Kingsgate
Consolidated Limited

ABN 42 000 837 472

8 January 2018

Via ASX Online
(10 pages)

FOR PUBLIC RELEASE

Manager
Company Announcements Office
Australian Securities Exchange

Step-out Drilling Expands New Silver Rich Zone at Nueva Esperanza, Chile

Kingsgate Consolidated (ASX:KCN) ("Kingsgate" or the "Company") is pleased to report the results of seven step-out drill holes from the silver rich Cerro Blanco West Zone ("CBW") at its 100% owned Nueva Esperanza precious metals project in Chile. Nueva Esperanza is a feasibility-stage development project with a resource base of approximately 1.9 million ounces gold equivalent[1].

Nine Reverse Circulation ("RC") follow-up drill holes totalling 1,136 metres were completed on the Cerro Blanco West target in late 2017 (See Figure 1) following up on eight initial exploration holes previously reported (See Kingsgate ASX Release titled "New Silver Discovery at Nueva Esperanza, Chile" dated 17 July 2017).

The best holes were:

- **KRCO66, intercepted 18 metres at 207.54g/t Ag;**
- **KRCO58, intercepted 42 metres at 41.58g/t Ag;**
- **KRCO59, intercepted 30 metres at 32.26g/t Ag;**
- **KRC063, intercepted 12 metres at 44.35g/t Ag; and**
- **KRCO65, intercepted 22 metres at 46.01g/t Ag.**

Cerro Blanco West Target

Cerro Blanco West is a blind exploration target discovered in mid-2017 located approximately 800 metres Southwest of Cerro Blanco, a large topographic high preserving shallow-level opaline and steam-heated alteration.

The phase II Cerro Blanco West step-out drill program completed in Q4 2017 was designed to expand and delimit the footprint of stratabound tuff-hosted silver oxide mineralisation identified in last year's initial eight hole campaign (see press release 17th July 2017) by stepping out aggressively on approximately 100 metre spaced intervals.

Drilling has now confirmed that the oxide silver mineralised manto forms a sizeable blanket, extending continuously over 300 metres in an east-west sense, and over 600 metres along its length (NNE direction).

Mineralisation shows excellent spatial correlation with the broadly north-striking 0.4 km by 1.4 km, high-resistivity corridor identified by the 2017 geophysical survey (IP-Resistivity), and which comprised a key attribute for initial targeting of the sector. The anomaly also occurs within the favourable 4,000 to 4,200 metre elevation interval which hosts most of the significant mineralisation defined to date in both the Nueva Esperanza and adjacent La Coipa districts.

Mineralisation**,** characterised by strong pervasive iron-oxide development, is largely hosted in silicic and advanced-argillic altered, variably shallow-dipping, stratified dacitic tuffs immediately above their contact with underlying strongly pyritized, coherent to coarsely brecciated dacite porphyry. The dacite porphyry is interpreted to be a flow-dome forming the stratigraphic footwall to the bedded tuff sequence.

Mineralisation is of variable thickness, locally attaining up to 40 metres (e.g. KRC-058) in the main north-northeast striking axis of the zone, with somewhat reduced thicknesses ranging from 12 metres to 26 metres outboard to the East and West (Table 1). Hole KRC-064 on the northern-most drill section (7052650 N) intersected only a four meter silver mineralized interval, suggesting the zone may attenuate on or near this section, perhaps due to (i) a reduction in the thickness of the favourable stratified tuff host, and (ii) reduced intensity of silicification within the tuff as suggested by weaker resistivity response in this northern segment of the geophysical anomaly.

The mineralised zone remains open, principally to the East and West, and further drilling is planned to evaluate the peripheral mineralisation in these directions, as well as define the limits to the zone. Mineralisation intersected in KRC-066 may very well be continuous with that intersected in Kingsgate hole KRC-036 located some 100 metres to the east of the former and historical drilling (SCB-11) collared 100 metres east again of KRC-036 (see section 7052550 N: see press release 17th July, 2017). Potential for additional mineralisation to the south towards the Rifle Ridge prospect may be limited by historic drilling collared some 200 metres south of the most southerly drill-section at Cerro Blanco West (7052200N) which returned few significant precious metal intersections although drilling in the area is sparse.

Two holes, KRC-060 and 061 are still being analysed by ALS Global in Chile with results expected soon and will be reported separately.

