

24 May 2010

The Manager, Announcements
Company Announcements Office
Australian Securities Exchange

**FOR PUBLIC RELEASE
Via ASX Online (4 pages)**

Dear Sir/Madam,

New High Grade Zones at Chatree Mine

Recent drilling to extend geological resources in the previously closed pits at the Chatree Mine has intersected new high grade zones in the H and H West Pit areas.

The best gold results in drill holes were:

- **17 metres at 4.68 grams per tonne gold, including 1 metre at 60.8 grams per tonne gold**, from 128 metres down hole (Hole 7262RC);
- **3 metres at 13.2 grams per tonne gold** from 13 metres down hole and 24 metres at 0.83 grams per tonne from 205 metres down hole (Hole 7263RC); and
- **3.8 metres at 8.23 grams per tonne gold** from 52 metres down hole (Hole 7316RD).

The primary aim of the 2010 drilling programme at Chatree is to increase Resources to more fully understand the open pit potential of the mine. Drilling has been focused on the previously closed open cut pits at the Chatree Mine, which were predominantly mined when gold prices were US\$350-600 per ounce. Initial testing was in the D Pit area and the focus has recently moved to the H & H West Pit areas.

The H & H West Pit area drilling was aimed to test the down dip westerly trend to gold mineralisation as shown on the attached sections. It demonstrated wide intervals of gold mineralisation down dip on the shallow dipping H Pit structure (Hole 7263RC) and confirmed the continuation at depth of the high grade gold structure below the north end of H West Pit.

The high grade intersection in 7262RC is deeper and on the same structure as that in 7263RC (3 metres @ 13.2g/t gold). This confirms a structure that is continuous with variable grades and thicknesses.

The high grade intersection in 7316RD (3.8 metres @ 8.2g/t gold) is also associated with other high grade intersections and falls within the current US\$950/oz pit design that now extends beyond the current mining lease.

Further drilling will focus on the C Pits area within the Chatree Mine and extending the Q mineralisation in the Chatree North area.

When this resource definition drilling program is complete, attention will focus on increasing Reserves with denser drill spacings. It will also test the higher grade underground potential of the Chatree and Chatree North Mine.

Given the current gold prices, high grade gold mineralisation underneath the currently designed A Pit area, is now economic to operate in an open pit configuration. These high grade gold zones ("feeder zones") trend deeper under the A Pit and are often found in low sulphidation epithermal settings such as at Chatree and have considerable potential.

A seismic survey has commenced within the Chatree mine area which is intended to better understand the stratigraphy and gold mineralised structures at depth. Initial results have delineated reflectors indicating lithological units and has identified cross cutting structures to over 300 metres depth. Further processing of the initial data is required. This survey is ongoing and is scheduled for completion in the June quarter.

A summary of the latest drill hole results, with gold mineralised intercepts over 5 gram metres, is listed below.

