



### PRODUCTION HIGHLIGHTS

#### Gold Produced

31 Mar 2012	60,614 oz
31 Dec 2011	53,320 oz
30 Sep 2011	32,991 oz

#### Total Cash Costs (incl. Royalty)

31 Mar 2012	US\$744/oz
31 Dec 2011	US\$608/oz
30 Sep 2011	US\$815/oz

#### Average Gold Price Received

31 Mar 2012	US\$1,686/oz
31 Dec 2011	US\$1,680/oz
30 Sep 2011	US\$1,699/oz

### SECURITIES

#### As at 31 March 2012

Ordinary shares	151,169,756
Unlisted options	6,240,034

### KEY POINTS

- ◆ Record group gold production of 60,614 ounces, up 14% on the December quarter (Chatree: 38,721 ounces and Challenger: 21,893 ounces).
- ◆ Total cash costs of US\$744/ounce (including royalties) with Chatree at US\$626/ounce and Challenger US\$955/ounce.
- ◆ Strong operating performance at Chatree with gold production up 49% on the December quarter.
- ◆ Teterita contained silver resource increased by 30% after new resource modelling increasing Nueva Esperanza resource to 75.3M ounces silver (1.9M ounces gold AuEq).
- ◆ Challenger West development has exceeded expectation with over 120 metres of strike developed on the 800 Level.
- ◆ Initial results from resource drilling at Bowdens indicate resource expansion potential.



Visible gold in underground drill core, Challenger gold mine, South Australia

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Gavin Thomas, MD & CEO

26 April 2012

### OPERATING SUMMARY

Operation	March Quarter 2012		December Quarter 2011		September Quarter 2011	
	Production (ounces)	Total Cash Costs (US\$/ounce)	Production (ounces)	Total Cash Costs (US\$/ounce)	Production (ounces)	Total Cash Costs (US\$/ounce)
Chatree	38,721	626	26,035	603	14,428	608
Challenger	21,893	955	27,285	612	18,563	975
<b>Total</b>	<b>60,614</b>	<b>744</b>	<b>53,320</b>	<b>608</b>	<b>32,991</b>	<b>815</b>



Drilling underground, Challenger gold mine, South Australia

## MARCH QUARTER OVERVIEW

Kingsgate achieved record total gold production of 60,614 ounces in the March quarter, an increase of 14% on the December quarter (53,320 ounces). Production was up strongly at Chatree reflecting the impact of a full quarter at the higher operating rate and initial access to higher grade ore at C North. At Challenger, production was lower principally due to low equipment availability and manning issues in January.

Group operating cash costs of US\$744/oz (December quarter US\$608) were mainly impacted by the gold production at Challenger.

Gold sales in the quarter were 58,554 ounces at a gold price of US\$1,686/oz, maintaining a strong operating cash margin. Gold sales, due to timing, were less than gold production with a corresponding increase in bullion and doré held at quarter's end.

### THAILAND

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#### CHATREE GOLD MINE

Chatree gold production of 38,721 ounces gold in the March quarter was 49% higher compared to the December quarter. Grade was 0.94 grams per tonne. Mining progressed well during the dry conditions and it is anticipated that "C" North will be completed in the June quarter as forecast.

Higher royalty levels reflecting the increased gold production resulted in total cash costs of US\$626/oz (including US\$167/oz royalty), slightly higher than the December quarter (US\$603/oz, including US\$135/oz royalty). Total production costs after depreciation and amortisation were US\$780/oz reflecting the amortisation of the Chatree North plant expansion. Underlying costs reflect the grade of ore processed and improved as higher grade ore was processed.

Chatree continues to demonstrate world's best practice for safety with 20.0 million man hours (+9 yrs) worked to March 31, 2012 since the last and only Lost Time Incident.

#### Plant Expansion

The Chatree North Expansion Project is now in the final commissioning/optimisation phase and the daily throughputs are +20% over design with total combined throughput for the two plants equating to around 6.2 million tonnes per annum.

