



# Kingsgate

Consolidated Limited

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**FOR PUBLIC RELEASE**

Manager  
Company Announcements Office  
Australian Securities Exchange

## **Spectacular Gold and Silver Assay Results at Nueva Esperanza, Chile**

Kingsgate Consolidated Ltd (ASX: KCN) is pleased to announce the initial results from the current RC drilling program at its Nueva Esperanza project in Chile. The new drilling has intersected exceptional gold and silver mineralisation to the west of the existing Chimberos Pit, outside the current resource boundary.

The following intersection in drillhole ECHR-25 is one of the best intersections ever recorded by Kingsgate in any of its operations and projects with:

- **170m @ 2.79g/t gold & 82g/t silver (4.16g/t AuEq60) from 58m**, including 36m @ 8.63g/t gold & 177g/t silver (11.57g/t AuEq60) from 168m.

The hole, drilled to follow-up ECHR-19, intersected a broad zone of intensely silicified breccia which, together with the results from ECHR-19, suggests the potential for a high grade feeder structure as shown in Figure 1. Individual one-metre intervals for the bonanza zone in ECHR-25, which are shown in Table 2, indicate the intensity of mineralisation.

Further significant results currently available include:

- 35m @ 3.40g/t gold & 33g/t silver (3.95g/t AuEq60) from 204m including 6m @ 15.36g/t gold and 52g/t silver (16.23g/t AuEq60) from 218m in ECHR-19;
- 19m @ 4.16g/t gold & 77g/t silver (5.45g/t AuEq60) from 195m in ECHR-18;
- 17m @ 2.63g/t gold & 70g/t silver (3.80g/t AuEq60) from 153m in ECHR-19;
- 23m @ 0.18g/t gold & 274g/t silver (4.75g/t AuEq60) from 71m in ECHR-21; and,
- 32m @ 1.97g/t gold & 75g/t silver (3.22g/t AuEq60) from 173m in ECHR-29.

Thirteen out of the nineteen holes drilled so far in the current program have returned significant gold, silver and silver with gold intersections as tabled in this release.

The mineralisation identified from this drill program extends for approximately 300 metres to the west of the current Chimberos Pit, is located outside the current resource boundary and remains open at depth and along strike. Further drilling to follow up these intersections is underway and a second drill rig has been diverted to this campaign. A ground geophysical orientation survey is also underway in order to determine the most appropriate technique for identifying these targets elsewhere within the Nueva Esperanza lease area.

The geological significance of these results is still being assessed within the context of the mineralisation in the Chimberos Pit and nearby satellite prospects.

Kingsgate's Executive Chairman, Mr. Ross Smyth-Kirk said, "These are spectacular results from this drilling program and we are satisfied that our confidence in the potential for significant growth at Nueva Esperanza is starting to be realised."

"It is clear that the gold potential of Nueva Esperanza is growing and could significantly improve the project's already robust economics, and;

"Kingsgate is committed to exploring this emerging and highly prospective property with the recent drilling results pointing to a potential project "game changer".

A handwritten signature in black ink, appearing to read 'ROSS SMYTH-KIRK', with a stylized flourish at the end.

**Ross Smyth-Kirk**  
Executive Chairman  
Kingsgate Consolidated Limited

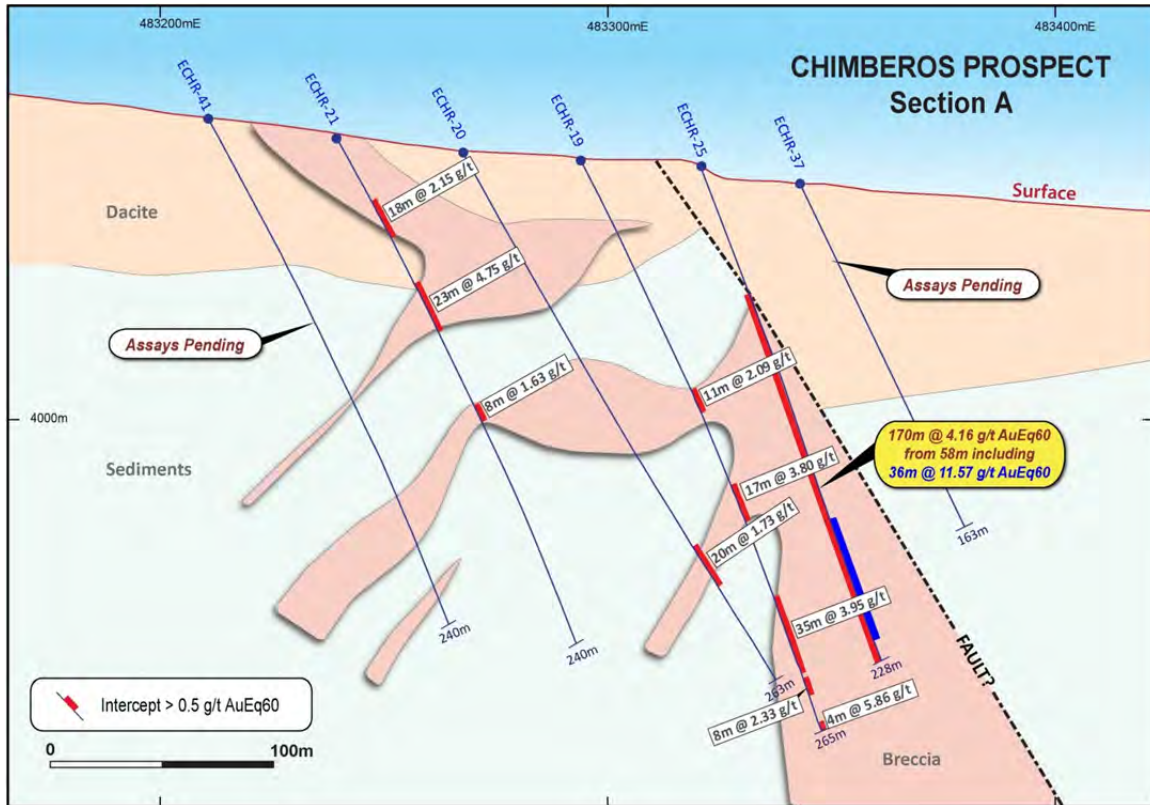


Figure 1: Cross section of Chimberos recent drilling intersections and preliminary interpretation (All intercepts in cross section are gold equivalent, AuEq60)

