Kingsgate
Consolidated Limited

ABN 42 000 837 472

29 July 2010

Via ASX Online (7 pages) **FOR PUBLIC RELEASE**

The Manager, Announcements
Company Announcements Office
Australian Securities Exchange

Dear Sir/Madam,

Kingsgate's Ore Reserves Increase 41%
Chatree Gold Mine - Mineral Resources and Ore Reserves Statement for 2010

Kingsgate Consolidated Limited (ASX:KCN) has substantially increased its interim Mineral Resources and Ore Reserve estimates for 2010 at the Chatree Gold Mine in central Thailand.

Interim Ore Reserves increased to 1.9 million ounces of gold in 61.7 million tonnes of ore at a grade of 1.0 gram/tonne gold as at the 30th June 2010. This is calculated using a cut-off gold grade of 0.4 grams per tonne ("g/t") and a gold price assumption of US$950 per ounce*. This represents a 41% increase in Ore Reserves (~610,000 ounces), after mining depletion over the past year, replacing the ounces of gold mined at more than four times the current annual mining rate. Contained within the Ore Reserve estimate is 19 million ounces of silver at a grade of 9.4 g/t silver.

Interim Mineral Resources have been determined at two different cut-off gold grades. To compare the Resource and Reserve Statement, a Resource Statement was generated using a 0.4 g/t cut-off gold grade. Additionally, Resources were calculated using a 0.3 g/t cut-off gold grade as this is being adopted for long-term mine planning at Chatree and Chatree North. At current gold prices, the cut-off gold grade at Chatree would be approximately 0.3 g/t gold, potentially reducing operating costs significantly by allowing bulk mining methods to be used.

Interim Mineral Resources, after mining depletion, using a 0.4 g/t cut-off gold grade, are 3.7 million ounces of gold in 124 million tonnes of ore at an average grade of 0.9 g/t gold as at June 2010. Within these Resources, 84% is contained in the higher confidence Measured and Indicated categories which substantiate the robustness of the resource and ore reserve models. Contained within the Mineral Resource estimate is 30 million ounces of silver at a grade of 7.3 g/t silver.

Mineral Resources, using a 0.3 g/t cut-off gold grade, are 4.3 million ounces of gold in 174 million tonnes of ore at an average grade of 0.8 g/t gold as at June 2010. Contained within the Mineral Resource estimate is 37 million ounces of silver at a grade of 6.6 g/t silver.

Further drilling is required over much of the mining leases as most of the modelled open pits are limited by the current extent of the drilling data.

* *The gold price assumption used is an approximation of the three year rolling average gold price so as to comply with U.S. Securities Exchange Commission (SEC) guidelines*

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Resource Definition drilling continued in Chatree throughout the year including in the original Chatree Mining Leases where higher gold prices have upgraded the viability of these previously mined deposits. Most of the ore was previously extracted from the original Chatree Mining Leases when the gold price ranged between US$350-600 per ounce.

Ongoing drilling in Chatree North continues to return positive results in the A and Q Pits where good potential remains to expand the current open pit design. This potential together with targets for future underground operations, demonstrates that the current mineral resources and ore reserves are still at interim stages. It is felt that it will take several years of resource definition drilling to more fully understand both the open pit and underground potential of the resources at Chatree.

During the year to 30 June 2010, Resource Definition drilling at Chatree totalled 57,016 metres of Reverse Circulation drilling and 10,805 metres of Diamond drilling. These data were incorporated into the extensive geological database for the Chatree and Chatree North areas and included updated geological and geophysical interpretations compiled by the Thai based technical teams. Sample preparation and assaying was undertaken using standard methods at the Chatree mine laboratory, which has been certified under ISO 17024 for Gold and Silver bullion and geochemical assaying.

Drilling is in progress to assess the open pit potential of the Q Pits, including a new mineralised trend to the east of the known Q Pit areas. Deeper drilling is also in progress in A Pit where the pit optimises close to the limit of the data. This long-term drilling program to test the deep, high-grade feeder zones has potential to further deepen the open pit. The underground mining potential at Chatree remains to be fully tested.

