



Kingsgate

Consolidated Limited

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Via ASX Online

Company Announcements Office
Australian Securities Exchange

Resources Increased by 40% to 182 Million Ounces Silver Equivalent at Bowdens

Kingsgate Consolidated Limited (ASX: KCN) is pleased to announce a significant increase in the silver and silver equivalent ("AgEq") Mineral Resources for the Bowdens Project, NSW. This increase follows completion of the 2012 drilling program.

Silver equivalent resources have increased by 40% compared to the previous Bowdens resource estimate released on 23 September 2011 using the same parameters and cut-off grade (30 grams/tonne ("g/t") AgEq*). Measured, Indicated and Inferred Mineral Resources now comprise 88 million tonnes at an average grade of 64.4g/t AgEq containing a total of 182 million ounces of AgEq. Importantly, approximately 63% of the total resource is now classified in the Measured and Indicated categories.

Kingsgate's CEO and Managing Director Gavin Thomas said, *"The new silver equivalent Mineral Resources estimate for Bowdens is comparable to around four million ounces of gold and supports the Company's underlying belief in the project and its further potential."*

"The resource increase is expected to enhance the project economics and gives Kingsgate the flexibility to optimise the development, which clearly marks Bowdens as one of the largest undeveloped silver deposits in the southern hemisphere", he said.

The additional resources defined in 2012 lie beneath previously defined mineralisation in the central and western zones of the deposit and near surface in the south. Approximately 90% of the estimated resource is within 180 metres of surface (see Figures 1 to 3). Noticeably the mineralisation at Bowdens remains open to the west and at depth.

Importantly, these results highlight that significant high grade mineralisation occurs near the surface and mining of this shallow zone in the first few years of a potential open pit operation will enhance cash flow and can be expected to improve the overall project economics.

Preliminary pit optimisation of the current resource model shows a low waste rock to ore strip ratio. The life of mine strip ratio is about 1:1 (i.e. one tonne of waste rock to every tonne of ore mined).

Additionally, metallurgical testwork completed as part of the 2012 feasibility study has returned an 82% silver recovery to the lead and zinc concentrates an increase of 9% over the previous recoveries. The testwork has also allowed a simplification of the metallurgical flow sheet that will reduce capital and operating costs.

These resource and metallurgical upgrades now allow a re-optimisation of the input design criteria for Bowdens. Work on the Definitive Feasibility Study and Environmental Impact Statement is ongoing and both should be completed this financial year.



Gavin Thomas
Managing Director & CEO
Kingsgate Consolidated Limited

* See note 1.

Resource Upgrade

MPR Geological Consultants Pty Ltd (MPR) has estimated Mineral Resources for the Bowdens silver-lead-zinc deposit and reviewed the quality of sampling and assaying for Kingsgate's 2012 drilling.

The resource dataset comprises historic drill data from previous explorers CRA, GSM and Silver Standard, together with Kingsgate 2012 drilling. The study database includes 567 air core, reverse circulation and diamond holes drilled by Kingsgate and previous explorers since 1989 for a combined 63,088 metres of drilling..

Information available to demonstrate the reliability of Kingsgate's sampling and assaying includes descriptive sample quality logging, RC sample weights, field duplicates, coarse blanks and reference standards. MPR considers that these data confirm the reliability of the Kingsgate's sampling and assaying with sufficient confidence for the current estimates.

MPR was not supplied with any information to demonstrate the reliability of data from older, pre-Kingsgate drilling. Closely spaced composites from Kingsgate and Silver Standard drilling show comparable average grades. This provides confidence in the reliability of Silver Standard's data which represents the majority of the pre-Kingsgate dataset.

Resources were estimated by Multiple Indicator Kriging, with block support correction to reflect open pit mining selectivity based on silver equivalent cut off grades. The combined mineralised domains used for the estimates extend over around 1.1 kilometres north-south by approximately 0.9 kilometres east-west. Approximately 90% of the estimated resource is within 180 metres of surface.

The Mineral Resources have been reported according to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

| Bowdens Mineral Resource Estimate, November 2012 | | | | | | | | | |
|---|-------------------------|---------------------|-----------------|-----------------|-------------------|-------------------|---------------------|-------------------|---------------------|
| (30g/t AgEq cut-off grade) | | | | | | | | | |
| Resource Category | Tonnes (Million) | Silver (g/t) | Lead (%) | Zinc (%) | AgEq (g/t) | AuEq (g/t) | Silver (Moz) | AgEq (Moz) | GoldEq (Moz) |
| Measured | 23.6 | 56.6 | 0.31 | 0.41 | 74.5 | 1.64 | 43.0 | 57 | 1.25 |
| Indicated | 28.4 | 48.0 | 0.27 | 0.36 | 63.6 | 1.40 | 43.8 | 58 | 1.28 |
| Meas. + Ind. | 52.0 | 51.9 | 0.29 | 0.38 | 68.6 | 1.51 | 86.8 | 115 | 2.53 |
| Inferred | 36 | 41 | 0.3 | 0.4 | 58 | 1.27 | 47.5 | 68 | 1.47 |
| Total | 88.0 | 47.4 | 0.29 | 0.39 | 64.4 | 1.41 | 134.1 | 182 | 4.00 |