### AUSTRALIA

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#### CHALLENGER GOLD MINE, SOUTH AUSTRALIA

Challenger quarterly gold production of 21,893 ounces was 20% lower than the prior quarter. The quarter was affected by a poor January production profile significantly affected by manning and maintenance issues. The following months showed a marked improvement but were unable to make up for the slow start in January. The decline has advanced to within 60m of crossing over the '79 Fault'.

Total cash costs were US\$955/oz (including US\$62/oz royalty) compared to the December quarter costs of US\$612/oz (including US\$54/oz royalty).

Mine development capital expenditure for the quarter was \$8.4 million and exploration expenditure was \$3.4 million. Development capital expenditure reflects additional development out to Challenger West and development across the '79 Fault' interface.

Diamond drilling at Challenger continues to confirm the offset position of the ore shoot system on the far side of the '79 Fault'. Results have highlighted the S2 structure is continuous and extends into an area that was not previously interpreted and offers scope for additional development.

Challenger West development has exceeded expectation with 120 metres of strike developed on the 800 level. The ore drive contains narrow but high grade gold mineralisation.

#### BOWDENS SILVER PROJECT, NEW SOUTH WALES

Work towards completing a bankable feasibility study and an Environmental Impact Statement (EIS) continued during the quarter together with the commencement of a drilling program. The drilling program incorporates metallurgical sampling, definition drilling and sterilisation drilling away from the known mineralisation to allow the planning of mine-associated infrastructure.

Initial results from both RC and Diamond drilling have been highly encouraging. The diamond drill holes designed for metallurgical test work have confirmed previously interpreted mineralisation. Several of the RC holes intended for resource definition have returned significant intersections outside of the current resource model, indicating the potential to increase the current resource estimate.

Information from the program will be included both in a preliminary EIS document and the bankable feasibility study which should be completed in the September quarter 2012.

Total feasibility and assessment expenditure for the quarter at Bowdens was A\$2.7 million.

## CHILE

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### NUEVA ESPERANZA PROJECT

Field operations at the Nueva Esperanza project during the March quarter focused on the completion of resource and geotechnical drilling at Teterita and completion of sterilisation drilling over proposed sites for mine infrastructure (plant, waste dump and tailings storage area). Metallurgical sample testing was completed for the Arqueros mineralisation.

Following the completion Teterita resource modelling, a resource upgrade has resulted in an increase of 30% in the contained silver at Teterita. As of 31 March 2012, the total Mineral Resource at Teterita is over 17 million ounces of silver, hosted in 6 million tonnes of ore at an average grade of 89 g/t silver (cut-off 22.5 g/t silver). At a gold/silver price ratio of 45, this is equivalent to about 380,000 ounces of gold (cut-off 0.5 g/t gold).

The Teterita drilling results and the soon to be despatched metallurgical samples will now be incorporated into the technical feasibility study which is now expected to be completed in the September quarter 2012.

Total feasibility and assessment expenditure for the quarter at Nueva Esperanza was A\$3.4 million.

## CORPORATE

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During the quarter Kingsgate raised A\$70 million via an ordinary share placement to existing and new institutional shareholders.

At the end of March Kingsgate had total cash and bullion/doré of A\$87.2 million, comprising cash of A\$68.4 million and bullion/doré of A\$18.8 million.

The balance of the Thai debt facility is approximately US\$85 million, following the first loan repayment of US\$15 million on 31 March 2012. The Kingsgate A\$60 million corporate credit facility was drawn to A\$40 million. Under the terms of these loan facilities, the Group is required to maintain a minimum cash balance of A\$5 million in respect of its Australian operations and US\$15 million in respect of Akara. After excluding these amounts, the Group cash and bullion/doré is A\$67.8 million.

In addition, Kingsgate has a five year A\$35 million convertible loan facility that provided funding for the Bowdens acquisition.

Kingsgate declared and paid an interim dividend of 10 cents per share, unfranked, during the quarter (total cash payment of A\$13.2 million).

Kingsgate successfully completed the compulsory acquisition of the balance of Laguna Resources NL that it did not own following the close of the offer on 13 January 2012.

## OUTLOOK

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Following another good quarter in March 2012, Kingsgate is forecasting a strong June quarter with Chatree benefitting from the higher grade ore from C North.

