment after the Company's Share Registry receives a completed form.
- The Company can alter, suspend or terminate the DRP from time to time. Participants will be notified before any material variation to the DRP.
- The issue price for DRP Shares will be based on a 2% discount to average market price of the Company's shares calculated in accordance with the Rules of the DRP.

Who can participate in the DRP?

All shareholders resident in Australia or New Zealand are eligible to participate in the DRP. To be resident in Australia or New Zealand, the shareholder must have a registered address in and be resident of Australia or New Zealand.

The Directors may determine that a shareholder whose registered address is in a country other than Australia or New Zealand may not participate in the DRP if such participation would or may be unlawful or impractical.

Shareholders will be invited to participate in the DRP. Participation is subject to the Company accepting an application from the shareholder that their shares be permitted to participate in the DRP (Election Form).

How does the DRP work?

Dividends otherwise payable on ordinary shares that participate in the DRP will be applied by the subscription for new ordinary shares in the Company on the participating shareholder's behalf. If any withholding tax is payable in respect of the dividend, or there is any other amount which the Company must retain (for example, if a shareholder does not quote a tax file number) these amounts will be deducted from the dividend and the balance will be applied in subscribing for shares.

Shares allotted under the DRP will rank equally with existing ordinary shares and participate in all dividends subsequently declared.

The number of shares issued to shareholders will be the nearest whole number (rounded down) to the value of the sum calculated in accordance with a formula set out in the DRP Rules.

At what price will new shares be issued under the DRP?

The new shares will be issued at an amount which is 98% of the weighted average price of ordinary shares in the Company sold on ASX in the ordinary course of trading during the five trading days up to and including the record date for the dividend. This represents a 2% discount to the weighted average share price over that period.

What do I have to do to participate in the DRP?

Eligible shareholders may elect to participate in the DRP in respect of all or a specified number only of their shares by completing an Election Form and returning it in accordance with the instructions on the Form to the Company's Share Registry, Security Transfer Registrars Pty Limited.

Shareholders may elect to vary their level of participation or terminate their participation in the DRP at any time by completing an Election Form and returning it to the Company.

Participation in the DRP will commence with the first dividend payment after the Company's receipt of the Election Form, provided that it is received by the Company on or before the record date for the dividend. An election by a shareholder to vary the level of participation or withdraw from the DRP will only be effective in relation to a forthcoming dividend if an Election Form is received by the Company on or before the record date for the dividend.

If I want to participate in the DRP do all my shares have to participate?

No. A shareholder can elect to participate in the DRP in respect of all shares registered in the name of the shareholder or a specified number of shares subject to a minimum participation of 200 shares. If a shareholder elects to participate in the DRP in respect of a specified number of shares only, the dividend on the non-participating shares will be paid in cash.

What happens if I sell some of my shares?

If a shareholder has elected to participate in the DRP in respect of a specified number only of the shares registered in the name of the shareholder and subsequently sells a parcel of shares, those shares that do not participate in the DRP will be deemed to have been sold first.

What happens if I acquire more shares?

If a shareholder has elected to participate in the DRP in respect of all of the shares registered in the name of the shareholder, all additional shares acquired in the future will be deemed to participate in the DRP. If a shareholder has elected to participate in the DRP in respect of a specified number only of the shares registered in the name of the shareholder, shares acquired through shares issued under the DRP will participate in the DRP, but cash dividends will be paid in respect of shares acquired in any other way. A new election form will need to be filled out before these shares can participate in the DRP.

Taxation

Usually, dividends reinvested in shares are treated the same as cash dividends for Australian and New Zealand tax purposes. However, the Company cannot give you tax advice and shareholders should obtain their own professional tax advice before electing to participate in the DRP.

Neither the Company nor any of its officers or advisers accepts any liability or responsibility for taxation liabilities of shareholders who elect to participate in the DRP.

DIVIDEND Reinvestment Plan Rules

1. Commencement

The DRP and these Rules will commence operation on such date as the Directors in their sole discretion determine.

2. Eligibility

2.1 Subject to clause 2.2, the Company will invite all Shareholders to participate in the DRP.

2.2 Directors may determine that a Shareholder will not be invited to participate in the DRP if :

(a) the Shareholder has a registered address in a country other than Australia or New Zealand where participation in the DRP would or may be unlawful or impractical; or

(b) the Shareholder is not resident in Australia or New Zealand and their participation in the DRP would be subject to legal requirements applying in their country of residence.

