



# Kingsgate

Consolidated Limited

ABN 42 000 837 472

6 July 2011

The Manager, Announcements  
Company Announcements Office  
Australian Securities Exchange

**FOR PUBLIC RELEASE  
Via ASX Online (3 pages)**

Dear Sir/Madam,

## **Acquisition by Laguna Resources of Leases and Resources Surrounding the Arqueros Project**

Kingsgate Consolidated Ltd's 70% owned listed subsidiary, Laguna Resources NL, has entered into a binding Memorandum of Understanding to acquire the Esperanza and Chimberos mining leases from Kinross Gold Corporation. These properties surround Laguna's Arqueros project, located in Northern Chile.

The transaction will allow the consolidation of Arqueros, Esperanza and Chimberos leases into one project, integrating the geology, infrastructure and surface rights, and the combined resource estimate (Inferred and Indicated) will exceed 1.6 million gold equivalent ounces or 95 million silver equivalent ounces.

### **Highlights**

- Addition of around 340,000 oz gold equivalent (~20 Moz of silver equivalent) in resources.
- Large tenement package surrounding Arqueros, including substantial surface rights.
- Chimberos mine infrastructure including an 80 man camp and workshops.
- Earlier plant commissioning and faster ramp-up of production utilising the Teterita deposit and the potential for future expansion.
- Significant exploration potential.

Acquisition terms include payment of US\$1 million on signing and US\$2 million over 12 months plus a production royalty of 7% on Esperanza (2% to Kinross and 5% to the original vendor) and 3% on Chimberos.

The Esperanza - Chimberos package includes the surface and mineral rights to the Teterita silver deposit (Esperanza) and the Chimberos silver mine. Both properties are adjacent to Arqueros and have been extensively drilled with combined resources of 20 million ounces of silver equivalent, or 340,000 ounces of gold equivalent, as calculated by Laguna.

Kingsgate Managing Director and Chairman of Laguna, Mr Gavin Thomas said, this is an excellent outcome for the Arqueros project providing the potential for earlier commissioning and cashflow.

"The large tenement package and infrastructure provides a solid platform for the long term future of Arqueros and the potential for scalable growth regionally", he said.

"This is an important example of how the considerable experience and resources of Kingsgate can provide Laguna access to broader opportunities that may be challenging to pursue on its own."

"It is the type of advanced project where we believe we can provide the necessary technical expertise to generate value for all shareholders and we are continuing to advance similar opportunities around the world", he said.