Full year total gold production guidance is in the range of 205,000 to 225,000 ounces. This includes 115,000 to 125,000 ounces from Chatree and between 90,000 to 100,000 ounces from Challenger.

## OPERATIONAL PERFORMANCE

<b>Chatree Mine</b>	<b>Units</b>	<b>Mar 2012 Quarter</b>	<b>Dec 2011 Quarter</b>	<b>Sep 2011 Quarter</b>	<b>% Change Qtr to Qtr</b>
<b>Waste Mined</b>	bcm	1,392,806	1,580,021	1,943,133	(12%)
<b>Ore Mined</b>	bcm	546,381	408,060	302,714	34%
<b>Waste to Ore Ratio</b>		2.5 : 1	3.9 : 1	6.4 : 1	
<b>Ore Mined</b>	tonnes	1,404,485	1,053,566	750,822	33%
<b>Ore Treated</b>	tonnes	1,557,419	1,278,564	664,265	22%
<b>Head Grade</b>	Au g/t	0.94	0.82	0.81	15%
	Ag g/t	11.6	11.1	13.4	5%
<b>Gold Recovery</b>	%	84.9	83.5	84.2	2%
<b>Gold Poured</b>	ounces	38,721	26,035	14,428	49%
<b>Silver Poured</b>	ounces	279,813	221,950	140,129	26%
<b>Challenger Mine</b>	<b>Units</b>	<b>Mar 2012 Quarter</b>	<b>Dec 2011 Quarter</b>	<b>Sep 2011 Quarter</b>	<b>% Change Qtr to Qtr</b>
<b>Ore Mined</b>	tonnes	158,867	150,281	149,867	6%
<b>Ore Treated</b>	tonnes	170,801	165,719	143,903	3%
<b>Head Grade</b>	Au g/t	4.32	5.43	4.41	(20%)
<b>Gold Recovery</b>	%	92.2	93.2	91.9	(1%)
<b>Gold Poured</b>	ounces	21,893	27,285	18,563	(20%)
<b>Silver Poured</b>	ounces	1,180	1,348	1,230	(12%)
<b>Kingsgate Group</b>	<b>Units</b>	<b>Mar 2012 Quarter</b>	<b>Dec 2011 Quarter</b>	<b>Sep 2011 Quarter</b>	<b>% Change Qtr to Qtr</b>
<b>Gold Poured</b>	ounces	60,614	53,320	32,991	14%
<b>Silver Poured</b>	ounces	280,993	223,298	141,359	26%

### CHATREE GOLD MINE, THAILAND

During the quarter, mining accessed the higher grade areas in "C" North and mining continued in areas of A Hill. Ore mined was 1,404,485 tonnes at a strip ratio of 2.5:1 (previous quarter 3.9:1). Mine production was higher in the quarter due to the lack of rainfall. Mining of the low grade A Stage 2 continued to advance when access to higher grade areas was not available.

The higher grade section in "C" North was reached in March. Mining has progressed well during the dry conditions and it is anticipated that "C" North will be completed in the next quarter and positively impact production once again in the fourth quarter.

The process plant treated 1,557,392 tonnes of ore at an average plant head grade of 0.94 grams per tonne gold to produce 38,721 ounces of gold. Silver production was 279,813 ounces. Gold recovery of 84.9% was higher than the prior quarter of 83.5%.

Stockpiled ore at close of quarter was 8,201,620 tonnes at 0.66 grams per tonne containing 173,467 ounces of gold.

### CHATREE NORTH PLANT EXPANSION

The plant has been constructed as a separate 2.7 million tonnes per annum (Mtpa) ore processing plant located besides the current 2.3 Mtpa Chatree processing plant. This has resulted in a combined total 'name-plate' ore processing capacity of over 5 Mtpa. The Chatree North Expansion is now operating at throughput rates of +20% over design. This results in the combined plants currently operating at an annualised throughput rate of approximately 6.2 Mtpa.

Construction of Tailings Storage Facility #2 (TSF2) continued with around 70% of the HDPE liner in place at quarter end. Installation of the decant tower, power supply and pipelines continues. TSF2 is planned to be completed in the September quarter.