2.3 A Shareholder is solely responsible for obtaining any regulatory approval or consent necessary for that Shareholder to participate in the DRP, other than any approval that the Company is required to obtain for the DRP.

2.4 A Shareholder may apply to participate in the DRP:

(a) after receiving an invitation to participate in the DRP; and

(b) by completing, signing and delivering an Election Form to the Company in accordance with the instructions on the Form.

2.5 If the Directors determine that a Shareholder cannot participate in the DRP, the Company will notify the Shareholder that their application has been rejected.

2.6 Participation in the DRP cannot be transferred to any other person.

3. Level of participation

3.1 Limits on participation: Subject to any restriction imposed by the Listing Rules from time to time, the Directors may set a limit on the number of shares which Shareholders must or may nominate for participation in the DRP. Until the Directors determine otherwise, the minimum number of shares that a Shareholder must nominate for participation is 200.

3.2 Full participation: Subject to clause 3.1, a Shareholder may nominate all of the shares registered in their name at any time to participate in the DRP ('full participation'). If a Shareholder does not specify on the Election Form the number of shares to participate in the DRP, the Shareholder will be taken to have applied for all of that Shareholder's shares to participate.

3.3 Partial participation: Subject to clause 3.1, a Shareholder may nominate less than the Shareholder's total shareholding in the Company to participate in the DRP ('partial participation').

3.4 Subject to clause 3.1, if a Shareholder is registered as holding less than the number of shares they have nominated to participate in the DRP, then the Shareholder will be taken to have nominated all of the Shareholder's shares to participate until the Shareholder's registered holding exceeds the number of shares nominated to participate.

3.5 Share disposal: In the event of a disposal of shares, Shareholders who participate in the DRP on a partial basis will be deemed to have disposed of their shares in the following order:

(a) first – shares not participating in the DRP; and

(b) second – shares participating in the DRP.

3.6 Share acquisitions: If a Shareholder participates in the DRP, future acquisitions will participate as follows:

(a) shares issued under the DRP will participate in the DRP;

(b) in the case of a full participation – all shares acquired after the date of nomination will participate in the DRP until the Shareholder notifies the Company otherwise in accordance with the Rules;

(c) in the case of a partial election – subject to clause 3.4, cash dividends will be paid in respect of all shares acquired after the date of nomination. A new Election Form will need to be lodged with the Company before future acquisitions may participate in the DRP.

3.7 The Company's register of members will be conclusive in determining participation and no responsibility will be taken for transfers or acquisitions that are not entered on the register.

4. Commencement, Variation and Termination of Participation

4.1 Participation: Subject to clause 2.4, an Election Notice to participate in the DRP is effective immediately upon receipt by the Company. However, an Election Notice received after the record date for determination of entitlements to a dividend but before payment of that dividend will be effectively immediately after payment of that dividend.

4.2 An Election Notice to participate in the DRP is effective until:

(a) the Company receives an Election Notice to vary or terminate that Shareholder's participation in the DRP;

(b) termination of the DRP; or

(c) termination of the Shareholder's participation in the DRP in accordance with the Rules.

4.3 Variation: Subject to these Rules and in particular, clause 3.1, a participant may at any time increase or decrease the number of their shares participating in the DRP by completing and returning an Election Notice specifying the variation. The Election Notice for a variation will be effective upon the Company's receipt of a correctly completed notice.

4.4 Termination: A participant may at any time terminate participation in the DRP by lodging an Election Notice indicating the participant's wish to terminate their participation. The Election Notice for termination will be effective upon the Company's receipt of a correctly completed notice.

4.5 Deemed termination: A participant will be deemed to have terminated participation in the DRP:

(a) on registration of a transfer of all of the participant's shares nominated to participate in the DRP;

- (b) on termination of the DRP by the Directors in accordance with these Rules;
- (c) on the Company's receipt of a notice of a participant's bankruptcy or liquidation; or
- (d) on the participant ceasing to be eligible to participate in the DRP.