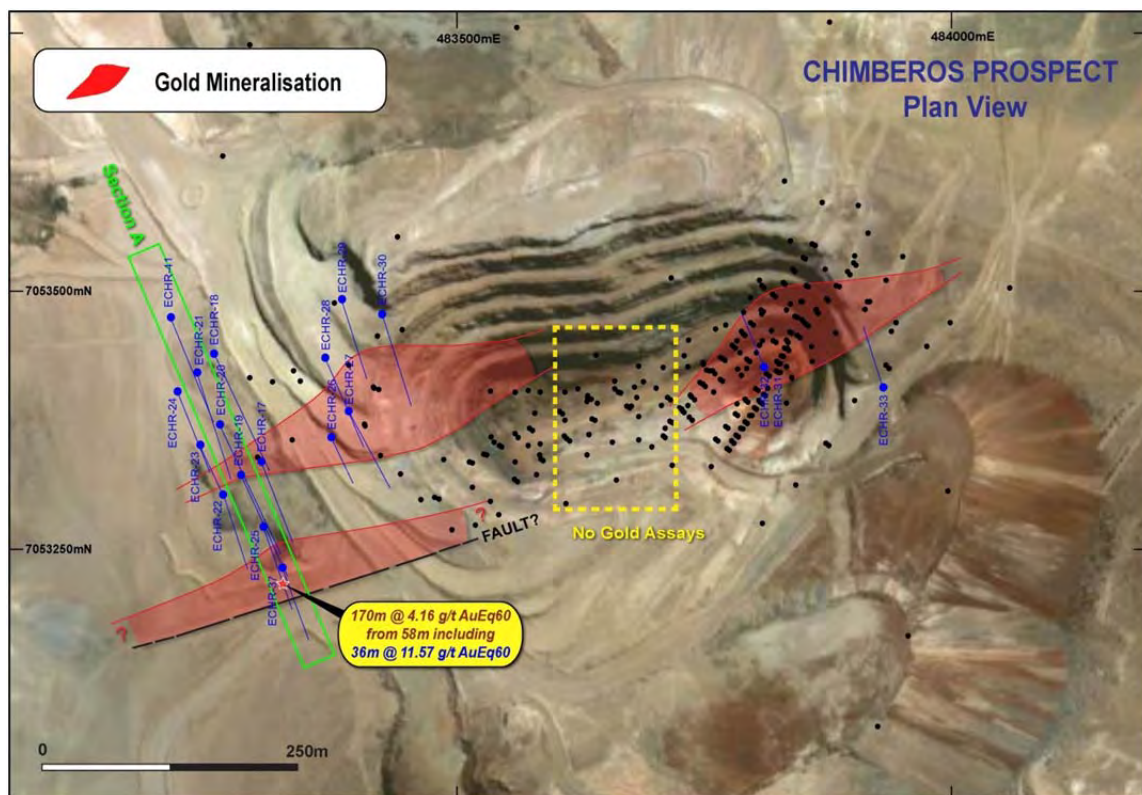


Figure 2: Plan of Chimberos recent drilling intersections and preliminary interpretation

CHIMBEROS PROSPECT - SIGNIFICANT DRILLING INTERCEPTS at 0.5g/t AuEq60													
Hole No.	Easting Local grid	Northing Local grid	Azimuth Local grid	Dip (Degrees)	RL	Hole Depth (m)	From (m)	To (m)	Interval (m)*	avg.Au (g/t)	avg.Ag (g/t)	AuEq60 (g/t)	AuEq60
													gram.metres
ECHR-17	7053334	483302	155	-60	4113	130	60	76	16	1.08	44.50	1.83	29.20
ECHR-18	7053438	483254	155	-60	4124	240	64	66	2	0.00	144.50	2.41	4.82
							81	84	3	0.01	71.33	1.20	3.59
							94	105	11	0.41	54.55	1.32	14.50
							145	163	18	0.77	49.33	1.59	28.69
							195	214	19	4.16	77.32	5.45	103.61
ECHR-19	7053321	483282	155	-60	4110	265	109	120	11	0.55	92.45	2.09	22.97
							153	170	17	2.63	69.88	3.80	64.57
							179	181	2	0.67	47.50	1.46	2.92
							204	239	35	3.40	33.14	3.95	138.36
							241	249	8	1.18	69.00	2.33	18.66
261	265	4	3.15	163.00	5.86	23.45							
ECHR-20	7053370	483260	155	-60	4113	263	196	216	20	1.29	26.75	1.74	34.70
ECHR-21	7053420	483237	155	-60	4119	240	31	49	18	0.02	127.83	2.15	38.63
							71	94	23	0.18	274.17	4.75	109.20
							129	137	8	0.93	42.13	1.63	13.02
ECHR-25	7053271	483304	155	-60	4105	232	58	228	170	2.79	82.00	4.16	707.20
							168	204	36	8.63	177.00	11.57	416.52
ECHR-26	7053358	483373	155	-60	4121	110	70	82	12	0.35	74.58	1.59	19.06
ECHR-27	7053382	483391	155	-60	4130	155	85	97	12	0.26	99.50	1.91	22.97
							123	135	12	2.06	50.83	2.91	34.90
ECHR-28	7053435	483367	155	-60	4141	185	102	110	8	0.21	53.25	1.10	8.78
							119	157	38	0.73	53.05	1.61	61.22
							171	175	4	0.36	59.25	1.35	5.39
ECHR-29	7053425	483811	0	-65	4001	210	154	171	17	0.08	104.71	1.82	30.99
							173	205	32	1.97	74.69	3.22	103.01
ECHR-30	7053477	483424	155	-65	4148	200	125	130	5	0.08	171.00	2.93	14.64
							141	166	25	1.82	70.36	2.99	74.70
							178	184	6	0.64	63.00	1.69	10.15
ECHR-32	7053491	483383	155	-90	4148	210	0	3	3	0.02	61.67	1.05	3.15
ECHR-33	7053406	483931	335	-67	4067	150	33	37	4	0.03	88.00	1.49	5.97
							81	83	2	0.05	125.50	2.14	4.29