### REGIONAL EXPLORATION - THAILAND

Exploration drilling, outside of the mining leases at Chatree, remains on hold until the new Special Prospecting Licence (SPL) applications and renewals are approved.

## CHALLENGER GOLD MINE

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Gold production at Challenger was 21,893 ounces. March performance was restricted by poor underground equipment availability and an unpredicted shortage of experienced operators in January and February resulting in a shortfall of 190m of development advance during the quarter.

Mined ore grade reconciled at the mill achieved 4.32 g/t during the quarter.

Total cash operating costs for the quarter were US\$955/oz (including royalties), compared to US\$612/oz in the December quarter.

A total of 1,561 metres of development was achieved during the quarter. Decline development continues to focus on crossing the '79 Fault' as well as developing on levels 800 and 780 at Challenger West. The Challenger West development included driving on the lode confirming high grade continuity over a strike length of 120 metres as well as a second high grade narrow structure some 50 metres further west. Trial mining of this area will occur during the June quarter.

Drilling from the 280 drill drive continued to delineate the Main Shoots on the eastern side of the fault indicating that the M2 feature continues as expected. Additional drilling is planned from the 215 level to define the Challenger West shoot at the base of the existing development.

The total reconciliation continues to remain positive on completed levels, predominantly within the M2 Shoot, which accounts for 70% of all of the ore feed. The last two completed levels in the M2 Shoot, 340 and 320 levels, average 60% above reserve ounces. The impact of the '79 Fault' is expected to affect total level reconciliations until a fully extended level can be re-established on the other side of the fault. On a positive note diamond drilling has confirmed that the M2 extends further above the anticipated cross over level of 210 level which was not in the current design plan.

The predominant sources of production came from the 320, 300 and 280 levels of the M2 shoot.

### Resource Development

A number of targets have been evaluated with both underground and surface drilling. Several significant intersections have been returned (see Appendix A).

#### M1-M2 Shoot System below the '79 Fault'

One exploratory hole has been drilled from the 280 exploration drive, targeting the M2 Shoot between 250 and 230 levels, below the '79 Fault'. This hole has returned significant intercepts, including 1.5m @ 157.9 g/t gold and visible gold up to twenty vertical metres above the current M2 resource model. Additional drilling on

this target has occurred from the 260 level with numerous significant intersections, including 2.0m @ 69.4 g/t and 4.0m @ 11.3 g/t gold, being returned.

#### Challenger West

The Challenger West Shoot below the current mining level continues to be a focus of underground drilling. This includes a vertical fan of holes from the 640 level, targeting the shoot between 550 and 470 levels and from the 215 level, targeting Challenger West on the 210 Level. This drilling is designed to extend the current resource model. Results are pending.

The Challenger West structure has now been defined over a vertical length of 1,000 metres and remains open at depth.

#### South East Zone (SEZ)

A series of high grade intersections on both the 1025 and 280 levels, were reported in the previous quarter. These results, from levels 745 metres apart, have significantly upgraded the potential for the SEZ to host localised high grade shoots within a well-defined structural corridor that has received little or no previous evaluation.

Follow up drilling on the 1025 level with three flat fans of drill holes is designed to determine the vertical extent of the mineralisation. Results are pending.

The south westerly extension of the SEZ, identified adjacent to the 280m exploration drive, has been targeted with a horizontal fan of holes. An initial intersection of 2.0m @ 14.1 g/t gold from the first hole completed demonstrates encouraging continuity of high grade mineralisation. All other results are pending.