Chatree and Chatree North Deposit Growth Potential

Significant potential exists for the open pits to be substantially larger than the stated Ore Reserves at current gold prices, with minimum impact on the gold grade. This view is based on open pit optimisations using a modelling program called Whittle Four-X (see table).

To better understand the potential of the Chatree Gold Mine, long-term mine planning adopts a base cut-off gold grade of 0.3 g/t. Various pit optimisation studies using the Whittle Four-X program have been completed utilising different gold price scenarios with their related gold cut-off grades. The Whittle Four-X program is extensively used in the mining industry in order to determine optimum “pit shells”. For a given block model, slope data, costs, and metallurgical recoveries, Whittle Four-X calculates a series of incremental pit shells in which each shell is an optimum for a slightly higher metal price factor. Final ore reserves may vary from optimised figures by approximately ± 15%.

For this optimisation study, the block model only used Measured and Indicated categories from the resource block model and scenario analyses were used at Chatree to determine the impact of higher gold prices on pit optimisations. This analysis did not consider the impact of silver on the outcomes. Results are summarised in the table below.

This table demonstrates that pit optimisations at Chatree are sensitive to gold price, with excellent potential to substantially increase ore reserves at higher gold prices. For example, at US$1250/ounce gold, the corresponding Whittle ore reserves are 100 million tonnes for 2.73 million ounces of gold at a 0.3 g/t cut-off grade.

Chatree & Chatree North Alternative Estimates of Optimum Open Pit Shells Without Detailed Pit Designs using Whittle Four-X Modelling** Grade/Tonnage Variance Versus Gold Price				
Gold Price (US$/ounce)	Gold Grade (Grams/Tonne)	Tonnes (Millions)	Contained Gold (millions ounces)	Cut-off Grade (Grams/Tonne)
950	0.99	68	2.16	0.4
1,050	0.98	71	2.22	0.38
1,150	0.96	78	2.40	0.35
1,250	0.85	100	2.73	0.32

** Final Ore Reserves may vary from the Whittle Four-X optimised pit shell figures by approximately +/- 15%

While the current ore reserves adopt a gold price assumption of US$950/ounce, the substantial increase in tonnes, at modest gold price increments, shown in the above table, demonstrate the robust future of the processing plant expansion currently underway from 2.3 to 5.0 million tonnes of ore per annum at Chatree.

Yours sincerely,

Gavin Thomas
Managing Director & CEO

Competent Persons Statement

Information in this report relates to Exploration Results, Mineral Resource and Ore Reserve estimates based on information compiled by the following Competent Persons: Ron James, Genesio Circosta, Fiona Davidson, Mike Garman, Guy Davies and Suphanit Suphananthi who are employees of the Kingsgate Group and members of The Australasian Institute of Mining and Metallurgy, and Rob Spiers who is an Independent reviewer and employee of Hellman & Schofield Pty Ltd and Member of the Australian Institute of Geoscientists. 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, Mineral Resources and Ore Reserves. Each Competent Person, with the exception of Rob Spiers solely for the Q Prospect, has consented to the Public Reporting of these statements and the inclusion of the material in the form and context in which it appears.