Table 1: Significant intersections in current Chimberos drilling

Note: Gold equivalent:  $AuEq (g/t) = Au (g/t) + Ag (g/t) / 60$   
 Calculated from metal prices of US\$1,380/oz Au and US\$21.50/oz Ag and metallurgical recoveries of 70% Au and 75% Ag, estimated from testwork by Kingsgate.

<b>Drillhole ECHR-25 - Continuous one-metre intervals from 168m: 36m at 8.63g/t Au &amp; 177g/t Ag</b>							
<b>Intervals (m)</b>		<b>Length (m)</b>	<b>Au (g/t)</b>	<b>Ag (g/t)</b>	<b>AuEq(60) (g/t)</b>	<b>Rocktype</b>	<b>Alteration</b>
<b>From</b>	<b>To</b>						
168.00	169.00	1.00	<b>58.30</b>	81	<b>59.65</b>	BXH	SI4
169.00	170.00	1.00	<b>2.55</b>	57	<b>3.50</b>	BXH	SI4
170.00	171.00	1.00	<b>8.62</b>	121	<b>10.64</b>	BXH	SI4
171.00	172.00	1.00	<b>17.95</b>	150	<b>20.45</b>	BXH	SI4
172.00	173.00	1.00	<b>9.60</b>	140	<b>11.93</b>	BXH	SI4
173.00	174.00	1.00	<b>7.25</b>	207	<b>10.70</b>	BXH	SI4
174.00	175.00	1.00	<b>6.86</b>	178	<b>9.83</b>	BXH	SI4
175.00	176.00	1.00	<b>5.58</b>	99	<b>7.23</b>	BXH	SI4
176.00	177.00	1.00	<b>6.55</b>	123	<b>8.60</b>	BXH	SI4
177.00	178.00	1.00	<b>20.00</b>	202	<b>23.37</b>	BXH	SI4
178.00	179.00	1.00	<b>9.16</b>	173	<b>12.04</b>	BXH	SI4
179.00	180.00	1.00	<b>5.06</b>	149	<b>7.54</b>	BXH	SI4
180.00	181.00	1.00	<b>6.92</b>	145	<b>9.34</b>	BXH	SI4
181.00	182.00	1.00	<b>30.20</b>	297	<b>35.15</b>	BXH	SI4
182.00	183.00	1.00	<b>6.69</b>	148	<b>9.16</b>	BXH	SI4
183.00	184.00	1.00	<b>6.33</b>	192	<b>9.53</b>	BXH	SI4
184.00	185.00	1.00	<b>13.60</b>	141	<b>15.95</b>	BXH	SI4
185.00	186.00	1.00	<b>14.60</b>	255	<b>18.85</b>	BXH	SI4
186.00	187.00	1.00	<b>10.00</b>	206	<b>13.43</b>	BXH	SI4
187.00	188.00	1.00	<b>3.68</b>	120	<b>5.68</b>	BXH	SI4
188.00	189.00	1.00	1.69	60	<b>2.69</b>	BXH	SI4
189.00	190.00	1.00	<b>2.35</b>	91	<b>3.87</b>	BXH	SI4
190.00	191.00	1.00	<b>4.51</b>	282	<b>9.21</b>	BXH	SI4
191.00	192.00	1.00	<b>2.02</b>	41	<b>2.70</b>	BXH	SI4
192.00	193.00	1.00	<b>2.64</b>	36	<b>3.24</b>	BXH	SI4
193.00	194.00	1.00	1.07	17	1.35	BXH	SI4
194.00	195.00	1.00	1.17	17	1.45	BXH	SI4
195.00	196.00	1.00	0.27	11	0.45	CGS	SI2
196.00	197.00	1.00	1.98	172	<b>4.84</b>	BXH	SI4
197.00	198.00	1.00	<b>3.49</b>	246	<b>7.59</b>	BXH	SI4
198.00	199.00	1.00	<b>4.96</b>	132	<b>7.16</b>	BXH	SI4
199.00	200.00	1.00	<b>13.15</b>	257	<b>17.43</b>	BXH	SI4
200.00	201.00	1.00	<b>9.52</b>	481	<b>17.54</b>	BXH	SI4
201.00	202.00	1.00	<b>3.94</b>	990	<b>20.44</b>	BXH	SI4
202.00	203.00	1.00	<b>4.44</b>	246	<b>8.54</b>	BXH	SI4
203.00	204.00	1.00	<b>3.88</b>	96	<b>5.48</b>	BXH	SI4
<b>Average</b>		<b>36.00</b>	<b>8.63</b>	<b>177</b>	<b>11.57</b>		
		<b>Bold</b>	<b>&gt;2.00g/t Au</b>	<b>&gt;90g/t Ag</b>	<b>&gt;2.00g/t AuEq60</b>		

Table 2: Continuous one-metre intervals in bonanza zone of ECRH-25 (BXH=breccia; SI4=silica alteration)

**Competent Person Statement:**

The information in this report that relates to exploration results and data quality is based on and fairly represents information compiled by Mr. Ron James who is a member of the Australasian Institute of Mining and Metallurgy and a full time employee of Kingsgate Consolidated Limited. Mr. James has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2012 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.