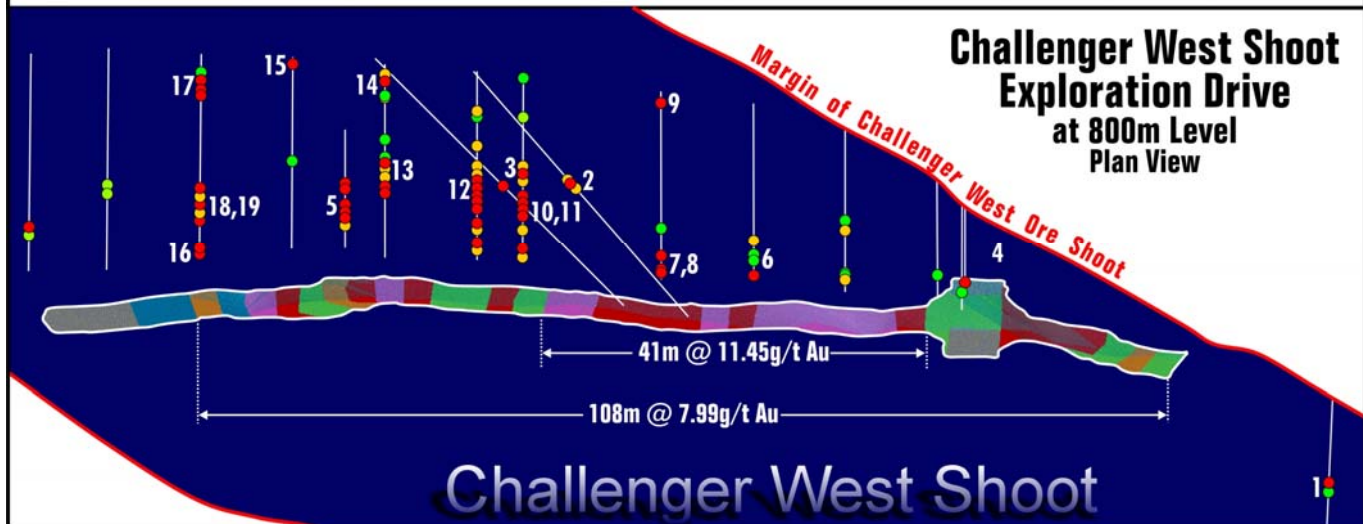
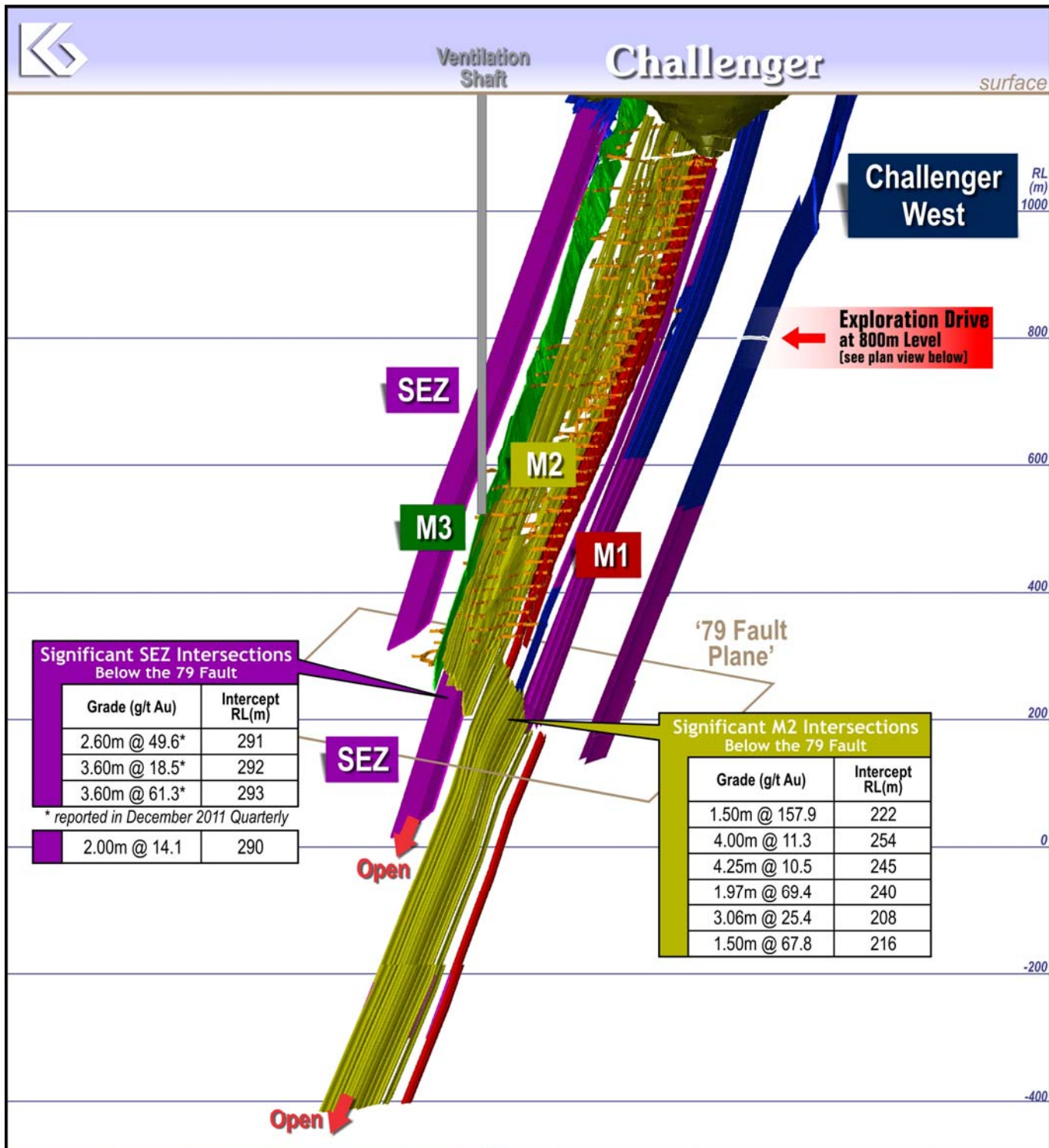
#### Challenger South West

