



Kingsgate

Consolidated Limited

ABN 42 000 837 472

4 May 2011

**Via ASX Online
(3 pages including cover)**

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir/Madam,

High grade gold intersections in exploration drilling at Challenger

Exploration drilling targeting extensions to the Challenger West shoot at the Challenger Mine in South Australia has intersected spectacular gold mineralisation including 2.16 metres grading 109.83 g/t gold.

The current drill program is designed to test the continuity of the high grade Challenger West Shoot below currently defined reserves by drilling from an exploration drive 400 metres below the surface on the 800 Level. This program was recently initiated since the merger to better define the upside potential of the gold mineralization at the Challenger Mine.

The latest results give significant confirmation of the potential to identify and define mineralised shoots in the upper levels of the mine that could generate increased resources and reserves over the next 12 to 24 months.

Kingsgate Managing Director, Gavin Thomas, said, "We are extremely pleased with this early success in the renewed exploration program to find additional gold resources close to the surface at Challenger."

"While early days, it is a strong endorsement of the confidence and belief we have in the potential to add to the gold resources at Challenger."

Visible gold in drill core and a schematic section are attached.

Yours sincerely,

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



Visible gold in drill core from Challenger West drilling in Diamond Drill Hole 11CUD0783

(core size is BQ with a diameter of 36.5mm. The visible gold particles are scattered uniformly through the intersection and range in size from 0.5mm up to 2mm)

SIGNIFICANT CHALLENGER WEST INTERSECTIONS
FROM SURFACE AND UNDERGROUND DIAMOND DRILLING

Hole ID	From	To	Interval	Au	Zone	Comments	Intercept RL
08CDDH0083	326.58m	327.79m	1.00m @	251.95g/t	CW	previous surface drilling	931mRL
08CDDH0085W1	383.51m	384.41m	0.90M @	310.87g/t	CW	previous surface drilling	882mRL
09CUD0582	160.00m	161.00m	1.00m @	12.13g/t	CW		782mRL
10CUD0584	158.00m	161.00m	3.00m @	28.46g/t	CW	<i>includes 1.2m@65.87g/t</i>	797mRL
10CUD0586	200.55m	201.07m	0.52m @	55.98g/t	CW		814mRL
11CUD0782	148.00m	149.00m	1.00m @	8.14g/t	CW	<i>includes 0.59m @ 11.15g/t</i>	845mRL
11CUD0782	153.00m	153.89m	0.89m @	32.84g/t	CW	<i>includes 0.54m @ 41.39g/t</i>	847mRL
11CUD0783	145.54m	147.70m	2.16m @	109.83g/t	CW	<i>includes 1.13m @ 191.56g/t</i>	826mRL

Competent Persons

In this report, the information concerning Australian operations that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Peter Bamford, Tony Poustie and Paul Androvic who are full-time employees of the Kingsgate Group and members of The Australasian Institute of Mining and Metallurgy. They have sufficient experience which is relevant to the mineralisation and type of deposit under consideration and to the activity which they are undertaking, to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Peter Bamford, Tony Poustie and Paul Androvic consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Challenger Oblique Section