HOLE ID	FROM (M)	TO (M)	INTERVAL (M)	Ag (g/t)	Dip (Degrees)	Azimuth (Degrees)
KRC-058	70	112	42	41.58	-80	270
KRC-059	76	106	30	32.26	-80	270
KRC-060	Results pending				-80	270
KRC-061	Results pending				-80	270
KRC-062	86	112	26	14.87	-80	270
KRC-063	72	84	12	44.35	-80	270
KRC-064	70	74	4	26.40	-80	270
KRC-065	42	64	22	46.01	-80	270
KRC-066	30	48	18	207.54	-80	270

Table 1: Cerro Blanco West Phase II drill results

Nueva Esperanza District Exploration: In addition to follow-up drilling at Cerro Blanco West Kingsgate is systematically exploring a number of other prospective targets within the 45km^2 zone of alteration. Nueva Esperanza is large, highly prospective, multi-stage high-sulphidation mineralised system that probably encompasses several centres and which spread along structures as well as through permeable lithologies.

It is a high-level system associated with a dacitic volcanic dome field, with much of the known mineralisation interpreted to have formed close to the water table in the vicinity of the domes.

The margins of the dacite domes present opportunities for additional unexposed mineralisation concealed below their thin outer flanks such as the Chimberos West zone. Several target areas have been defined on the margins of domes in the vicinity of Huantajaya and Chimberos which Kingsgate will systematically drill test in the first quarter of 2018. The Huantajaya sector returned the previously reported (See Kingsgate ASX Release titled "Chile – Drill Results from District Exploration" dated 27 February 2017) 24 metres grading 1.81 g/t Au and 86.24 g/t Ag from Hole KDD-001 (3.25 g/tAuEq60[2]).

Maricunga Generative Program: Kingsgate has been building its regional exploration portfolio in the northern Maricunga belt. The Company currently has a number of 100% owned licences and areas under application north and south of the Nueva Esperanza Project. The concessions and concession applications typically cover large areas of intense, high-level alteration considered prospective for epithermal precious-metal deposits. The 2018 program is currently underway evaluating some new target areas and prioritising others for more detailed fieldwork.

Ross Smyth-Kirk
Executive Chairman
Kingsgate Consolidated Limited

Notes for Mineral Equivalents: (1&2)

1. The resource base of 1.9 million ounces of gold equivalent is broken down as follows: Measured – 0.08 Moz, Indicated – 1.46 Moz and Inferred – 0.33 Moz. (See ASX:KCN released titled "Kingsgate Mineral Resources and Ore Reserves 2016" dated 7 October 2016).
2. Rounding of figures may cause numbers to not add correctly. Nueva Esperanza silver equivalent: AgEq(g/t) = Ag(g/t) + Au(g/t) x 60. Gold Equivalent Ounces (GEO): AuEq(g/t) = Au(g/t) + Ag(g/t) ÷ 60, calculated from long term historical prices for gold and silver and metallurgical recoveries of 70% Au and 75% Ag estimated from test work by Kingsgate. It is the Company's opinion that all elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold. Although gold is not the dominant metal, gold equivalent values are reported to allow comparison with other projects.