The Challenger South West prospect has been targeted with eleven surface RC holes. This programme in filled previous drilling (last drilled in 1998) which had intersected extensive gold mineralisation, including intersections of 6m @ 13.5 g/t and 2.0m @ 21.0 g/t gold. Two relatively high grade intersections, 3.0m @ 9.0 g/t and 3.0m @ 9.5 g/t gold were returned within a broad zone of lower grade mineralisation. Recent and historic data is currently being evaluated.

## SAFETY, ENVIRONMENT AND COMMUNITY

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There were no Lost Time Injuries recorded during the quarter at Challenger.



# OPERATIONAL PERFORMANCE continued

## BOWDENS SILVER PROJECT

Field activities commenced at Bowdens in late January with the start of a drilling program. The program is designed to incorporate metallurgical sampling, resource definition drilling and sterilisation drilling away from the known mineralisation to allow the planning of mine-associated infrastructure. The current exploration will be included both in a preliminary EIS document and a bankable feasibility study which should be completed in the September quarter.

To date, 12 diamond drill holes, designed to recover samples for metallurgical testwork, have been completed. Results have confirmed previously interpreted mineralisation and samples have been submitted for metallurgical test work.

Results are pending for all 15 planned reverse circulation (RC) sterilisation holes.

Of the 132 RC drillholes planned for resource definition, 17 have been completed. Results received (Appendix B) have returned a number of significant intersections, including several that are outside of the current resource model and

have the potential to increase the current resource estimate. This is illustrated on the attached drill section 10,050mN with the intersections in hole BRC12011 (15m @ 165.8 AgEq from 100 metres depth) and hole BRC12006 (10m @ 96.1 AgEq from 4 metres and 26m @ 48.9 AgEq from 41 metres) being respectively below, and lateral to, the existing resource model. (AgEq refers to silver equivalent values. See Appendix B).

