



Kingsgate

Consolidated Limited

ABN 42 000 837 472

ASX & MEDIA RELEASE

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

18 March 2014

Dear Shareholder,

KINGSGATE CONSOLIDATED LIMITED ABN 42 000 837 472 - ENTITLEMENT OFFER

NOTIFICATION TO INELIGIBLE INSTITUTIONAL SHAREHOLDERS

On Tuesday 18 March 2014 Kingsgate Consolidated Limited ABN 42 000 837 472 (**Kingsgate**) announced an accelerated pro-rata entitlement offer (**Entitlement Offer**) to raise up to approximately A\$44.8 million and institutional placement to raise approximately A\$14.7 million (**Institutional Placement**). The Entitlement Offer is non-renounceable and comprises an institutional entitlement offer (**Institutional Entitlement Offer**) and a retail entitlement offer (**Retail Entitlement Offer**). Under the Entitlement Offer, eligible shareholders may apply for 3 new Kingsgate ordinary shares (**New Shares**) for every 11 existing Kingsgate shares held, at an offer price of A\$1.00 per New Share. The Entitlement Offer and the Institutional Placement are together referred to in this letter as the **Offer**.

The Institutional Entitlement Offer and the Institutional Placement are fully underwritten by Morgan Stanley Australia Securities Limited (**Morgan Stanley**) and CIMB Securities (Australia) Limited (**CIMB**) (and together with Morgan Stanley, the **Joint Lead Managers**). The Retail Entitlement Offer is partially underwritten by the Joint Lead Managers¹.

The Entitlement Offer is being made by Kingsgate without a disclosure document in accordance with section 708AA of the *Corporations Act 2001* (the **Act**) as modified by the Australian Securities and Investments Commission Class Order [CO 08/35].

Details of the Institutional Entitlement Offer

The Institutional Entitlement Offer which may raise up to A\$13.4 million, is being made to Eligible Institutional Shareholders (as defined below), on the basis of 3 New Share for every 11 existing Kingsgate shares (**Shares**) held at 7.00pm (Sydney time) on Friday 21 March 2014 (**Record Date**).

An investor presentation in relation to the Offer was lodged with the ASX on Tuesday 18 March 2014.

Eligibility criteria

The restrictions upon eligibility under the Institutional Entitlement Offer are in place because of legal limitations on making or extending an offer of securities in some countries, the relatively small number

¹ The Retail Entitlement Offer is underwritten to approximately A\$11 million. Resource Capital Fund V.I LP has also agreed to sub-underwrite the underwritten portion of the Retail Entitlement Offer.

of shareholders in those countries, the number and value of shares for which those shareholders would otherwise be entitled to subscribe and the potential cost of complying with regulatory requirements in those countries.

Kingsgate has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules and section 9A(3)(a) of the Act, that it would be unreasonable to make or extend offers under the Institutional Entitlement to shareholders in countries outside of Australia and New Zealand and to certain other jurisdictions which do not apply to you. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) of the Act, Kingsgate wishes to advise you that it will not be extending the Institutional Entitlement Offer to you and you will not be able to apply for New Shares under the Institutional Entitlement Offer.

Shareholders who are eligible to participate in the Institutional Entitlement Offer (**Eligible Institutional Shareholders**) are shareholders who:

- a) were a holder of Shares as at 7.00pm (Sydney time) on the Record Date;
- b) have a registered address on Kingsgate's share register in Australia or New Zealand; and
- c) are not in the United States.

Concurrently with the Institutional Entitlement Offer, Kingsgate will be offering New Shares to certain eligible shareholders in the United States pursuant to a U.S. private placement (the "U.S. Private Placement").

Unfortunately, as you do not satisfy the eligibility criteria for an Eligible Institutional Shareholder, you will not be able to apply for New Shares.

You are not required to do anything in response to this letter. This notice is to inform you about the Institutional Entitlement Offer. This notice is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares.

What will happen to my entitlement?

As the Entitlement Offer is non-renounceable you will not receive any payment or value for any entitlement in respect of any New Shares that would have been offered to you if you were an Eligible Institutional Shareholder.

Further information

If you have any questions in relation to any of the above matters, please contact Security Transfer Registrars Pty Limited on +61 (08) 9315 2333 from 8.30am to 5.30pm (Perth time) Monday to Friday during the Entitlement Offer period. For other questions, you should contact your stockbroker, accountant, taxation adviser, financial adviser or other professional adviser.

Yours sincerely



Ross Coyle
Company Secretary

This notice does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or under the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The New Shares to be offered and sold in the Institutional Entitlement Offer may only be offered and sold outside the United States in "offshore transactions" (as

defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act. The New Shares to be offered and sold in the U.S. Private Placement may only be offered and sold in the United States pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Morgan Stanley is acting solely in the capacity of an administration agent in connection with the U.S. Private Placement.

The provision of this notice is not, and should not be considered as, a securities recommendation or financial product advice. The information in this notice is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. Kingsgate Consolidated Limited is not licensed to provide financial product advice. If you are unsure of your position, please contact your stockbroker, accountant, taxation adviser, financial adviser or other professional adviser.