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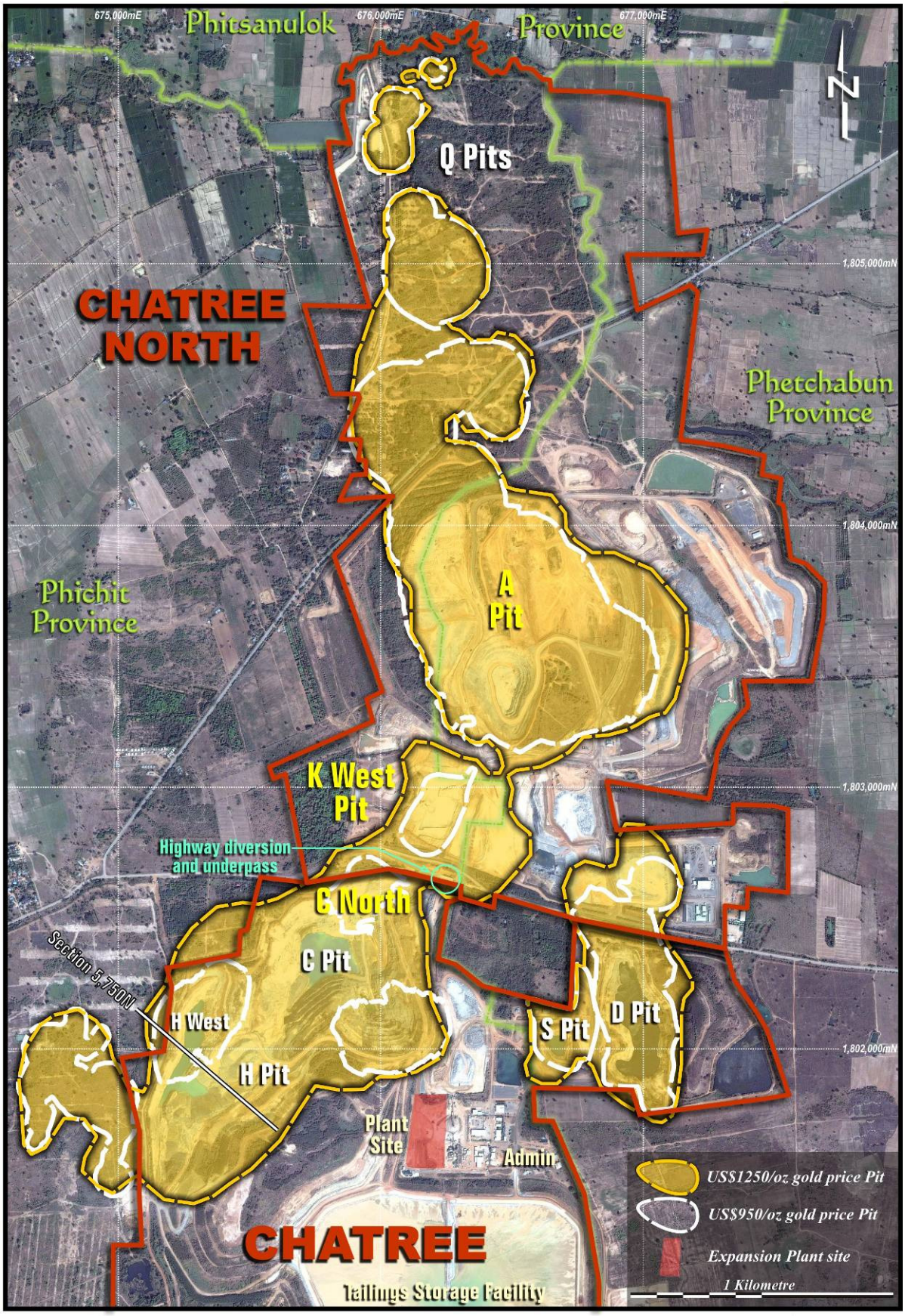

Plan view of Chatree and Chatree North showing the modelled pit shells using a US$950/oz (white) and US$1250/oz (yellow) gold price assumption