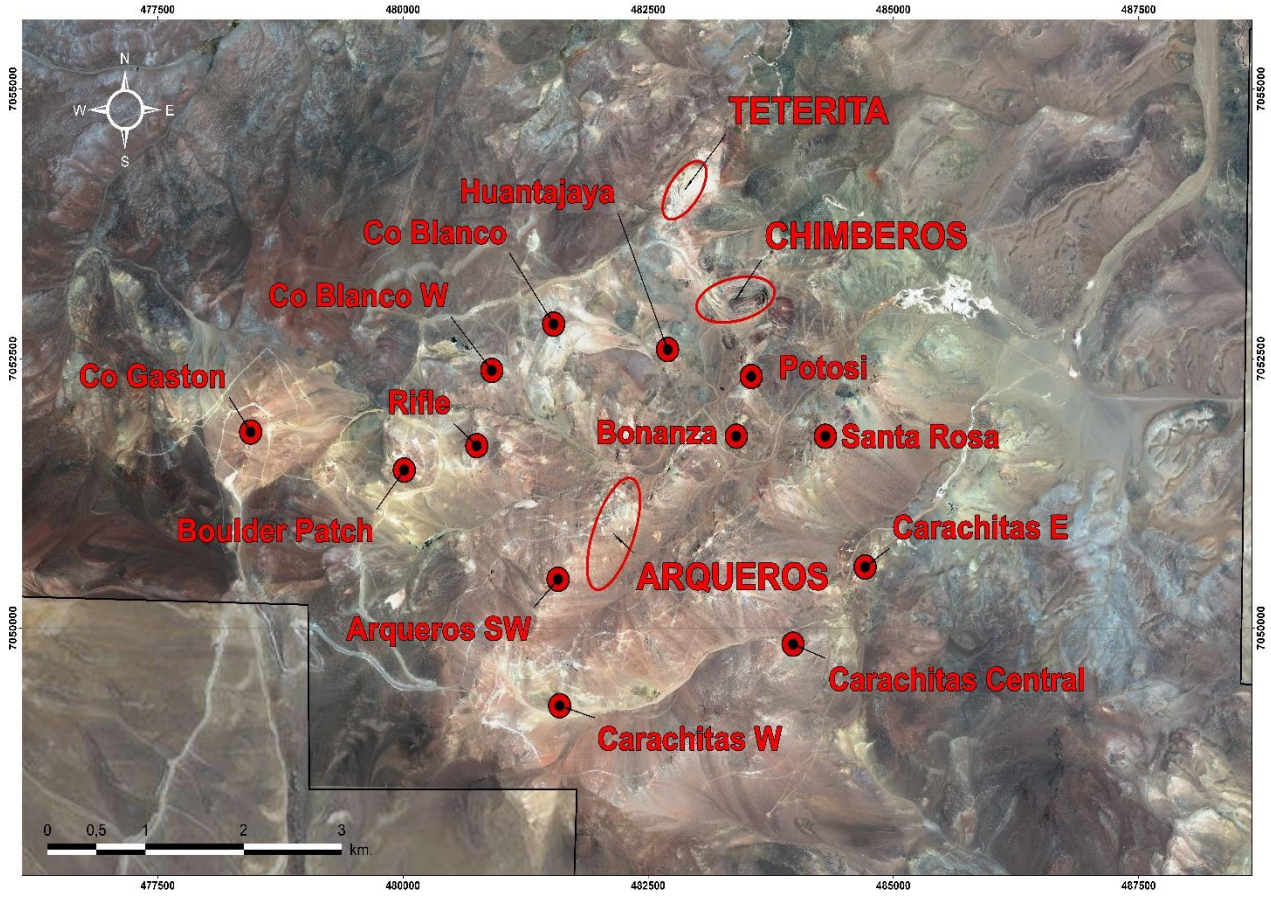

Figure 1: Nueva Esperanza target location map (Resource areas in caps)