# Nueva Esperanza

## Table 1 Report

### Check List of Assessment and Reporting Criteria

#### Section 1 - Sample Techniques and Data

Criteria	Commentary
<p><b>Sampling techniques</b></p>	<ul style="list-style-type: none"> <li>• The recent drill hole intercepts which form the basis of this announcement come from the Chimberos Prospect, which is part of a wider project group known as the Nueva Esperanza Project and includes the existing Mineral Resource estimates for the Arqueros, Teterita and Chimberos deposits. The estimates (previously release to the Australian Stock Exchange 9 October 2013) are based on reverse circulation (RC), diamond (DDH) and open hole percussion (DTH) drilling from surface and underground mine workings completed by several companies since 1980. The sampling includes 2009-2013 drilling by Laguna Resources, a wholly owned division of Kingsgate Consolidated Ltd (17% of the drill meters) and previous explorers including Anglo American Chile (20%), Can Can Mining (48%) and Kinross (15%).</li> <li>• The recent drilling discussed in this release follow identical drilling, sampling and geological procedures as was used for the Mineral Resource estimation. For completeness all sampling, geological and drilling procedures are discussed within. In context with this release all new drilling at Chimberos is related to RC drilling only</li> <li>• The new 2014 drilling at Chimberos is in progress but at the date of this release the program comprises 19 RC Holes for 3055 metres.</li> <li>• The combined resource database totals 3,302 holes for 162,535 m of drilling as follows: <ul style="list-style-type: none"> <li>Pre-Laguna Drilling: <ul style="list-style-type: none"> <li>- Arqueros: 2698 DTH Holes (99791m), 56 RC Holes (10941m), 3 DDH Holes (1250m).</li> <li>- Teterita: 57 RC Holes (6518m).</li> <li>- Chimberos: 94 RC Holes (8750m), 167 DDH Holes (8734m).</li> </ul> </li> <li>Laguna Drilling: <ul style="list-style-type: none"> <li>- Arqueros: 76 RC Holes (11417m), 64 DDH Holes (6491m).</li> <li>- Teterita: 23 RC Holes (2364m), 36 DDH Holes (2933m).</li> <li>- Chimberos: 19 RC Holes (3132m), 9 DDH Holes (1464m).</li> </ul> </li> </ul> </li> <li>• Laguna Resource sampling was guided by industry standard protocols and QAQC procedures. Standards, field duplicates and blank samples were inserted into assay batches with each set of 22 assayed samples routinely containing these three control samples and comprising 19 primary samples, 1 standard, 1 duplicate and 1 blank. After completion of routine assaying, selected pulp rejects were re-assayed by a second laboratory. The combined control samples represent approximately 14% of assayed samples.</li> <li>• Written descriptions of drilling and sampling procedures are available for only a small proportion of the pre-Laguna drilling. Most of the historical assay results were derived from digital databases.</li> <li>• Laguna RC holes were sampled over 1 m intervals with approximately 15 kg sub-samples collected by rifle splitting. Laguna diamond core was generally sampled over 1 m intervals with sample intervals honouring lithological and alteration contacts and sample lengths of 0.5 to 1.5 m and a minimum weight of 0.5 Kg. Intervals of up to 3 m were rarely used for low-core recovery zones. The RC and diamond sub-samples were crushed, split and pulverised to produce 30 g charges for gold and silver assaying by fire assay and multi-acid digestion respectively.</li> </ul>

<p><b>Drilling techniques</b></p>	<ul style="list-style-type: none"> <li>• The older drilling includes open hole drilling percussion (DTH), RC and Diamond DDH drilling and is dominated by DTH sampling at Arqueros, which provides 61% of the combined drill meters for Nueva Esperanza. The Teterita and Chimberos estimates are based on only RC and DDH sampling.</li> <li>• Laguna’s RC drilling was performed using a Drill Master Ingersoll Rand T4WC rig with face sampling bits of 5 ¼ inch diameter.</li> <li>• DDH drilling has been previously executed with a Sandvik- DE 710 rig, mostly by triple tube HQ3 diameter (61.1 mm core) and rarely NQ3 diameter (45.0 mm core). Drill core was oriented wherever possible.</li> </ul>
<p><b>Drill sample recovery</b></p>	<ul style="list-style-type: none"> <li>• Details of sample recoveries for pre-Laguna drilling are unavailable.</li> <li>• RC and DDH samples recoveries were monitored in all phases of Laguna’s drilling. RC sample recovery was calculated from recovered sample weights divided by theoretical calculated weights. Theoretical RC sample weights were calculated using the entire cylindrical volume of the sample interval at the specified bit size, multiplied by the average rock bulk density assigned to each deposit. Core recovery was calculated from recovered core lengths divided by the length drilled for each run.</li> <li>• Laguna’s drilling contract and geological supervision of drilling and sampling required the operators to do their best to provide good quality, uncontaminated samples with high recovery.</li> <li>• Diamond core was reconstructed and depths checked and measured against those marked by the drilling contractors on core blocks.</li> <li>• In addition to weighing total recovered samples, RC samples were visually checked for recovery, moisture and contamination. The cyclone and rifle splitter were routinely cleaned at the end of each rod. Most RC samples (around 97%) were logged as dry. Moist and wet samples were air dried and homogenised before riffle splitting.</li> <li>• The available sample recovery data shows generally good average sample recoveries of approximately 80% in the mineralised zones and no relationship between recovery and assay grade or indication of significant biases due to selective sample loss.</li> <li>• Average estimated recoveries for Laguna’s drilling within mineralised zones is: <ul style="list-style-type: none"> <li>- Arqueros: 81% in RC and 76% in DDH</li> <li>- Teterita: 69% in RC and 86% in DDH</li> <li>- Chimberos: 81% in RC and 97% in DDH</li> </ul> </li> <li>• The recent drilling has similar sample recoveries (approximately 80%) as noted in previous drilling</li> </ul>
<p><b>Logging</b></p>	<ul style="list-style-type: none"> <li>• Laguna RC samples and diamond core were logged in detail for lithology, alteration, structure, and mineralisation with diamond core also geotechnically logged. The logging included qualitative and quantitative fields and employed conventional logging methods such as the use of dilute acid (HCl), magnetic pencil, percentage estimation charts for mineral content and type, mineralisation style, colours, texture, etc.</li> <li>• RC and DD core were logged on paper and the logging transferred directly into the central database using standard logging codes following validation by cross-checking with interpretations.</li> <li>• All of Laguna’s resource holes were logged and provide representative coverage of the mineralisation at each deposit. Chip trays of sieved chips from every RC hole, and remnant core were stored for future reference. Whole core was routinely photographed.</li> <li>• Laguna’s drilling was logged in full (100%). No logging is available for pre-Laguna drilling and no sample material is available for re-logging.</li> <li>• Combined with field mapping of surface and underground exposures, the geological logging of Laguna’s holes provides sufficient detail to support the current Mineral Resource estimates.</li> </ul>