Yours sincerely,



Gavin Thomas
Managing Director & CEO
Kingsgate Consolidated Limited

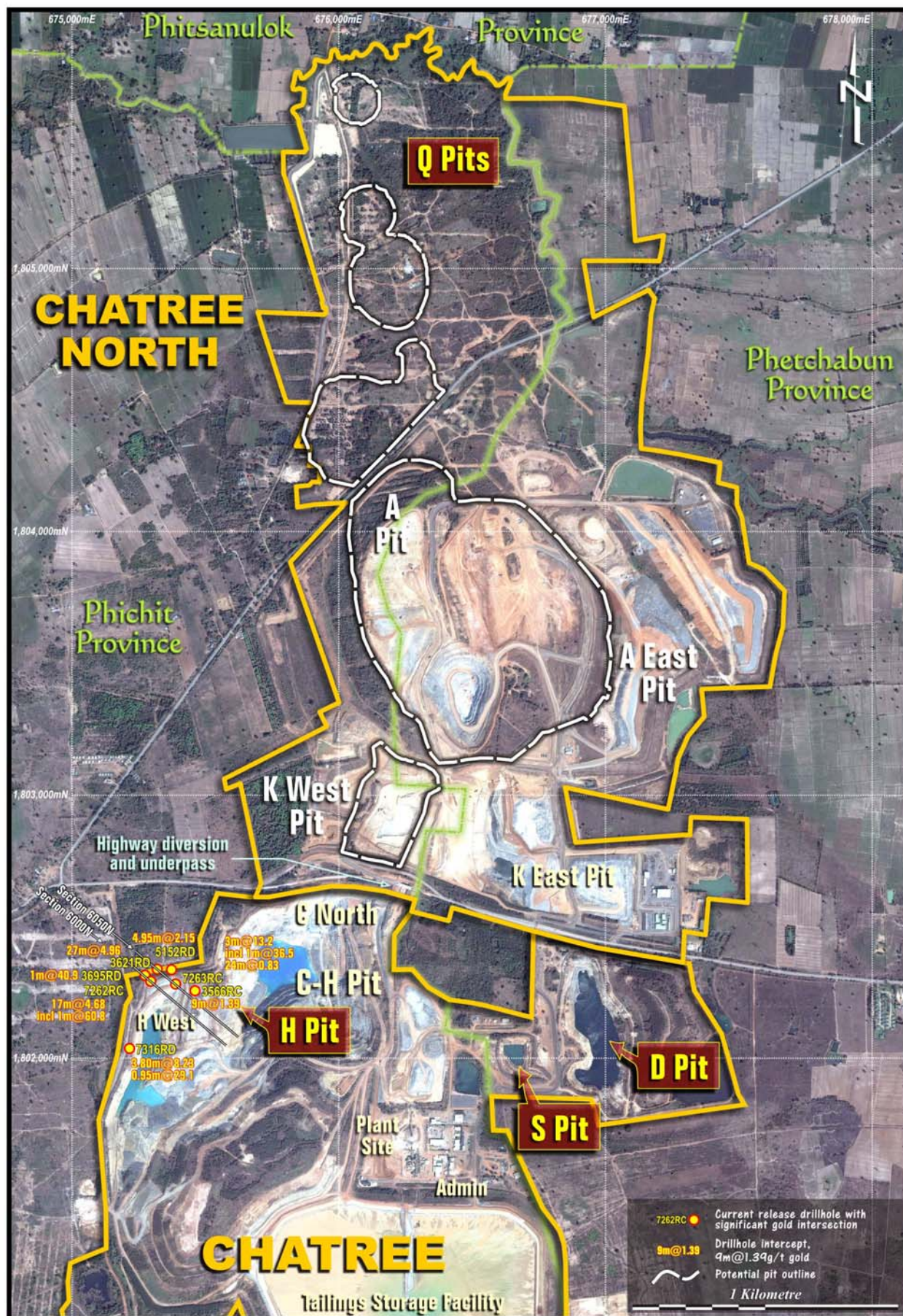
Information in this report relates to Exploration Results based on information compiled by the following Competent Persons, Ron James, Genesio Circosta and Mike Garman who are employees of the Kingsgate Group and members of The Australasian Institute of Mining and Metallurgy. These people qualify as Competent Persons as defined in the Australasian code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2004 edition) and possess relevant experience in relation to the mineralisation being reported herein as Exploration Results. Each Competent Person has consented to the Public Reporting of these statements and the inclusion of the material in the form and context in which it appears.

SUMMARY OF DRILL HOLE INTERCEPTS

H PROSPECT DRILL RESULTS - (INTERCEPTS WITH Au ASSAYS GENERALLY >10GRAM.METRES)									
Hole No.	Easting Local grid	Northing Local grid	Azimuth Local grid	Dip (Degrees)	Hole Depth (metres)	From (metres)	To (metres)	Interval (metres)*	Gold (g/t)
3566RCext	661	6080	90	-60	230.00	165.00	174.00	9.00	1.39
3621RDext	500	6054	90	-60	267.30	199.00	201.00	2.00	4.96
3695RDext	486	6006	90	-60	230.80	192.00	193.00	1.00	40.90
5152RDext	545	6082	90	-60	281.72	141.85	146.80	4.95	2.15
7262RC	509	6000	90	-57	280.00 incl.	128.00 128.00	145.00 129.00	17.00 1.00	4.68 60.80
7263RC	590	6049	90	-60	250.00 incl.	13.00 13.00 205.00	16.00 14.00 229.00	3.00 1.00 24.00	13.20 36.50 0.83
7316RD	606	5749	90	-53	81.00 incl.	52.00 54.85	55.80 55.80	3.80 0.95	8.23 29.10

* Intersections may not be true width

DRILL HOLE LOCATION MAP



CROSS SECTION 6000N AND 6050N CHATREE GOLD MINE

