



# Kingsgate

Consolidated Limited

9 November 2009

**Via ASX Online  
(3 pages including cover letter)  
For Public Release**

The Manager  
Company Announcements Office  
Australian Securities Exchange

Dear Sir/Madam,

**Chairman's Address  
2009 Annual General Meeting**

Please find attached Chairman's Address for our 2009 Annual General Meeting held at 2:00 p.m. today at the Museum of Sydney on the Corner of Bridge and Phillip Streets, Sydney NSW 2000.

Yours Sincerely,  
KINGSGATE CONSOLIDATED LIMITED



**PETER WARREN**  
Company Secretary

## **CHAIRMAN'S ADDRESS 2009**

At the time of the AGM of your company 12 months ago we had commenced the ramp-up to full production and we were full of enthusiasm for the coming year. Our enthusiasm, with the benefit of hindsight, was well founded.

Your Company's share price has more than doubled since we last met, we returned to profitability and distributed a healthy 15 cent dividend. In the second half of the year we achieved full ramp up and produced a net profit of \$45million for the half year, after a loss in the first half.

We have now given guidance that we expect to produce in the range of 120,000 to 140,000 ounces of gold this financial year, the spread reflecting when, and to what extent, we can access higher grade ore.

In the September quarter we produced 29,302 ounces (i.e. at the lower end of this guidance) after a slippage prevented access to the high grade C North zone. This has now been corrected and from October we are already seeing the effect on both production and our bottom line. If we can continue to access C North over coming months we should produce closer to the upper limit of the guidance and if the gold price holds to anywhere near its current strong levels, produce commensurate record profits.

Currently the gold price is at record levels and whilst cash margins in the September quarter were around \$US600 an ounce, currently, due to higher prices and higher production, we are looking at cash margins of some \$US700-750 an ounce.

Your company remains one of the lowest cost producers in the world and this competitive advantage, both due to operating factors and efficient management, is likely to continue for the foreseeable future. Its other competitive advantage into the future is that, to our knowledge, there are no plans to introduce an emissions trading scheme in Thailand. The continued unbelievable rhetoric about the proposed scheme in Australia seems to ignore the disastrous effects it is going to have on Australian companies and on the economy.

Later in this meeting you are going to be asked to vote on the company's Remuneration Report. Unfortunately corporate consultant Risk Metrics has seen fit to recommend to its institutional clients that they vote against it. Whilst this is consistent with its recommendations for most companies its analysis of your company is particularly flawed. That this tick-a-box mentality is so unquestionably accepted by some institutions is even more disappointing and evokes emotional responses which opens the issue to abuse.

Also disappointing is the lack of recognition in the market for the unsurpassed record Kingsgate has in the area of corporate responsibility. From the outset, there has been a genuine commitment to world's best practice that projects Kingsgate as a model corporate citizen. Many who advocate this as a precursor to investment seem merely to give lip service to the concept in reality.

Last week we announced the discovery of a new prospect, Suwan, that, if further drilling confirms its potential, should add significant additional reserves to Chatree, as, because of its proximity to the current mine, would most likely be trucked to the plant. This is the second major prospect outside of Chatree identified by our exploration team and there are a number of drill-ready prospects both inside the already granted SPL's and the SPLA's that we would hope to see investigated in the next year or so.

As has already been reported we are in the final stages of making a decision on the go ahead for the Chatree expansion and have advanced about as far as we can in preparing for the potential IPO of the Thai operating assets. With regard to the latter item we should soon be in a position that a decision could be made within a workable timeframe.

On a sadder note I would like to acknowledge the contribution of John Falconer, who recently resigned from the Board. John has been a most valued colleague for many years and an integral contributor to the success of the company since its very early days. I, for one, will sorely miss him, and I know I speak for the rest of the Board.

In conclusion, I would like to thank all our employees, our management and my fellow directors for their dedication, support and commitment over an important period that has now set us up for a particularly exciting future. In particular, I would like to thank Managing Director, Gavin Thomas, whose enthusiasm and belief in the project is an integral factor in its continued and future success.

**ROSS SMYTH-KIRK**  
Chairman