<b>Sub-sampling techniques and sample preparation</b>	<ul style="list-style-type: none"> <li>Arqueros sampling is dominated by 1.5m DTH samples that contribute 73% of assayed drill intervals for this deposit with RC sample intervals of 1m and 2m contributing 9% and 6% of the assayed drilling respectively. Drilling at Teterita was predominantly RC with sample intervals of mostly 2m. Chimberos sampling is on 2m RC samples, which provide 42% of the assayed drilling and the other 58% is diamond drilling.</li> <li>For the combined deposits, diamond core samples range in length from 0.1 to 3.1m and the majority (93%) of these samples are 2m in length or less.</li> </ul>
	<ul style="list-style-type: none"> <li>Laguna diamond core was generally sampled over 1 m intervals, with sample intervals determined by geologists and honouring lithological and alteration contacts and sample lengths of 0.5 to 1.5 m and a minimum weight of 0.5 Kg. Sample lengths of up to 3 m were rarely used for low-core recovery intervals. Core was halved using a dry chisel actuated by a hydraulic ram in order to reduce the likelihood of losing fines given the high porosity and vuggy nature of the mineralisation.</li> <li>Laguna RC samples were collected over 1 m intervals and sub-sampled using a single tier riffle splitter to generate two representative sub-samples. One sample was routinely submitted for analysis (sample A) and the other (sample B) used as a backup or duplicate. Each sub-sample was routinely weighed.</li> </ul>
	<ul style="list-style-type: none"> <li>Laguna's samples were submitted to the main laboratory of ALS Global in La Serena- Chile, where sample preparation and analyses were carried out in accordance with agreed procedures and protocols. All samples received at ALS were digitally logged into their inventory using a bar-code system and weighed.</li> <li>After oven drying, sample material was crushed in a jaw and/or roll crusher to 70% passing 2mm. The crushed material was split with a rifle splitter to obtain a 250g sub-sample that was pulverised to 85% passing 75microns.</li> </ul>
	<ul style="list-style-type: none"> <li>Duplicate samples were included for each sub-sampling stage of Laguna's sampling, comprising: <ul style="list-style-type: none"> <li>Field Duplicates representing second (B Sample) splits of RC samples and half core collected during initial field splitting at an average frequency of around 1 duplicate per 19 primary samples.</li> <li>Coarse reject Duplicates taken by the assay laboratory of the material crushed to 70% passing 2mm at an average rate of around 1 in 20, with a higher frequency for mineralised samples than for samples from barren zones.</li> <li>Pulp Duplicates of pulverised material at an average of around 1 in 20, with a higher frequency for mineralised samples than for samples from barren zones.</li> <li>Results of these duplicates do not show any issues or bias in any of the sub-sampling stages, demonstrating the representativeness of samples.</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>The sub-sample sizes, sub-sample methods and sample preparation techniques are appropriate for the style of mineralisation.</li> </ul>
<b>Quality of assay data and laboratory tests</b>	<ul style="list-style-type: none"> <li>No geophysical methods or hand-held XRF devices were used for any sampling phases.</li> </ul>
	<ul style="list-style-type: none"> <li>ALS GLOBAL ("ALS") laboratory in La Serena, Chile (ISO 17025 certified) routinely conducted quality assurance/quality control protocols (QA/QC) that include standard, duplicate and blank samples as well monitoring of crushing and pulverisation.</li> <li>Laguna implemented a QA/QC protocol consisting of the systematic insertion of reference standard samples, and barren blanks as well as inserting field duplicates with the samples shipped to ALS. Each set of 22 samples routinely contained the three control samples (19 primary samples, 1 standard, 1 duplicate, 1 blank). The company also submitted rejects for a re-analysis by ALS and pulps for repeat assaying by an independent laboratory. Control samples represent approximately 14% of assay samples.</li> <li>Results for the analytical standards, blanks and duplicates did not highlight any analytical issues or bias. The external laboratory repeat analyses show no evidence of bias in the ALS assays. This continues to be checked with the recent RC drilling at Chimberos.</li> <li>The quality control measures adopted for Laguna's drilling have established that the sampling and assaying is of appropriate precision and accuracy for the current</li> </ul>