Yours sincerely,

**Gavin Thomas**  
Managing Director & CEO  
Kingsgate Consolidated Limited

## Appendix 1.

### Location

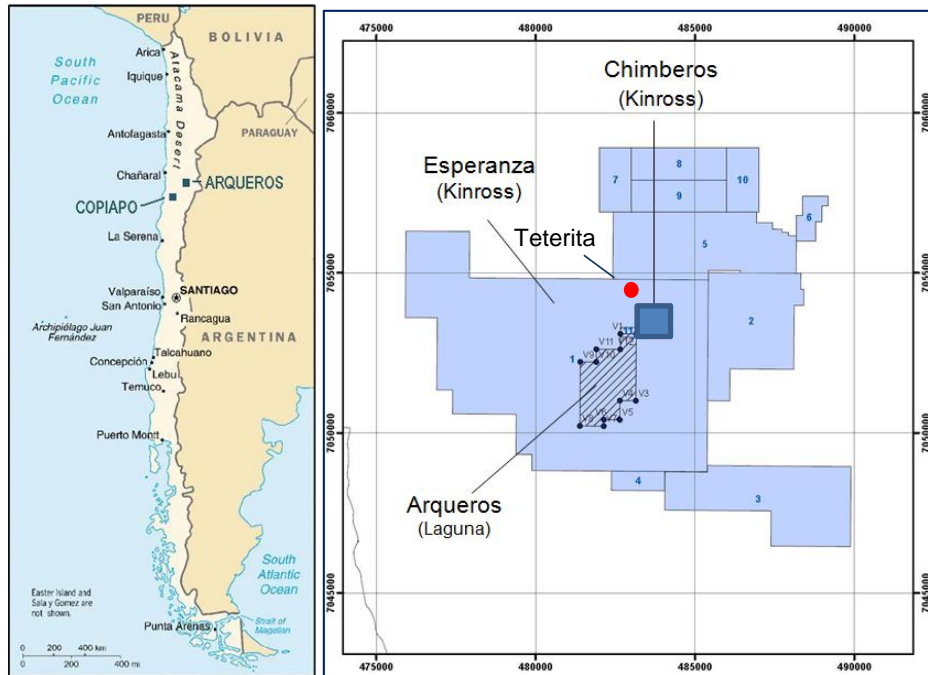


Figure 1 & 2. Location map and tenement plans

### Resource Estimates

#### Chimberos and Teterita

Laguna Resources has calculated an Inferred Resource estimate for both properties based on 27,650 metres of drilling in 334 holes. The estimate will have to be verified and validated before it can be upgraded.

The Inferred Resource for the Chimberos and Teterita deposits at a cut-off grade of 30 g/t silver equivalent (0.5 g/t gold equivalent cut-off) is 340,000 ounces of gold equivalent or 20.5 million ounces of silver equivalent (Tables 1 and 2).

Table 1. JORC Inferred Mineral Resource, tonnes and grade

Inferred Resource	Tonnes (Million)	Grade (g/t)			
		Gold	Silver	AuEQ60	AgEQ60
Chimberos	3.4	0.3	75	1.6	93
Teterita	2.7	-	115	2.0	119
Total	6.1	0.2	93	1.7	104

1. Cut-off grade 30 g/t Ag EQ60 (0.5 g/t Au EQ60)
2. AuEQ60 = gold equivalent with gold/silver price ratio of 60
3. AgEQ60 = silver equivalent with silver/gold price ratio of 60
4. Metallurgical recovery difference in equivalence ratio assumed to be nil.
5. Teterita is based on 9000 metres of RC drilling in 68 drill holes
6. Chimberos is based on 18,650 metres of RC drilling in 266 drill holes

Table 2. JORC Inferred Mineral Resource, ounces (thousands)

Inferred Resource	Ounces			
	Gold	Silver	AuEQ60	AgEQ60
Chimberos	34,000	8,126,000	169,000	10,166,000
Teterita	-	10,314,000	172,000	10,314,000
Total	34,000	18,440,000	341,000	20,480,000

## Arqueros

Arqueros resource estimate announced to the Australian Securities Exchange by Laguna Resources NL on 16 September 2010; has been modified to include silver equivalence. The cut-off grade is 0.5 g/t gold equivalent, or 30 g/t silver equivalent at an equivalence ratio of 60.

JORC Category	Tonnes (Million)	Grade (g/t)			
		Gold	Silver	AuEQ60	AgEQ60
Indicated	7.0	0.35	83	1.73	103
Inferred	24.6	0.32	47	1.11	67
Total	31.6	0.33	55	1.24	75

JORC Category	Ounces			
	Gold	Silver	AuEQ60	AgEQ60
Indicated	78,000	18,596,000	387,000	23,276,000
Inferred	253,000	37,596,000	870,000	52,686,000
Total	332,000	56,103,000	1,258,000	75,962,000

## Competent Person

The **Mineral Resource** for the **Chimberos and Teterita deposits** was estimated by Ron James from information provided by Laguna Resources NL and its agents. Mr James is a member of the Australian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation under consideration to qualify as a competent person as defined in the 2004 edition of the "Australian Code of Reporting of exploration results, mineral resources and ore reserves". Mr James consents to the inclusion of the mineral resource estimate in the form and context in which it appears based on the information presented to him.

The **Mineral Resource** for the **Arqueros deposit** was estimated by Mr P Ball (Director of DataGeo Geological Consultants) from information provided by Laguna Resources NL and its agents. Mr Ball is a member of the Australian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation under consideration to qualify as a competent person as defined in the 2004 edition of the "Australian Code of Reporting of exploration results, mineral resources and ore reserves". Mr Ball consents to the inclusion of the mineral resource estimate in the form and context in which it appears based on the information presented to him.

**Gold equivalence** (AuEQ60) is estimated as  $AuEQ60 = Au + (Ag * EQ60)$ , where Au = gold content, Ag = silver content and EQ = equivalence factor, which is calculated as the ratio of gold price to silver price \* ratio of gold metallurgical recovery to silver metallurgical recovery.  $EQ60 = PAu/PAg * RAu/RAg = 60$ , based on long-range prices of gold at US\$900/oz & silver US\$15/oz. The difference in metallurgical is assumed to be nil for this equivalence calculation.