Note:

1. Bowdens silver equivalent: $\text{AgEq (g/t)} = \text{Ag (g/t)} + 27.5 \times \text{Pb (\%)} + 22.8 \times \text{Zn (\%)}$ calculated from prices of US\$26.33/oz Ag, US\$2,206/t Pb, US\$2,111/t Zn and NSR metallurgical recoveries of 72% Ag, 75% Pb, and 66% Zn estimated from test work by Kingsgate. NSR or net smelter return metallurgical recovery is defined as the payable metal recovered after allowing for smelter deductions, which includes deductions for precious metals.
2. Bowdens gold equivalent: $\text{AuEq (g/t)} = 46$ calculated from prices of US\$1200/oz Au, US\$26.33/oz Ag.
3. In the company's opinion, the silver, lead and zinc included in the metal equivalent calculations have a reasonable potential to be recovered.
4. Rounding of figures may cause numbers not to add correctly.

Metallurgy Update

The 2012 Bowdens metallurgical testwork program has recently been completed by Metcon, Sydney. The aim of the testwork was to confirm the optimal treatment and recovery pathways of silver, lead and zinc by froth flotation and to complete a physical characterisation of the ore types. Test process conditions were optimised for each of the four mineralised lithological units at Bowdens.

Metallurgical samples represented each rock type within conceptual pit shells. Each rock type was tested to establish the optimum flotation conditions for that material, prior to testing average composite samples. The resulting metallurgical flow sheet separately recovers a silver-rich lead concentrate and then a zinc concentrate.

Optimisation for each of the component rock types and composite samples in the 2012 testwork has produced significantly better overall metal recoveries to flotation concentrates than was indicated by previous testwork results. Most significantly, the total silver recovered to the combined lead and zinc concentrates has increased from 73.4% to 82.4%.

The 2012 metallurgical testwork program has also resulted in a much simplified metallurgical flow sheet which will reduce capital and operating costs and have the potential to improve the project economics.