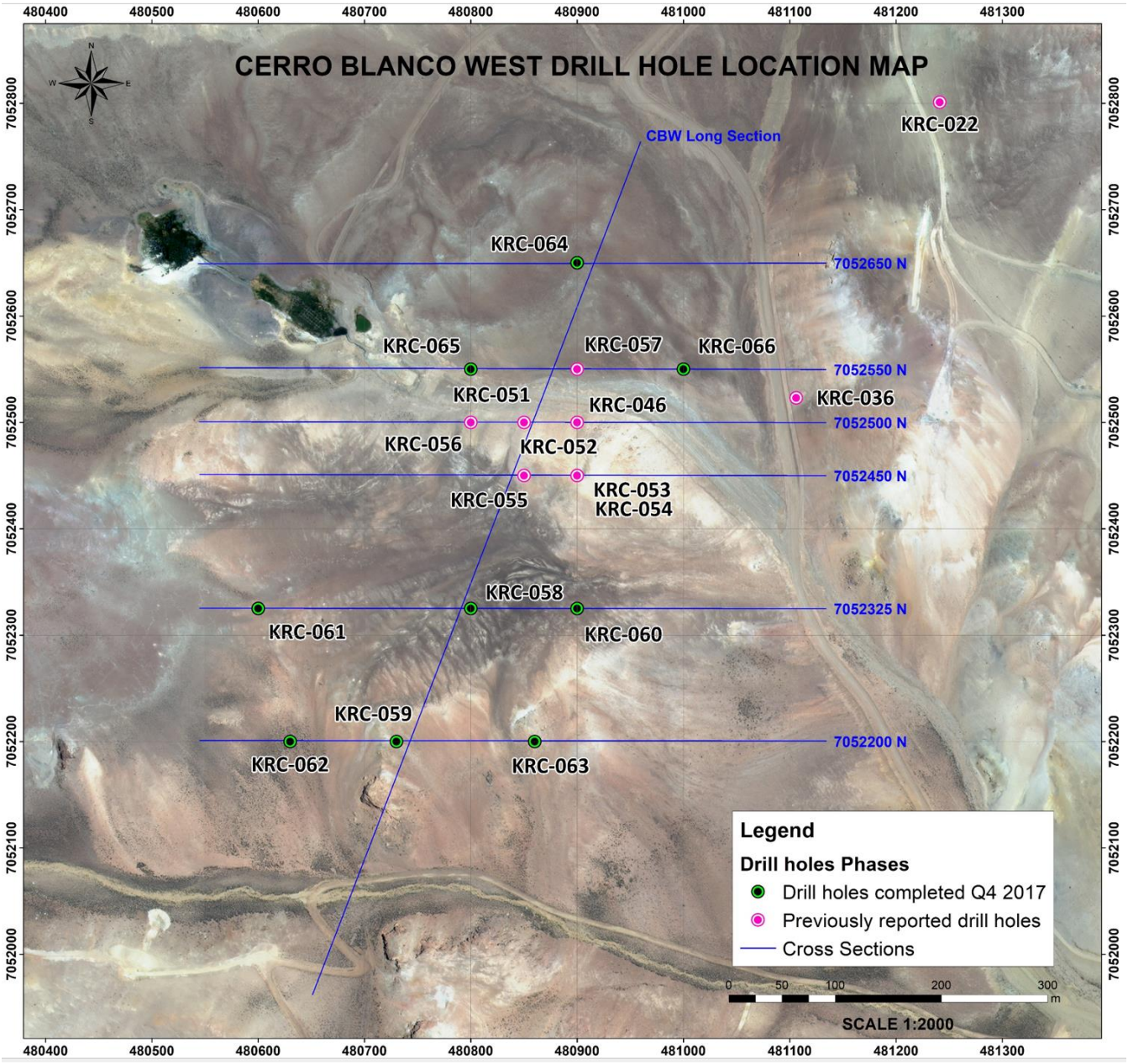

Figure 2: Cerro Blanco West drill hole location map

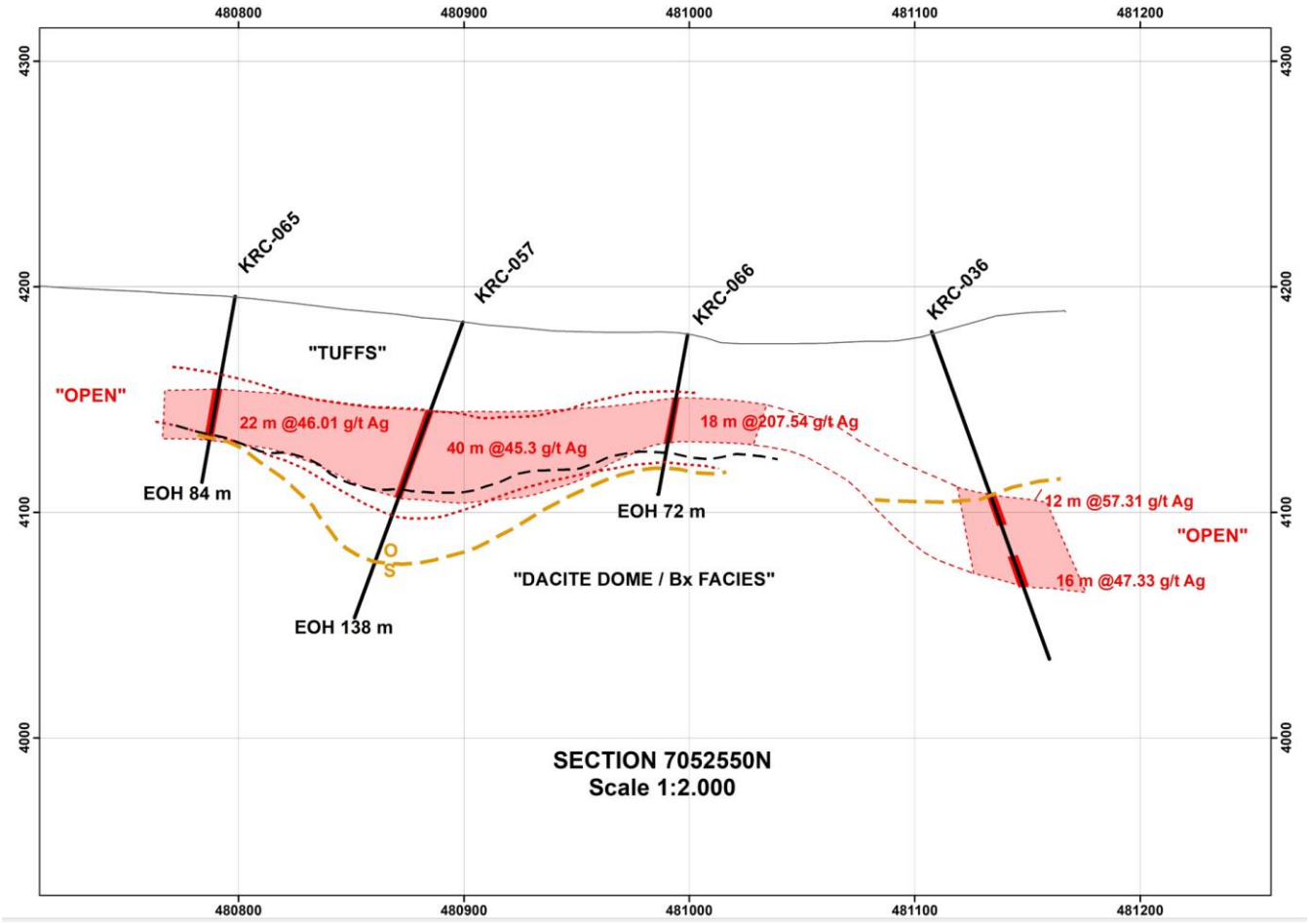

Figure 3: Cerro Blanco West 7052,550 geological cross section

Forward Looking Statement:

These materials include forward looking statements. Forward looking statements inherently involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside of the control of, and may be unknown to, the Company. Actual results and developments may vary materially from that expressed in these materials. The types of uncertainties which are relevant to the Company may include, but are not limited to, commodity prices, political uncertainty, changes to the regulatory framework which applies to the business of the Company and general economic conditions. Given these uncertainties, readers are cautioned not to place undue reliance on such forward looking statements. Forward looking statements in these materials speak only at the date of issue, subject to any continuing obligations under applicable law or any relevant stock exchange.

Competent Persons Statement:

In this report, information relating to Exploration Results at the Nueva Esperanza Project in Chile is based on information compiled by the following Competent Person: Alistair Waddell, who is an employee of the Kingsgate Group. Alistair Waddell qualifies as a Competent Person as defined in the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code, 2012 Edition) and is a Member of The Australasian Institute of Mining and Metallurgy. Alistair Waddell possesses relevant experience in relation to the mineralisation being reported herein as Exploration Results. Alistair Waddell has consented to the public reporting of these statements and the inclusion of the material in the form and context in which it appears.

Nueva Esperanza

Table 1 Report

Check List of Assessment and Reporting Criteria

Section 1 - Sample Techniques and Data *(Criteria in this group apply to all succeeding groups)*	