	estimates.
<b>Verification of sampling and assaying</b>	<ul style="list-style-type: none"> <li>• Reported significant intersections were reviewed and checked by senior geological management including the exploration manager.</li> </ul>
	<ul style="list-style-type: none"> <li>• Laguna Resource’s drilling included 11 twin holes for investigation of older drilling results.</li> <li>• For Arqueros, nearest neighbour paired comparisons (including twin holes) between grades from recent and historical drilling showed no significant differences in average gold and silver values. Paired comparisons between grades from Arqueros DTH sampling and the combined RC and diamond drilling showed no significant difference in average grades providing confidence in the general reliability of the DTH data.</li> <li>• Laguna’s RC drilling at Teterita includes five holes twinning Kinross holes. In conjunction with a set of aqua regia repeat assays of Laguna samples, results of these twins indicate that aqua regia assays, including Kinross data understate silver grades by around 20%.</li> <li>• Twinned holes at Chimberos show fair to good correlation between the Laguna’s drill holes and the historical drill holes. Comparisons between gold and silver grades shown by Laguna and historical drilling shows no significant differences between the datasets except for some inconsistent Gold grade and Silver Grade that is unclear about the reasons for the lack of correlation.</li> </ul>
	<ul style="list-style-type: none"> <li>• Laguna has in place formal database validation procedures with data being validated as close to the source as possible to ensure reliability and accuracy. All geological and field data is transferred from paper logs into Excel and Access database tables. The database administrator validates the data during all stages of filling and storage. Data entry errors are identified by data validation software and geological data entry errors are identified by cross checks by project geologists</li> </ul>
	<ul style="list-style-type: none"> <li>• Check assaying and twin hole drilling results at Teterita indicate that the aqua regia assay method used for older drilling at this deposit understates silver grades by around 20%. For Teterita, the pre-Laguna silver assay results were multiplied by 1.2 to compensate for this understatement. No other assay values were modified.</li> </ul>
<b>Location of data points</b>	<ul style="list-style-type: none"> <li>• Qualified and experienced Laguna personnel using a Leica Flex Line TS06 with validation from a government cadastral datum surveyed all Laguna drill collars using total station survey equipment.</li> <li>• Laguna diamond and RC holes were down-hole surveyed at 3m intervals unless the ground was considered likely to collapse and cause damage to or loss of the survey instrument. The RC holes were down-hole survey surveyed by Reflex Maxibor II and Reflex Gyro tools and DDH holes were surveyed by used EZ TRAC, Maxibor II and Reflex Gyro tools. Intervals with excessive deviations were not considered.</li> <li>• Triangulations representing underground mining at Arqueros were compiled from available surveys, and for areas where no digital information is available plans and sections of the old workings were digitised with outlines modified with reference to drill hole intersections.</li> </ul>
	<ul style="list-style-type: none"> <li>• The coordinate system used for the Laguna drilling, surface topography, open pit and accessible underground workings is PSAD 56, Huso 19. Elevations of older survey information such as pre-Laguna drilling, and inaccessible underground workings were adjusted by a constant offset determined by Laguna re-surveying. Older surface drill collars that could be located and identified were re-surveyed by Laguna and found to be within 5 m of reported locations suggesting that the</li> </ul>

	<p>historical collar information has no significant location errors. The re-surveying comprised:</p> <ul style="list-style-type: none"> <li>- Arqueros 16 holes with variations of east: <math>\pm 1.60\text{m}</math>, north: <math>\pm 0.70\text{ m}</math>, elevation: <math>\pm 1.95\text{m}</math>.</li> <li>- Teterita 50 holes with variations of east: <math>\pm 3.98\text{m}</math>, north: <math>\pm 3.19\text{ m}</math>, elevation: <math>\pm 2.53\text{m}</math>.</li> <li>- Chimberos 7 holes with variations of east: <math>\pm 0.15\text{m}</math>, north: <math>\pm 0.17\text{m}</math>, elevation: <math>\pm 0.88\text{m}</math></li> </ul>
	<ul style="list-style-type: none"> <li>• The location of the sample points, topographic surfaces and previous mining has been established with sufficient accuracy for the current estimates.</li> </ul>
<b>Data spacing and distribution</b>	<ul style="list-style-type: none"> <li>• Arqueros sampling is irregularly distributed with includes a high proportion of irregularly spaced underground drilling, nominally at approximately 15 x 10m and locally closer in central portions of the deposit, and broader in peripheral portions.</li> <li>• Drilling at Teterita has a spacing of 25 x 25m in central portions of the deposit, and broader in peripheral portions</li> <li>• Chimberos drill holes represent a nominally 15 x 15m grid in central portions of the deposit, and broader in peripheral portions.</li> </ul>
	<ul style="list-style-type: none"> <li>• The data spacing and distribution are sufficient to establish the necessary degree of geological and grade continuity appropriate for the mineralisation characteristics for the current Mineral Resource estimates.</li> </ul>
	<ul style="list-style-type: none"> <li>• The Arqueros estimates are based on 3m down-hole composited assay grades from DTH, RC and diamond sampling. The Teterita and Chimberos estimates are based on 2m composited grades from RC and diamond sampling.</li> </ul>
<b>Orientation of data in relation to geological structure</b>	<ul style="list-style-type: none"> <li>• Drilling at Arqueros is predominantly perpendicular, particularly in the manto, however there are numerous intercepts at different orientations.</li> <li>• Drilling at Teterita is perpendicular to the structure.</li> <li>• Chimberos drill holes present approximately perpendicular to mineralised structures.</li> </ul>
	<ul style="list-style-type: none"> <li>• The available information does not show any significant bias associated with the relationship between drilling orientation and the orientation of key mineralised structures.</li> </ul>
<b>Sample security</b>	<ul style="list-style-type: none"> <li>• Laguna geological staff supervised all field sampling of Laguna drilling.</li> <li>• Laguna's samples were securely sealed and stored onsite until transported directly to the ALS in Serena-Chile by Laguna employees or subcontractors of ALS. At the ALS laboratory sample shipments were verified by reference to sample submission forms lodged by Laguna and confirmation emailed to the Laguna database manager.</li> <li>• The remaining core or RC samples kept for reference are stored in safe place inside the project.</li> <li>• Validity of assay results has been established by use of field duplicates, standards and comparison with results from metallurgical test work and comparison results from different sampling phases.</li> </ul>
<b>Audits or reviews</b>	<ul style="list-style-type: none"> <li>• In 2011, Hellman &amp; Schofield Pty Ltd conducted a review of the database provided for the study of estimation, finding no inconsistencies. Nueva Esperanza has been visited by external competent persons that reviewed and discussed all procedures regarding collection of data, geology, sampling, QA/QC, etc. and recommendations are made where necessary.</li> </ul>