4.6 The Company's receipt of a notice of death of a participant will not terminate participation in the DRP by that participant or any other participant with whom such participant has a joint participation. Persons recognised by the Company as having title to a deceased shareholder's shares pursuant to the Company's Constitution may give the Company notice terminating or otherwise varying the deceased shareholder's participation in the DRP.

5. Operation of DRP

5.1 Except as set out in these Rules, each dividend payable to a participant in the DRP shall be applied on the participant's behalf in subscribing for fully paid ordinary shares in the capital of the Company.

5.2 For each dividend payable on shares participating in the DRP, the Directors will:

- (a) determine the amount of the dividend payable in respect of each participant's participating shares;
- (b) reduce the dividend payable by any amount that the Company is required to deduct for any reason from the dividend payable to the participant, including withholding tax; and
- (c) calculate the number of shares to be issued to the participant in respect of the participant's participating shares, which shall be the nearest whole number (rounded down) calculated by the formula:

$$(S \times D) - T$$

C

Where:

S is the number of participating shares registered in the participant's name as at the record date for the determination of dividend entitlement.

D is the amount of the ordinary dividend in cents per share to which the participating shares will be entitled;

C subject to clause 5.3, is an amount which is 98 % of the weighted average price for fully paid ordinary shares in the capital of the Company sold on ASX in the ordinary course of trading during the five trading days up to and including the record date (pricing period) and rounded to the nearest cent (adjusted in such manner as the Directors consider appropriate to preserve equity between participants and non-participants for the dividend, any bonus issue, rights issue or other distribution in which the shares to be issued will not participate and any other matter or thing); and

T is any withholding tax or other sum the Company is entitled to retain in relation to the dividend or the shares.

5.3 If there is a trading halt or suspension at any time during the pricing period, then the pricing period will be extended by one business day for each day on which such halt or suspension is in place. If no shares have been sold during the pricing period, the issue price shall be the price determined by the Directors in their absolute discretion, which shall be final and binding on all participants.

5.4 Statements of holdings in relation to shares allotted under the DRP will be posted to Shareholders as soon as practicable after the relevant dividend payment date.

5.5 Shares allotted under the DRP will rank equally in all respects with the existing fully paid ordinary shares in the Company and will participate in all dividends declared after the date of issue.

5.6 Shares allotted under the DRP will be registered on the register on which the Shareholder's holding is registered on the date of allotment. Where shares are held on more than one register, the shares will be registered on the first named register, as shown in the Company's register of members.

5.7 The Company will apply for shares allotted under the DRP to be listed for quotation on the ASX as soon as practicable after such allotment.

5.8 The DRP will operate only where dividends are declared in cash.

5.9 Participants in the DRP are bound by these Rules.

6. Cost to Participants

No brokerage, commission or other transaction costs will be payable by participants in respect of shares allotted under the DRP. This clause does not limit the power of the Directors to deduct amounts under clause 5.2(b).

7. Modification, Suspension and Termination of the DRP

7.1 The Directors may at any time in their absolute discretion, resolve to vary these Rules and any agreement relating to the DRP. If the Directors vary these Rules, a participant will continue to participate under the amended DRP unless and until the Company receives a notice to the contrary from the participant.

7.2 The Directors may at any time in their absolute discretion, resolve to:

- (a) suspend operation of the DRP;
- (b) recommence operation of the DRP;
- (c) terminate the DRP.

7.3 The Company will give each participant notice of any:

- (a) termination or material variation of the DRP at least two months before the effective date of termination or variation; and
- (b) variation of a minor or technical nature that does not materially prejudice the interests of participants, as soon as practicable after the effective date of the variation;
- (c) suspension or recommencement of the DRP, as soon as practicable after the effective date of

suspension or recommencement.

7.4 Any suspension of the DRP will be effective on the date determined by the Directors ('suspension date') and until such time as the Directors resolve either to recommence or terminate the DRP. The DRP will recommence on a date determined by the Directors ('recommencement date')

7.5 From the suspension date until any recommencement date, all shares nominated to participate in the DRP will automatically cease to be participate in the DRP.

7.6 If the Directors resolve to recommence the DRP, they may direct that shares that were nominated to participate in the DRP immediately before the suspension date be reinstated as participating shares with effect from the recommencement date.

The Company will give participants notice of any direction made under this clause.