Criteria	**Commentary**
Sampling techniques	• Sampling was guided by industry standard protocols and QAQC procedures. Standards, field duplicates and blank samples were inserted into assay batches with each set of 30 assayed samples routinely containing three control samples comprising of 27 primary samples, 1 standard, and 1 duplicate and 1 blank.
	• RC holes were sampled over 2m intervals with approximately 6.5 kg sub-samples collected by rifle splitting. • The RC sub-samples were crushed, split and pulverised to produce 30g charges for gold and silver assaying by fire assay and 48 element multi-acid digestion respectively.
Drilling techniques	• Reverse Circulation (RC) drilling was performed exclusively with a Schramm rig with face sampling bits of 5½ inch diameter.
Drill sample recovery	• RC sample recoveries were monitored through all phases of drilling. RC sample recovery was calculated from recovered sample weights divided by theoretical calculated weights. Theoretical RC sample weights were calculated using the entire cylindrical volume of the sample interval at the specified bit size, multiplied by the average rock bulk density assigned to each deposit.
	• Geological supervision of drilling and sampling required the operators to do their best to provide good quality, uncontaminated samples with high recovery. • In addition to weighing total recovered samples, RC samples were visually checked for recovery and contamination. The cyclone and rifle splitter were routinely cleaned at the end of each rod. • Most RC samples (approximately ~70%) were logged as dry. • The available sample recovery data shows generally good average sample recoveries of approximately 95%.
Logging	• RC and drill core were logged on paper and the logging transferred directly into the central database using standard logging codes following validation by cross-checking with interpretations. • Chip trays of sieved chips from every RC hole, and remnant core were stored for future reference.