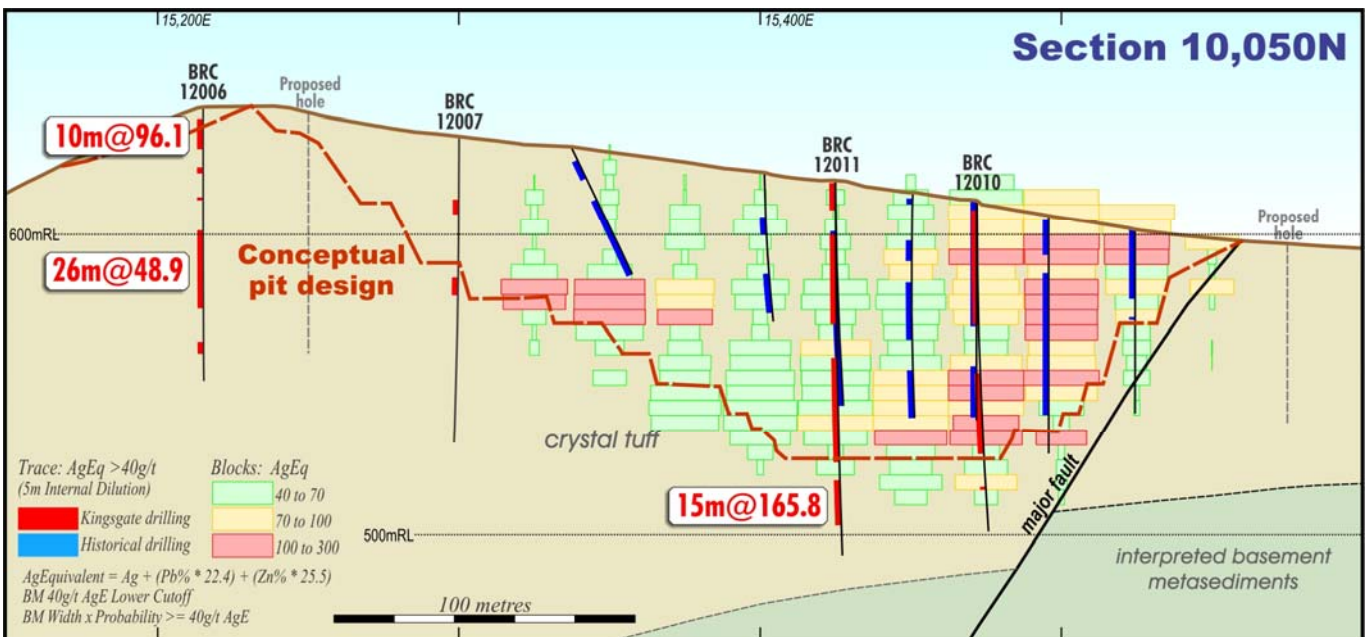
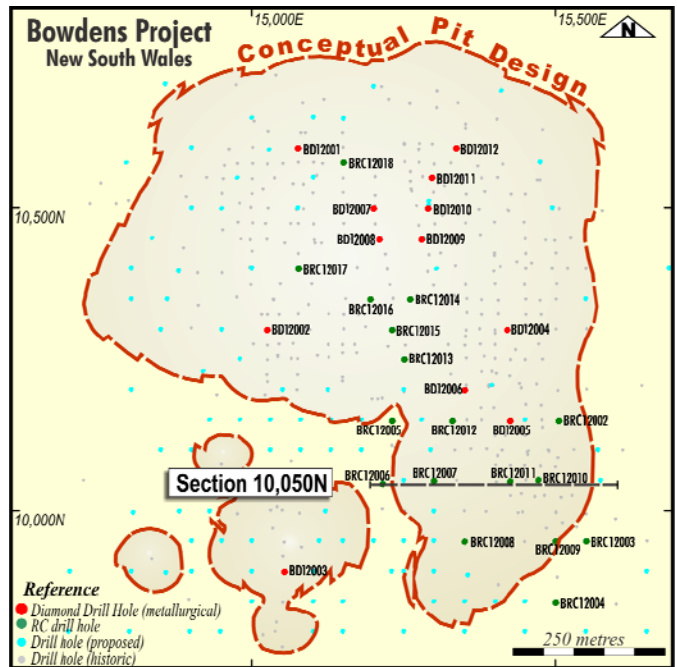
Following completion of the current drilling programme it is planned to update the resource model and the estimate of mineral resources.

Baseline monitoring of local noise, flora, fauna, surface water and groundwater are ongoing; these data will also be included in the preliminary EIS.

A Conceptual Project Development Plan (CPDP) document was prepared over the quarter and submitted to the Division of Resources and Energy (DRE).



Diamond drilling on Bowdens Silver Project, February 2012



## NUEVA ESPERANZA PROJECT

Field operations at the Nueva Esperanza project has focused on the completion of resource and geotechnical drilling at Teterita and completion of sterilisation drilling over proposed sites for mine infrastructure (plant, waste dump and tailings dam).