## Section 2 - Reporting of Exploration Results

*(Criteria listed in the first group, and where relevant, apply also to this group)*

### Tenement status and geological setting

- Nueva Esperanza project is 100% owned by Kingsgate Consolidated Limited and incorporates the Arqueros, Teterita and Chimberos prospects and mine previously owned by Minera Anglo American Chile (now Anglo American Norte) and Minera Mantos de Oro. The property is approximately 9,789 hectares in area. The Nueva Esperanza property is a Mining Concession and consists of 14 sub-areas of which 12 are constituted and 2 are pending under Laguna Resources. The tenement details are as follows:

Tenements	Property Type	Area ( Has)	Status
Reemplazo A 1/10	Mining Concession	10	In process
Reemplazo B 1/5	Mining Concession	5	In process
Negra 1/1003	Mining Concession	374	Approved
Pascua I 1/20	Mining Concession	200	Approved
Pascua II 1/30	Mining Concession	300	Approved
Pascua III 1/30	Mining Concession	300	Approved
Pascua IV 1/20	Mining Concession	200	Approved
Pascua 1/328	Mining Concession	1123	Approved
Robinson 1/14	Mining Concession	94	Approved
Pena 1/81	Mining Concession	905	Approved
Negra 1/1003	Mining Concession	100	Approved
Negra 1/1003	Mining Concession	5012	Approved
Flor 1/20	Mining Concession	100	Approved
Canarias 1/414	Mining Concession	1065	Approved
<b>Total</b>		<b>9789</b>	

- The mineralised deposits are hosted within Tertiary-aged volcanic units in the case of Arqueros and Teterita, and Paleozoic sediments for Chimberos. However, the alteration and mineralisation for the three main deposits are contemporaneous, being Miocene in age and associated with the Cerro Bravo paleovolcano.
- Mineralisation comprises two main components: a silver-rich horizontal unit called “mantos” and a series of cross-cutting gold-rich vertical units. The mantos silver mineralisation is hosted by vuggy silica within dacitic lapilli tuffs. It occurs at Arqueros and Teterita where the mineralising process has replaced horizontal porous tuffs. At Chimberos, silver mineralisation is hosted in vuggy silica hydrothermal breccias superimposed on folded Palaeozoic sediments comprising conglomerates, sandstone and shale. The Grandote Fault terminates mineralisation in the south of the Arqueros deposit and the north is intruded by a dacite porphyry intrusion.
- The vertical, gold-rich mineralisation, also characterised by vuggy silica, is well developed at Arqueros. It has been interpreted as feeders for mineralising fluids. Nonetheless, this style of mineralisation has not yet been observed at Teterita and was previously thought to be poorly preserved at Chimberos. The new drilling west of the existing pit and subject of this release is showing a new style of higher gold grade mineralization hosted by silicified breccias intruding through flatter lying volcanic and sedimentary stratigraphy.