Sub-sampling techniques and sample preparation	• RC samples were collected over 2 m intervals and sub-sampled using a single tier riffle splitter to generate two representative sub-samples. One sample was routinely submitted for analysis (sample A) and the other (sample B) retained for use as a backup or duplicate.
	• Samples were submitted to the laboratory of ALS Global in Copiapo-Chile, where sample preparation takes place in accordance with agreed procedures and protocols. All samples received at ALS were digitally logged into their inventory using a bar-code system and weighed. • After oven drying, sample material was prepared by crushing in a jaw and/or roll crusher to 70% passing 2mm. The crushed material was split with a riffle splitter to obtain a 250g sub-sample that was pulverised to 85% passing 75 microns. • Prepared samples are then securely shipped by ALS Global from Copiapo to the main laboratory in Santiago or Vancouver where the analytical process is completed.
	• The sub-sample sizes, sub-sample methods and sample preparation techniques are appropriate for the style of mineralisation.
Quality of assay data and laboratory tests	• No geophysical methods or hand-held XRF devices were used for any sampling or analytical phases.
	• ALS laboratory routinely conducted quality assurance/quality control protocols (QA/QC) which include standard, duplicate and blank samples as well monitoring of crushing and pulverisation. • QA/QC protocols consist of the systematic insertion of reference standard samples, and barren blanks with the samples shipped to ALS. Each set of 30 samples routinely contain three control samples (27 primary samples, 1 standard, and 2 blanks or 1 standard, 1 blank and 1 duplicate. • Results for the analytical standards, blanks and duplicates did not highlight any analytical issues or bias. • The quality control measures adopted for the drilling have established that the sampling and assaying is of appropriate precision and accuracy for exploration drilling.
Verification of sampling and assaying	• Reported significant intersections were reviewed and checked by senior geological management including the VP Exploration.
	• The Company has in place formal database validation procedures with data being validated as close to the source as possible to ensure reliability and accuracy. All geological and field data is transferred from paper logs into Excel and Access database tables. The database administrator validates the data during all stages of filling and storage. Data entry errors are identified by cross checks by project geologists.

Location of data points	• Qualified and experienced company personnel used a handheld Garmin GPS to position the recently completed drill hole collar locations. The company intends to verify these coordinates using total station and differential GPS survey equipment. • RC holes were down-hole surveyed at 3m intervals unless the ground was considered likely to collapse and cause damage to or loss of the survey instrument. The RC holes were completed using the down-hole survey technique by Reflex Gyro, and the DDH holes were surveyed using Reflex Gyro tools.
	• The coordinate system used for the drilling, surface topography and sampling is WGS84.
	• The location of the sample points, topographic surfaces and historical work has been established with sufficient accuracy for the reporting of the drill results.
Data spacing and distribution	• The reported exploration drill spacing is irregularly distributed. • The data spacing and distribution is not sufficient to establish the necessary degree of geological and grade continuity appropriate for Mineral Resource estimates.
Orientation of data in relation to geological structure	• Exploration drilling was completed perpendicular to or close to relevant geological structures where possible although most exploration holes were drilled through post mineral cover masking the underlying geology.
	• The available information does not show any significant bias associated with the relationship between drilling orientation and the orientation of key mineralised structures.

Sample security	• Company geotechnical or geological staff supervised all field sampling of drilling. • All samples were securely sealed and stored onsite until transported directly to ALS in Copiapó-Chile by company employees or subcontractors of ALS. At the ALS laboratory sample shipments were verified by reference to sample submission forms lodged by the Company and confirmation emailed to the company database manager. • The remaining RC samples are kept for reference and stored at the project. • Validity of assay results has been established by use of reference materials.
Audits or reviews	• The reported exploration results have not been audited or reviewed by a third party.