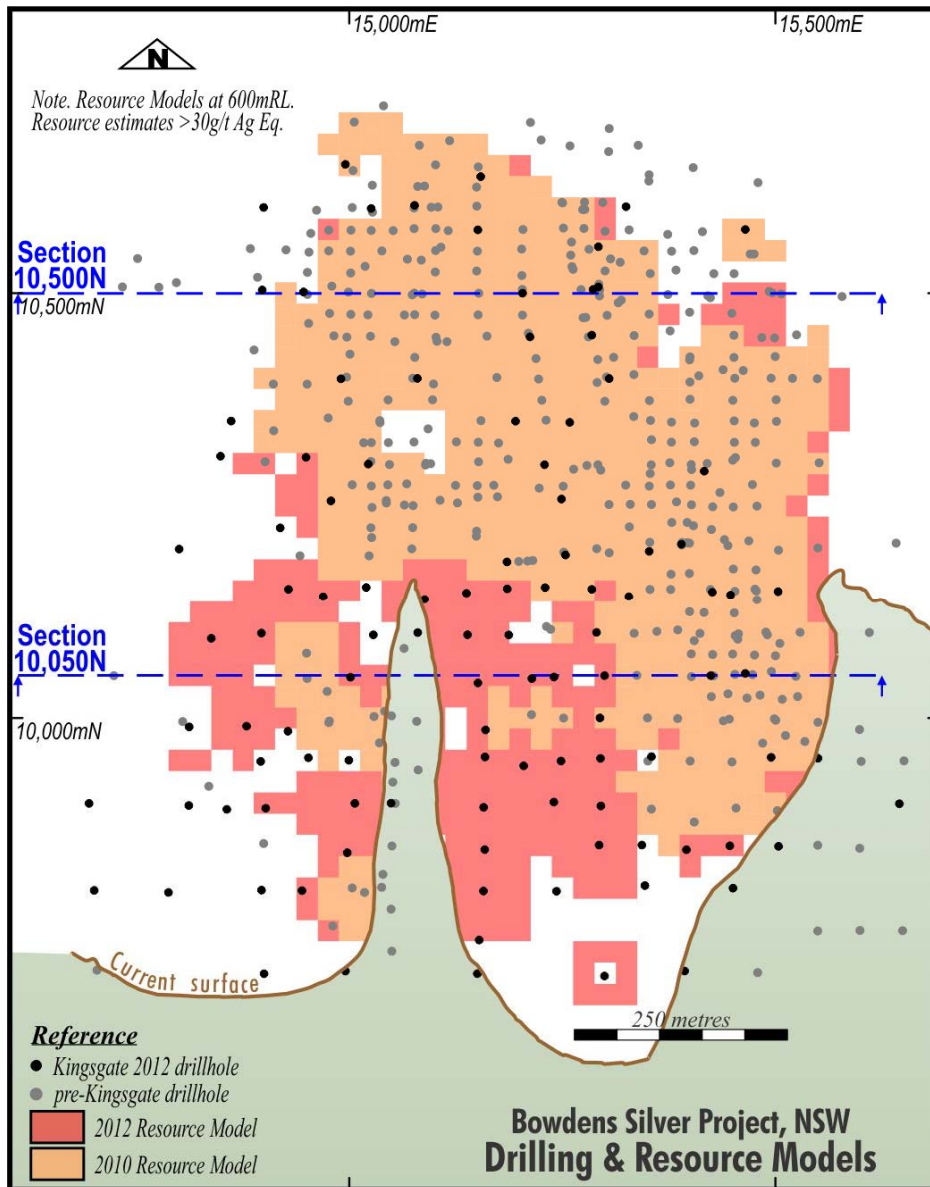


Figure 1: Plan at 600mRL showing pre Kingsgate and Kingsgate 2012 drilling and blocks containing resources at 30g/t AgEq cut-off from 2011 and 2012 resource models.

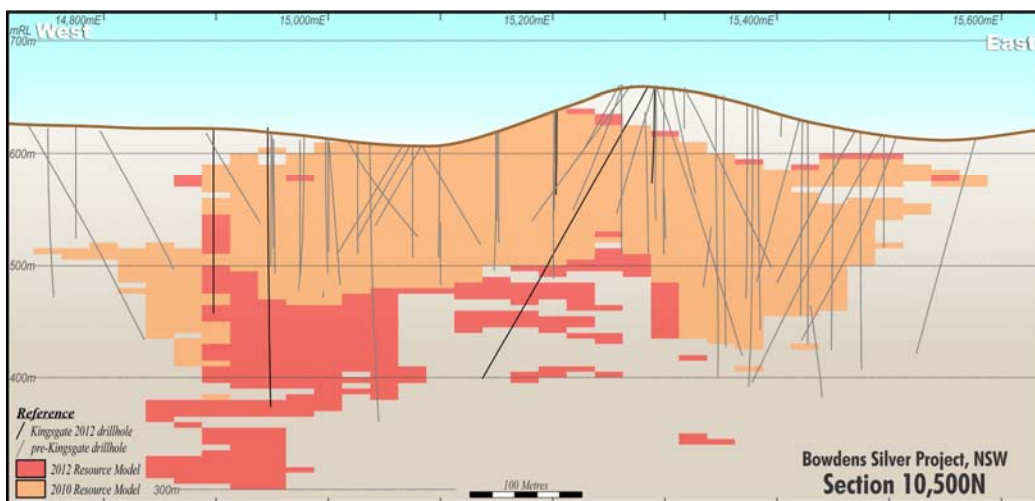


Figure 2: Section 10500mN showing pre Kingsgate and Kingsgate 2012 drilling and blocks containing resources at 30g/t AgEq cut-off from 2011 and 2012 resource models.

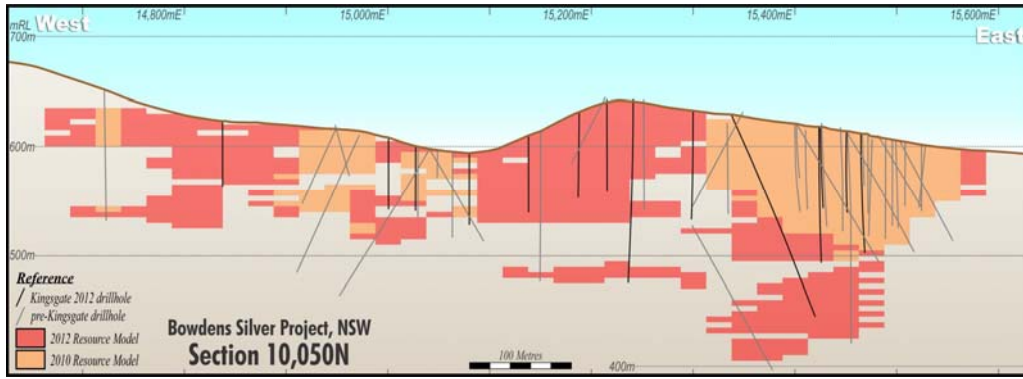


Figure 3: Section 10050mN showing pre Kingsgate and Kingsgate 2012 drilling and blocks containing resources at 30g/t AgEq cut-off from 2011 and 2012 resource models.

Competent Person Statement

The information in this report that relates to Bowdens Mineral Resource estimation is based on work completed by Jonathon Abbott who is a full-time employee of MPR Geological Consultants and a member of the Australian Institute of Geoscientists. Mr Abbott has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Abbott consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to comments on the resource estimates, metal equivalence factors and economic potential of the estimated resources for Bowdens is based on information compiled by Ron James who is a member of the Australasian Institute of Mining and Metallurgy. Mr James has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr James consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.