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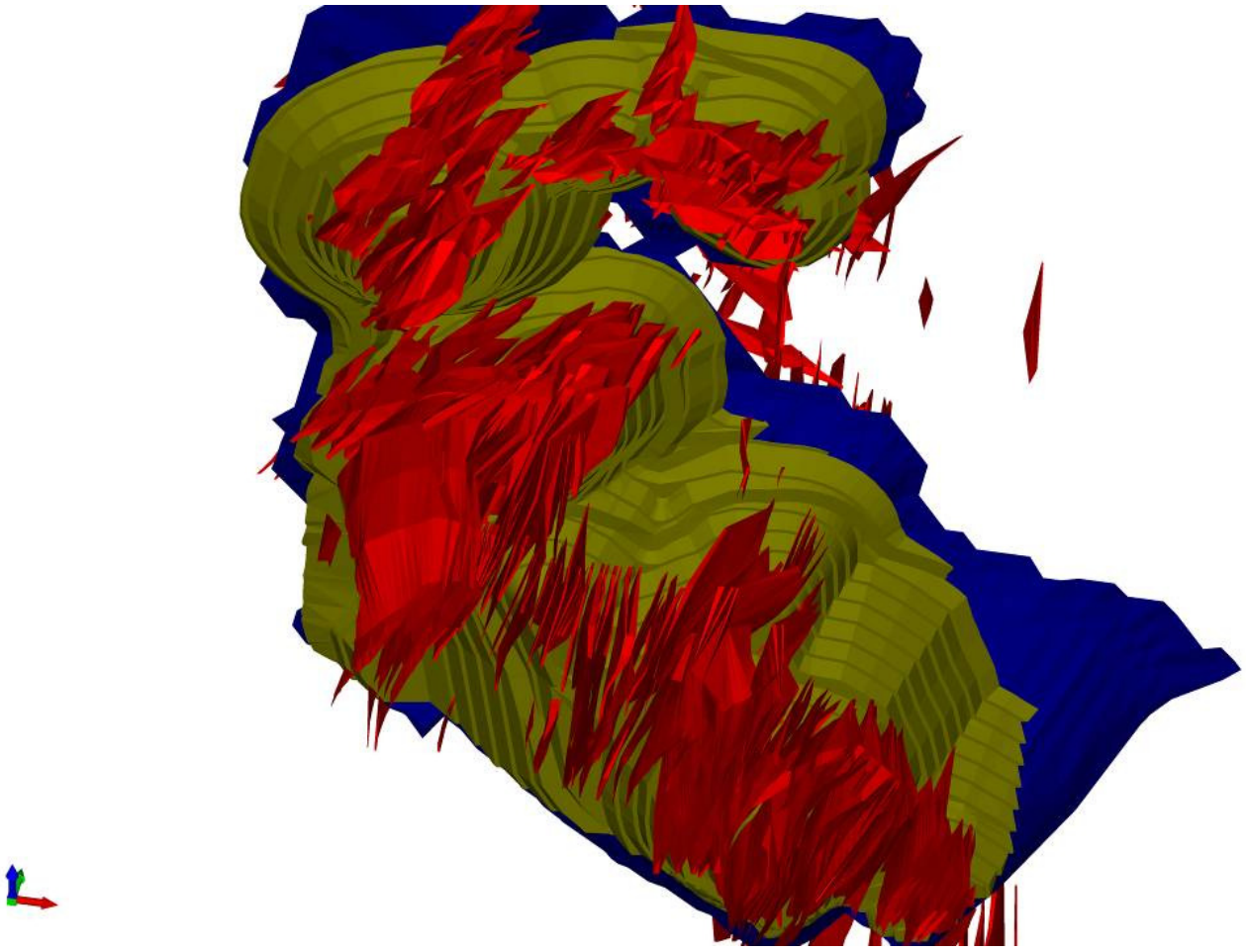
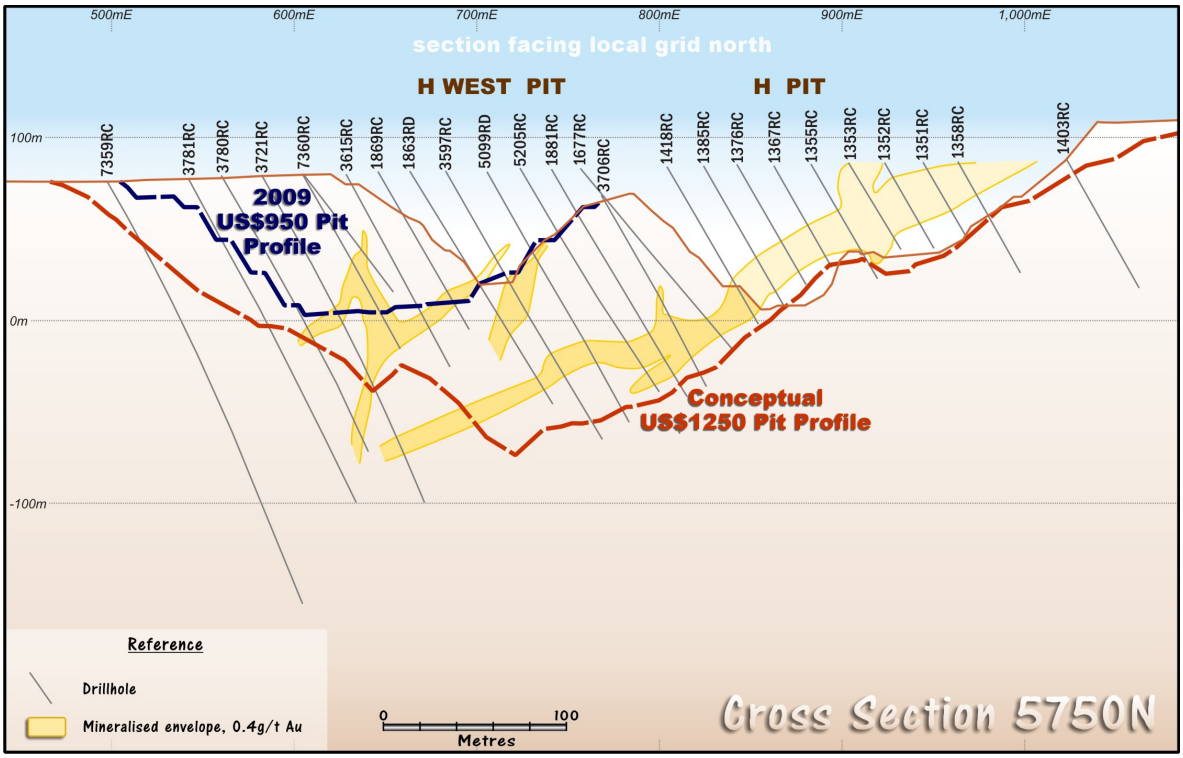


