



Kingsgate

Consolidated Limited

26 November 2014

**Via ASX Online
(4 Pages)**

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir/Madam,

**Chairman's Address
2014 Annual General Meeting**

This is to advise Chairman's Address for the Company's 2014 Annual General Meeting held today is available on the Company's website at www.kingsgate.com.au

Yours faithfully,
KINGSGATE CONSOLIDATED LIMITED

Paul Mason
Company Secretary

Chairman's Address - 2014

We have already expressed on numerous occasions what a dismal year the year just passed has been. Apart from the continued weakening gold price that has affected the entire industry your company had the added misfortune to experience the slow demise of our former CEO & Managing Director, Gavin Thomas, culminating in early June with his premature death.

Gavin was not only an outstanding individual with a keen intellect, a big heart, an incredible knowledge of geology and many other topics, but was recognised throughout the industry for his interpretive skills and vision. He was the driving force within your Company for the previous 10 years and a good friend to all of us.

There was further trauma yet to come. After a thorough and exhaustive search we selected a new CEO and CFO only to realise that there was a divergence from the Board's future direction for the Company after only the first month. The Board promptly and decisively acted to terminate the contracts of both executives during their probation periods.

Following the departure of the two executives a new search has commenced for a CEO and this is ongoing, but the Board will not be rushed on this important decision. Therefore to insure stability and continuity Ross Coyle has been appointed to the role of CFO, a position he has filled for the past 4 months in an interim capacity. As an interim measure COO Tim Benfield has been appointed Acting CEO and I have assumed the role of Executive Chairman.

You may recall that in previous years I have made remarks about high frequency trading and uncontrolled short selling and the detrimental effects these blights on the financial system have had. Despite the attitude of regulatory bodies I, along with many others, continue to believe that they amount to a threat to the integrity of our market and the entire capitalist system. Your Company continues to be one of the highest shorted stocks in the Australian market and at present over 10% of the capital is short--still one of the main reasons for your Company's poor performance on the market.

On an operational front, despite the record production for the Company of 209,500 ounces of gold, the lower gold price and operational pressures amounted to an underlying pre-tax loss for the group of \$5.2 million before an overall after tax loss for \$96.3 million following a non-cash impairment to the carrying value of group assets, particularly assets relating to the Bowdens Silver Project in NSW.

Chatree continues to be one of the lowest cost producers in the world and it had another strong year producing some 134,546 ounces of gold at a total cash cost of US\$728 per ounce. We continue to re-iterate if the dire predictions of some of the doomsayers in the market were to be fulfilled Chatree would be one of the last mines still operating.

Challenger produced 74,954 ounces of gold due to the transition away from the Challenger Deeps ore body to the higher grade Challenger West ore body and is currently operating profitably due to operating efficiencies and cost reduction initiatives. Less than 2 weeks ago Challenger produced its 1 millionth ounce of gold since operations commenced in 2002. This is indeed a remarkable achievement but the immediate future of the mine will be determined by the gold price along with our ability to continue to extract the precious metal profitably.

At Bowdens the Environmental Impact Statement is almost complete but it is unlikely to be lodged with the NSW Department of Planning until the decline in the silver price reverses, enabling the economics of the project to improve sufficiently to warrant further expenditure.

The Nueva Esperanza project in Chile is rapidly taking on the mantle as the emerging star in our portfolio. A Definitive Feasibility Study was completed in March indicating a viable silver and gold heap leach project with an annual production of 7.5 million ounces of silver equivalent a year at an average operating cost of US\$11.44/oz silver equivalent. This was based on Reserves of 17.1 million tonnes at 97g/t silver and 0.27g/t gold.

An amended Environmental Impact Assessment (termed a DIA in Chile) has been submitted and is expected to be approved this financial year. Advantage has been taken of this delay in proceedings to investigate the possibility of further mineralisation on the property. Immediately we started to get significant gold and silver hits from the first batch of drilling which is located up to 300 metres to the west of the Chimberos pit. These included 35m of 3.4g/t gold and 33g/t silver, 19m of 4.16g/t gold and 77g/t silver, 17m of 2.63g/t gold and 70g/t silver, 23m of 0.18g/t gold and 274g/t silver and 32m of 1.97g/t gold and 75g/t silver.