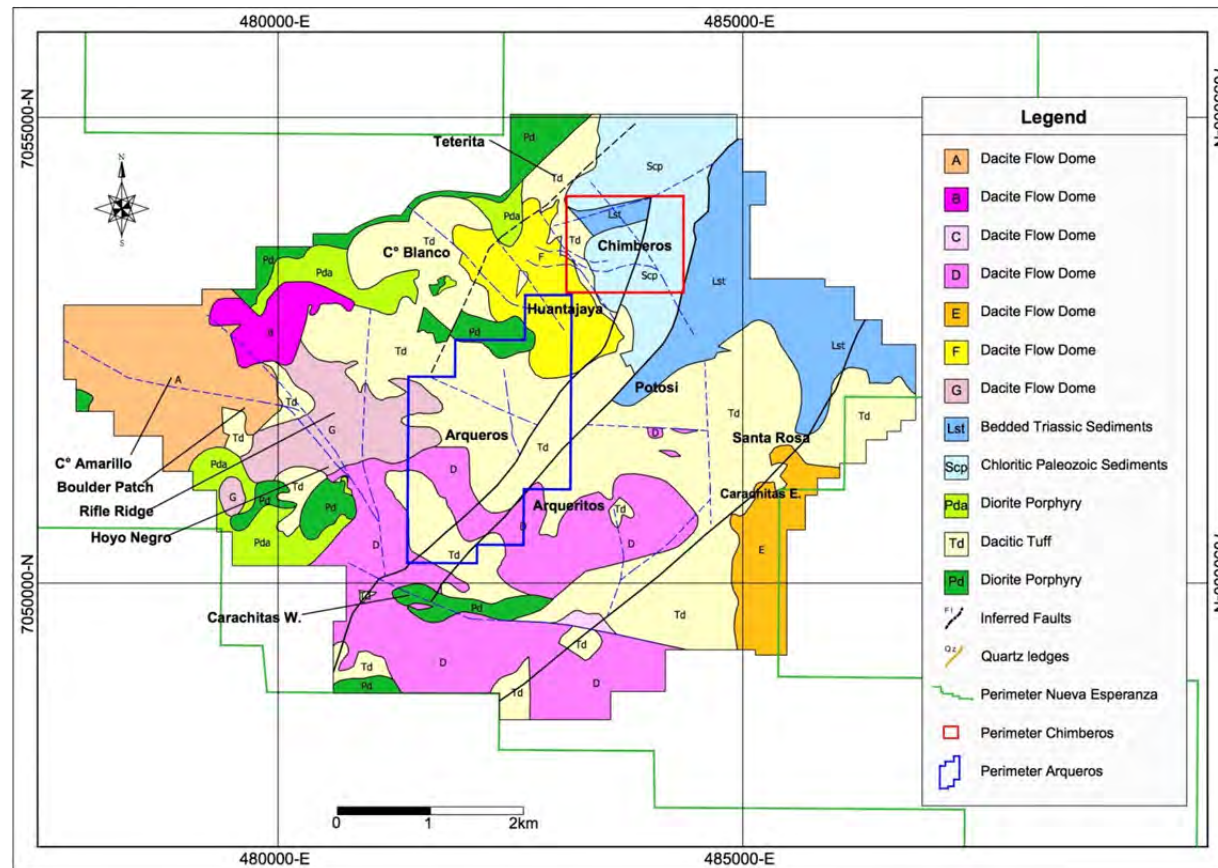
### Exploration by other parties

- The resource dataset includes drilling by Laguna Resources (17% of the drill meters) and Anglo American Chile (20%), Can Can Mining (48%) and Kinross (15%).

### Geology

- The geology of the project is characterised by hydrothermally altered Tertiary acid (dacite) volcanics associated with the Miocene-aged Cerro Bravos stratovolcano, overlying Paleozoic metasediments. It contains a number of mineralised sectors, including Arqueros, Teterita, Huantajaya and Chimberos within the Esperanza alteration system. Arqueros, Huantajaya and Chimberos have been mined previously.

- Arqueros comprises oxidised silver and gold mineralisation dominated by silver halides and electrum respectively, hosted in high sulphidation epithermal alteration of Tertiary dacitic lapilli tuffs and breccias. The mineralisation is dominated by silver, and defines two domains: a horizontal stratabound mineralisation ('mantos'), and intersecting vertical silicified mineralised ledges ('vetas', or veins).
- The Teterita deposit is a similar albeit a much smaller deposit than Arqueros, comprising oxidised mantos-style mineralisation comprising silver halides also hosted in high sulphidation epithermal alteration of stratified Tertiary dacitic lapilli tuffs and breccias.
- The Chimberos deposit is located in an up-thrown block of folded Paleozoic sandstones and lutites. Mineralisation is dominated by silver halides but also contains gold as electrum, and is hosted by silicified hydrothermal breccia bodies of high sulphidation epithermal affinities like that of Arqueros and Teterita.



Above figure is for the geology of the Nueva Esperanza project area (Esperanza alteration system)

**Data Aggregation**

- The reporting of exploration results and their weighted intercepts for this release takes into account a combined gold and silver grade expressed as a silver

<b>Methods</b>	<p>equivalent <math>AuEq60 = Ag/t + (Ag/t/60)</math>, whereby a series of intercepts above 0.5g/t AuEq60 are combined and expressed as a broader intercept. The broader intercept includes internal dilution (less than 0.5g/tAuEq60) if three metres or less and the average of the internal dilution and both intercepts either side are greater than 0.5g/t AuEq60.</p> <ul style="list-style-type: none"> <li>• From time to time a higher grade intercept within the intercept described above is included and expressed as “including”. Parameters that determine these higher grade intercepts for inclusion in the table directly below the &gt;0.5g/t AuEq60 intercept are discretionary, and used to highlight a consistent sequence of higher grades that may lie within the broader intercept, or alternatively highlight specific very high grade intercepts that may be including the grade of the broader intercepts.</li> </ul>
<b>Relationship between mineralization widths and intercept lengths</b>	<ul style="list-style-type: none"> <li>• There is a close relationship between gold and silver grades and identified silicified breccias.</li> <li>• The relationship of gold and silver to each other is not well understood</li> <li>• The relationship of drilling to the mineralization is considered good and cross cuts the mineralization at right angles.</li> <li>• The knowledge base of the relationship of gold within the sequence at Chimberos is currently at an early stage. The drilling which forms part of this release represents some of the most significant gold intercepts reported throughout the project.</li> <li>• The intercepts reported are all down hole length, and drilling is not sufficient enough to determine with accuracy the true width of the new gold and silver mineralization recently identified in drilling.</li> </ul>
<b>Diagrams</b>	<ul style="list-style-type: none"> <li>• An appropriate map and cross section figure is provided in this release so that the reader may appreciate the scale and significance of these drill results</li> </ul>
<b>Balanced reporting</b>	<ul style="list-style-type: none"> <li>• There reporting of the new drilling intercepts is considered balance. Results are presented in a table in the release and follow a standard reporting method for gold and silver (described above)</li> </ul>
<b>Other substantive exploration data</b>	<ul style="list-style-type: none"> <li>• Relevant exploration data has been reported in this release including a plan and cross sections.</li> </ul>
<b>Further work</b>	<ul style="list-style-type: none"> <li>• The planned further work is ongoing and subject to review as new results come to hand. The plan and figure describe where the new mineralization remains open and allows the reader to understand that additional drilling will be required in this area.</li> </ul>