3-D view of the A Pit and Q South Pit with wireframe gold mineralised zones (red) showing modelled pit shells using a US$950/oz (green) and US$1250/oz (blue) gold price assumptions.



Cross-section 5750N of the H Pit at Chatree with the gold mineralised envelopes (yellow) showing modelled pit shells using a US$950/oz (blue) and US$1250/oz (red) gold price assumptions, with the US$1250/oz pit based on Whittle Four-X modelling – June 2010.

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Chatree Ore Reserves as at 30Jun2010 (>0.4g/t Au cut-off grade)						
Source	Category	Tonnes (Million Tonnes)	Grade		Contained Ounces	
			Gold (g/t)	Silver (g/t)	Gold (Million Oz)	Silver (Million Oz)
Chatree South Mine Leases	Proved	5.4	1.06	5.0	0.18	0.86
	Probable	2.7	1.27	4.9	0.11	0.44
	Total	**8.1**	**1.13**	**5.0**	**0.29**	**1.30**
Chatree North Mine Leases	Proved	32.0	0.99	10.3	1.02	10.56
	Probable	16.0	0.93	8.9	0.48	4.59
	Total	**48.0**	**0.97**	**9.8**	**1.49**	**15.15**
Stockpiles	**Subtotal**	**5.6**	**0.79**	**12.1**	**0.14**	**2.19**
Total from Pits	Proved	**37.4**	**1.00**	**9.5**	**1.20**	**11.42**
	Probable	**18.7**	**0.98**	**8.4**	**0.59**	**5.02**
Chatree Total	**Total**	**61.7**	**0.97**	**9.4**	**1.93**	**18.63**

Notes on Ore Reserves:

1. Reserves are based on a three (3) year average gold price of USD950/oz and a silver price of USD15.00/oz.
2. Underground options have not been included in the reserves.
3. C North and D Pit assumes the approval to mine through highway 1301 will be granted.
4. H West and J Pits assumes the mining lease approval to the west of Chatree South will be granted.
5. S Pit assumes the mining lease is extended beyond the current northen limit.
6. All reserves are based on detailed pit designs.
7. Portions of the Chatree South optimisation that have proven to be sub economic at USD950/oz have been excluded.
8. The calculated marginal cut-off grade is 0.4g/t au.
9. An exchange rate of THB33 to USD1 is assumed.
10. A diesel fuel price of THB30 per litre is assumed.
11. Optimisations are based on a mill throughput rate of 2.4Mt for year 1, 4.8Mt for year 2 and 5Mt thereafter & includes stockpiling.
12. Reserves are calculated using the end of month surveyed topography surface as at the 30th June 2010.
13. Q South (included in Q Pit above) assumes the approval to mine through highway 1191 will be granted.
14. Q South (included in Q Pit above) assumes the approval/granting to extend the mining leases to the west of the current leases.
15. Q South, Q Central and Q North (included in Q Pit above) assumes the approval to mine through highway 1344 will be granted.
16. All proportions >0% have been used hence no Ore Discounting has been applied.

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Chatree Mineral Resources Inclusive of Ore Reserves as at 30Jun2010 (>0.4g/t Au cut-off grade)						
Source	Category	Tonnes (Million Tonnes)	Grade Gold (g/t)	Grade Silver (g/t)	Contained Ounces Gold (Million Oz)	Contained Ounces Silver (Million Oz)
Chatree South Mine Leases(1)	Measured	17.1	0.96	4.8	0.53	2.66
	Indicated	10.9	1.01	4.7	0.35	1.63
	Inferred	8.3	0.98	5.0	0.26	1.32
	Total	**36.2**	**0.98**	**4.8**	**1.14**	**5.61**
Chatree North Mine Leases(2)	Measured	42.4	0.97	9.3	1.32	12.70
	Indicated	30.3	0.89	7.3	0.86	7.14
	Inferred	13.1	0.82	5.5	0.34	2.30
	Total	**85.8**	**0.91**	**8.0**	**2.52**	**22.13**
Stockpiles	**Subtotal**	**5.6**	**0.79**	**12.1**	**0.14**	**2.19**
	Measured	**59.5**	**0.96**	**8.0**	**1.84**	**15.35**
	Indicated	**41.1**	**0.92**	**6.6**	**1.21**	**8.77**
	Inferred	**21.4**	**0.88**	**5.3**	**0.60**	**3.62**
Chatree Total	**Total**	**127.6**	**0.93**	**7.3**	**3.81**	**29.93**

Chatree Mineral Resources Inclusive of Ore Reserves as at 30Jun2010 (>0.3g/t Au cut-off grade)						
Source	Category	Tonnes (Million Tonnes)	Grade Gold (g/t)	Grade Silver (g/t)	Contained Ounces Gold (Million Oz)	Contained Ounces Silver (Million Oz)
Chatree South Mine Leases[1]	Measured	23.6	0.79	4.4	0.60	3.36
	Indicated	15.2	0.82	4.2	0.40	2.07
	Inferred	11.5	0.80	4.5	0.30	1.67
	Total	**50.3**	**0.80**	**4.4**	**1.30**	**7.10**
Chatree North Mine Leases[2]	Measured	56.2	0.81	8.6	1.47	15.49
	Indicated	41.6	0.74	6.7	0.99	9.00
	Inferred	19.8	0.66	5.0	0.42	3.19
	Total	**117.6**	**0.76**	**7.3**	**2.88**	**27.68**
Stockpiles	**Subtotal**	**5.6**	**0.79**	**12.1**	**0.14**	**2.19**
	Measured	**79.8**	**0.81**	**7.4**	**2.07**	**18.85**
	Indicated	**56.7**	**0.76**	**6.1**	**1.39**	**11.07**
	Inferred	**31.4**	**0.71**	**4.8**	**0.72**	**4.86**
Chatree Total	**Total**	**173.5**	**0.77**	**6.6**	**4.32**	**36.97**

Notes for Mineral Resources:

Some rounding of figures may cause numbers not to add correctly

1; Includes Cn, C, H, S, D and J cut to the end of June2010 Chatree mine surface

2; Includes A, Ae, Q, Kw and Ke at chatree North mine, cut to the end of June2010 Chatree mine surface

3;Resource Model Called"chatree_resource_model_comb_jun2010_rev1.mdl"

4;Eom_Jun2010_topo called "chatree_site_nobackfill_300610.dtm"

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