Then we came up with a phenomenal 170m of 2.79g/t gold and 82g/t silver (or 4.16g/t gold equivalent) including 36m of 8.63g/t gold and 177g/t silver (or 11.57g/t gold equivalent) from 58m in hole ECHR-25. This is one of the finest drilling results ever recorded by your Company. Whilst the geological significance of these results is still being assessed the suggestion is being actively explored that we are witnessing the potential for a high grade feeder structure. If this is the case this could change significantly the real potential of this project.

I am pleased to report that today we announced further good drilling results from the project, and I will now read from the release to the ASX.

"Kingsgate Consolidated Ltd (ASX: KCN) is pleased to announce new assay results from the ongoing drilling program at its Nueva Esperanza project in Chile. The new drill results continue to intersect further significant gold and silver mineralisation to the west of the existing Chimberos Pit with ECHR-50 located approximately 350 metres to the west of the current resource boundary. The latest results include:

- 15 metres @ 7.13g/t gold & 103g/t silver (8.8g/t AuEq60) from 150 metres in ECHR-50;
- 20 metres @ 5.18g/t gold & 84g/t silver (6.6g/t AuEq60) from 118 metres in ECHR-42;
- 37 metres @ 3.27g/t gold & 52g/t silver (4.1g/t AuEq60) from 180 metres in ECHR-24;
- 22 metres @ 2.04g/t gold & 23g/t silver (2.4g/t AuEq60) from 183 metres in ECHR-41; and,
- 13 metres @ 1.92g/t gold & 71g/t silver (3.1g/t AuEq60) from 143 metres in ECHR-46.

Hole ECHR-25, that intersected the spectacular result of 170 metres at 4.2g/t AuEq60, announced to ASX on 27 October 2014, has now been extended from 232 metres to 430 metres with diamond drilling. Preliminary logging indicates significant zones of silicification and argillic alteration with abundant proportions of pyrite and copper mineralisation, including chalcopyrite and chalcocite, of hydrothermal origin.

The mineralisation continues to remain open at depth and along strike and shows remarkable consistency. Further drilling to follow up these intersections is underway with two drill rigs working on double shifts.

Note that almost all the significant intersections reported to date comprise assay values consistently close to the average grade of the overall intercept with almost no extremely high grades to potentially bias the result. This characteristic will have a positive impact on the eventual resource estimation and corresponding assessment of contained metal for this deposit.

Approximately 6,000 metres have been drilled to date in the current program since late August. This program has been recently expanded by a further 10,000m to follow-up extensions within the Chimberos gold and silver mineralisation, including re-entering several holes that finished at depth in mineralisation.

A ground magnetics survey was recently completed over the current exploration zone and early interpretation indicates possible structures and signatures consistent with deep intrusive bodies.

The ground geophysics suggests that the system could be open further to the west and the survey is being extended in that direction and also the geophysical anomaly extends to the south”.

At the memorial service held for Gavin Thomas earlier in the year I quoted a text message that Gavin sent me the day before he died. He expressed the opinion that “long term Chile would be a pearler”. I explained that in Gavin speak a pearler was close to a cracker and just short of a ball tearer. Well, Gavin we may have our ball tearer!

In addition to the drilling in Chile we are also soon to start drilling at our highly prospective project in Laos PDR, to follow up some very encouraging trench results previously reported and we are also about to evaluate some interesting prospects in Myanmar.

Despite the current gold and silver prices your Company is in a sound position with continued good production from both its existing mines, adequate cash reserves, an ability to meet its financial obligations and exciting upside potential from Chile and maybe Laos.

So in conclusion, as I lament the year that was for Kingsgate I look to the coming year with the confidence that the current depressed share price does not even come close to reflecting the real value of your Company and we are committed to restoring the Company to its former glory.

I would like to recognise the contribution of Craig Carracher who resigned from the Board recently. The Board was sad to see him go and I would like to thank him for his valued contribution to the Company over a number of years. A process is well advanced to replace him on the Board.

Finally I would like to thank all of our staff, management and the members of the Board for their unswerving dedication and loyalty during such difficult times and we are determined that their efforts will bring rewards for all.

Ross Smyth-Kirk
Executive Chairman
Kingsgate Consolidated Limited