Section 2 – Reporting of Exploration Results *(Criteria listed in the first group, and where relevant in the second group, apply also to this group)*	
Tenement status and geological setting	• Nueva Esperanza project is 100% owned by Kingsgate Consolidated Limited and incorporates Arqueros. Teterita and Chimberos prospects and mine were previously owned by Minera Anglo American Chile (now Anglo American) and Minera Mantos de Oro. The property is approximately 17,526 hectares in area.

- The Nueva Esperanza property is a Mining Concession and consists of 41 sub-licenses which are fully constituted under Laguna Resources a wholly owned subsidiary of Kingsgate Consolidated Limited. The tenement details are as follows:

ID Number	Concession	Size Ha's	Status
03102-2894-K	PASCUA II 1/30	300	Approved
03102-2895-8	PASCUA III 1/30	300	Approved
03102-2896-6	PASCUA IV 1/20	200	Approved
03102-1296-2	ROBINSON 1/14	94	Approved
03102-1193-1	PASCUA 1/328	1,131	Approved
03102-1169-9	PENA 1/181	905	Approved
03102-3646-2	NEGRA 1/1003	4,545	Approved
03102-1152-4	NEGRA 1/1003	370	Approved
03102-2998-9	REEMPLAZO A 1/10	10	Approved
03102-2999-7	REEMPLAZO B 1/5	5	Approved
03102-2318-2	NEGRA 1/1003	100	Approved
03102-1151-6	FLOR 1/20	100	Approved
03102-1192-3	CANARIAS 1/414	1,066	Approved
03102L490-5	CRISTAL 10	300	Approved
03102L491-3	CRISTAL 11	300	Approved
03102L499-9	CRISTAL 21	300	Approved
03102L500-6	CRISTAL 22	300	Approved
03102L501-4	CRISTAL 23	300	Approved
03102L502-2	CRISTAL 24	300	Approved
03102L514-6	CRISTAL 25	300	Approved
03102L515-4	CRISTAL 26	300	Approved
03102L516-2	CRISTAL 27	300	Approved
03102L540-5	CRISTAL 31	300	Approved
03102L519-7	CRISTAL 32	300	Approved
03102L520-0	CRISTAL 33	300	Approved

03102L521-9	CRISTAL 34	300	Approved	
03102L522-7	CRISTAL 35	300	Approved	
03102L523-5	CRISTAL 36	300	Approved	
03102L524-3	CRISTAL 37	300	Approved	
03102L525-1	CRISTAL 38	300	Approved	
03102L526-K	CRISTAL 39	300	Approved	
03102L527-8	CRISTAL 40	300	Approved	
03102L530-8	CRISTAL 43	300	Approved	
03102L531-6	CRISTAL 44	300	Approved	
03102L532-4	CRISTAL 45	300	Approved	
03102L533-2	CRISTAL 46	300	Approved	
03102L534-0	CRISTAL 50	300	Approved	
03102L535-9	CRISTAL 51	300	Approved	
03102L536-7	CRISTAL 52	300	Approved	
03102L537-5	CRISTAL 53	300	Approved	
03102L538-3	CRISTAL 54	300	Approved	

17,526

- The mineralised deposits are hosted within Tertiary-aged volcanic units in the case of Arqueros and Teterita, and Palaeozoic sediments for Chimberos. However, the alteration and mineralisation for the three main deposits are considered contemporaneous, being Miocene in age.
- Mineralisation at Nueva Esperanza comprises two main components: a silver-rich horizontal unit called “Mantos” in Arqueros and Teteritas and called “Silver breccia” in Chimberos, a series of cross-cutting gold-rich vertical units. The mantos silver mineralisation is hosted by vuggy silica within dacitic lapilli tuffs. It occurs at Arqueros and Teterita where the mineralising process has replaced horizontal porous tuffs. At Chimberos, silver mineralisation is hosted mainly but not restricted in hydrothermal breccia’s superimposed on folded Palaeozoic sediments comprising conglomerates, sandstone and shale.
- Vertical, gold-rich mineralisation, characterised by vuggy silica, is well developed at Arqueros. Drilling at Chimberos in the western part shows similar characteristics as Arqueros as the gold-rich mineralisation is hosted on hydrothermal, possible diatreme breccia units.

Exploration done by other parties	• None of the reported results were completed by other parties.