



Kingsgate

Consolidated Limited

21 November 2012

Via ASX Online

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir/Madam,

**Chairman's Address
2012 Annual General Meeting**

Please find attached Chairman's Address at our 2012 Annual General Meeting held at 2:00 p.m. today at the Museum of Sydney on the Corner of Bridge and Phillip Streets, Sydney NSW 2000.

Yours faithfully,
KINGSGATE CONSOLIDATED LIMITED



Ross Coyle
Company Secretary

Chairman's Address

The year under review, whilst one of frustration for your company, also produced record production, record profits and saw the completion of the Chatree plant expansion, on time and under budget --- a phenomenon rarely seen in today's world of massive cost overruns, delays and budget blowouts ---and a further affirmation of the capabilities of our management team and the company's fiscal discipline. The fruits of this expansion will be witnessed through increased production in this and subsequent years.

Net profit after tax was just over \$75 million, profit before tax over \$91 million and EBITDA, a commendable \$168 million. Production from Chatree was 121,372 ounces of gold and 918,314 ounces of silver and from Challenger 87,388 ounces of gold and 4,971 ounces of silver for a combined 208,760 ounces of gold and 923,285 ounces of silver.

At Chatree, whilst we have been mining predominantly a low grade area for some time, production was enhanced by the mining of the long awaited and much delayed C North higher grade pod.

Chatree remains the flagship mine of South-East Asia, with its incredible record of no lost time injuries (the world's safest gold mine with now over 21 million man hours), no environmental incidents and its sustainability record after 11 years of operation. The plant is currently operating at 6.2 million tonnes per annum and it is planned over the next year to tweak it up about another 12%, with minimal capital expenditure.

The Challenger mine in South Australia has taken longer to turn around than was initially forecast. This was due in no small part to the lack of capital spending and planning by the previous regime but we now believe that the worst is behind us and we now should see a recovery in production, cash flow and profitability, particularly from the second half of this year.

Considerable capital has been expended in mine development and exploration which has resulted in new discoveries that will further increase reserves and increase the life of the mine. We have now established two new mining fronts one at the high grade Challenger West lode and secondly at challenger deeps where the mining front is re-established across the 79 fault.

Our most advanced new project is the Nueva Esperanza project in central Chile. During the year the Company successfully acquired the balance of the shares it did not own in Laguna Resources NL and so now owns 100% of the project.

Whilst the EIA should be approved within the next few months, the feasibility study for the project is well advanced, but has recently been amended to look at starting with a heap leach operation. This will delay development issues slightly initially but because of the shorter time required for construction and the lower capital requirements it should remain on schedule to commence production in 2014.

Concurrently trade-off studies are underway to identify the optimum power supply for the project, because of difficulties in securing long term power contracts in the region and this includes consideration of on-site power generation. Unfortunately, despite a favourable mining environment, costs in Chile in terms of capital and operating costs, just as in Australia, have increased considerably in recent years.

Despite this Nueva Esperanza remains an exciting new development and one that will contribute considerably to your company's growth in the years ahead. It

also provides a beach head in South America for your company creating a real opportunity to develop a large long term production base.

On Monday we announced new resource figures for our Bowdens silver, lead and zinc deposit outside of Mudgee in NSW. The increased size of the deposit (now 182 million ounces of silver equivalent) makes it one of the largest undeveloped silver deposits in the southern hemisphere. Interestingly, significant further potential exists at both Bowdens and regionally for both silver and gold.

Feasibility and EIA work will continue until mid-2013 and there is a detailed governmental and regulatory process to be traversed.

Kingsgate has for many years attempted to differentiate itself from others in the industry. We have paid dividends consistently since Chatree commenced production 11 years ago (virtually setting a trend that has become the aspirational norm in recent years), kept a tight capital base (with only one equity issue in 8 years) and at all times focusing on maximising total shareholder return, and attempting to create value.

We have focused on building a pipeline of assets at a minimum acquisition cost. We now have 2 operating mines, each with the potential for life of mine and production increases, plus 2 exciting development projects which are both company makers in their own right and an exploration portfolio which plays to our strengths, particularly with regard to epithermal gold and silver.

The sequential development of Nueva Esperanza and Bowdens clearly has the potential to more than double production over the next few years, together with significant increases in both cash flow and profits.

This financial year we are still predicting total gold production of 200,000 to 220,000 ounces, despite the fact that we lost 5 weeks of production of the new Chatree plant in September/October as the Thai Bureaucracy carried out a verification process subsequent to the ultimate granting of a metallurgical licence. Management believes that this lost time can be made up, especially in the second half of this year.

My thanks must go to the Board and our Management and loyal employees in Thailand, at Challenger, in Perth, in Chile, at Bowdens and in the Sydney office for their combined endeavours over a sometimes difficult period. The company is poised for another good year in production and profits followed by further real growth as the new projects come on stream.

Ross D Smyth-Kirk

Chairman

Kingsgate Consolidated Limited