7.7 The accidental omission to give notice of any variation, suspension or termination of the DRP to any participant or the non-receipt of any notice by any participant does not invalidate the variation, suspension or termination of the DRP.

8. Disputes

To the fullest extent permitted by law:

(a) the Directors have absolute discretion to resolve any dispute concerning the DRP in such manner as they see fit; and

(b) any decision of the Directors is final and binding on participants.

9. Governing Law

These Rules shall be governed by the laws of New South Wales.

10. Definitions

In these Rules:

ASX means Australian Stock Exchange Limited

Company means Kingsgate Consolidated Limited ABN 42 000 837 472;

DRP means the Company's Dividend Reinvestment Plan amended from time to time;

Election Form means a form (approved by the Directors from time to time) by which a Shareholder may, subject to the Rules:

(a) apply to join the DRP;

(b) vary the level of participation in the DRP; or

(c) terminate participation in the DRP; and

Shareholder means a person registered as the holder of fully paid ordinary shares in the capital of the Company.

Kingsgate Consolidated Limited
ABN 42 000 837 472
Suite 801, Level 8, 14 Martin Place, Sydney New South Wales 2000

**Dividend Reinvestment Plan
DRP Election/Variation Form**

This document is important. Should you have any doubt about how to deal with it, please consult your legal, financial or taxation adviser.
IF YOU CURRENTLY RECEIVE A CASH DIVIDEND, AND WISH TO CONTINUE TO RECEIVE YOUR DIVIDENDS IN CASH, DO NOT COMPLETE OR RETURN THIS FORM.

Please indicate your desired DRP participation by crossing one box only:		
All	<input type="checkbox"/>	
OR		
Partial	<input type="checkbox"/>	If you indicated partial participation, please indicate the number of shares you wish to participate in the DRP.
		(minimum 200 shares)
		<input style="width: 150px; height: 20px;" type="text"/>
OR		
None	<input type="checkbox"/>	(Cross this box if you wish to cancel DRP participation)

Registered name: _____

Address: _____

Telephone: _____

Shareholder number: _____ Date: _____

Please sign here		Affix seal here for a company if required
Director Or 1st shareholder	Directory/Company Secretary Or 2nd shareholder	Sole Director & Sole Company Secretary Or 3rd shareholder
<small>This DRP Election/Variation Form is not valid unless signed. If the shareholding is in joint names, each must sign. Companies must execute under Seal or by an authorised officer or attorney in accordance with the company's constitution. If signed by an authorised officer a certified copy of the resolution of Directors appointing the officer must either have been exhibited previously with Kingsgate Consolidated Limited or be included with this Form. If signed by an attorney, the relevant Power of Attorney must have been noted by Kingsgate Consolidated Limited or be duly stamped (if applicable) and accompany this Form. By signing this request the attorney certifies that he/she has not received any notice of Revocation of the Power of Attorney at the date of signing.</small>		

IF YOU ELECT TO PARTICIPATE IN THE DRP, YOUR COMPLETED FORM MUST BE RECEIVED BY OUR SHARE REGISTRY PRIOR TO THE RECORD DATE FOR DETERMINING ENTITLEMENT IF YOU WISH TO PARTICIPATE IN THAT ENTITLEMENT.

Election Not Required

If you do not wish to change the manner in which you currently receive dividends, you need not return this Form. New shareholders will receive dividends in cash and do not need to return this Form unless they wish to change the method of payment.

Invalid Notices

Notices incomplete or incorrectly signed will be invalid and the previous election(s) of the shareholder will continue to apply. Where no previous election has been made, shareholders will receive cash dividends.

Separate Shareholder Accounts

Shareholders holding shares in more than one shareholder account must complete a separate DRP Election/Variation Form in respect of each shareholder account. The account number for each holding is shown on your shareholder statement and/or your DRP statement.

Address for Lodgment

Your completed Notice of Election/Variation should be forwarded to: Security Transfer Registrars Pty Ltd
PO Box 535
Applecross WA 6953
Telephone 08 9315 0933, Facsimile 08 9315 2233

The DRP is regulated by the Constitution of Kingsgate Consolidated Limited and by the Rules of the DRP. Nothing contained in this Form is intended to modify or otherwise affect the Constitution or Rules.