At Arqueros, 50 metallurgical samples were collected from RC chips, diamond drill core and underground workings for continued recovery testwork as part of the de-risking of the project. Samples are now being collected from Teterita to be dispatched for testing.

Resource drilling at Teterita was completed with 4,354 metres drilling (reverse circulation and diamond) in 43 drill holes.

TETERITA MINERAL RESOURCES			
Resource Category	Tonnes (million)	Silver (g/t)	Silver (koz)
Measured	1.46	100	4,671
Indicated	3.91	87	10,908
Inferred	0.6	81	1,526
<b>Total</b>	<b>5.95</b>	<b>89</b>	<b>17,105</b>
Measured + Indicated	5.37	91	15,579
<i>Density: 2.1 g/cm<sup>3</sup> Cut-off grade: 22.5g/t silver</i>			

With the completion of Teterita resource modelling, the contained silver has increased by 30% to over 17 million ounces. The total Mineral Resource at Teterita is hosted in 6 million tonnes of ore at an average grade of 89 g/t silver (cut-off 22.5 g/t silver). At a gold/silver price ratio of 45, this is equivalent to about 380,000 ounces of gold (cut-off 0.5 g/t gold).

This resource is based on 2,364 metres of reverse circulation (22 holes) and 1,990 metres of diamond drilling (21 holes) by Laguna Chile, and 8,888 metres in 69 drill holes by the previous operator, for a total of 11,252 metres of drilling in 114 holes, and 7376 samples assayed.

The new Mineral Resource Estimate for Nueva Esperanza, including Teterita, is 75.3 million ounces of silver and 227,000 ounces of gold hosted in almost 30 million tonnes at 0.24 g/t gold and 79 g/t silver. This is equivalent to 1.9 million ounces of gold at a gold/silver price ratio of 45, or 85 million ounces of silver.

Mine planning is currently underway, which will allow the incorporation of Teterita into the feasibility study.

Fieldwork was planned to commence on Chimberos with a Resource and validation drilling program to start in April 2012. Unfortunately, severe winter storms have delayed the program which is now scheduled to commence in September 2012. This program will provide an opportunity to upgrade and potentially expand mineral resources at Chimberos into Measured and Indicated categories. This will allow this deposit to be brought into the commercial development for the combined Nueva Esperanza project.

### Feasibility Study

The feasibility study for Nueva Esperanza continues to advance, with the final report for the Arqueros sector due at the end of April 2012. With the inclusion of the Teterita deposit into the feasibility study, the final bankable document is now expected to be delivered in the September quarter 2012.

The new integrated mine plan (Arqueros plus Teterita) being prepared is expected to enhance the project by putting low strip Teterita and Arqueros North into production first with resulting financial benefits of delaying a pre-strip at the larger Arqueros South orebody.

### Environmental Licensing & Community Consultation

The application for the environmental mining license is being assessed by the authorities in Chile. Finalisation is expected between September and December 2012.

## REGIONAL EXPLORATION – AUSTRALIA

### Wynberg (100%)

All approvals were finally received and a drilling program has commenced at Wynberg in the Cloncurry district of Queensland. This drilling campaign is designed to test the potential for depth and strike extensions of a well-mineralised gold and copper system that remains open from limited historical drilling.

NUEVA ESPERANZA MINERAL RESOURCES												
Prospect	Measured + Indicated			Inferred			Total					
	Tonnes (million)	Gold (g/t)	Silver (g/t)	Tonnes (million)	Gold (g/t)	Silver (g/t)	Tonnes (million)	Gold (g/t)	Silver (g/t)	Gold (Moz)	Silver (Moz)	Gold AuEq (Moz)
Arqueros	16.0	0.32	81	4.0	0.3	50	20.0	0.32	75	0.20	48.1	1.3
Chimberos	-	-	-	3.7	0.2	85	3.7	0.20	85	0.02	10.1	0.2
Teterita	5.4	-	91	0.6	-	81	6.0	-	89	-	17.1	0.4
<b>Total</b>	<b>21.4</b>	<b>0.32</b>	<b>83.5</b>	<b>8.3</b>	<b>0.2</b>	<b>68</b>	<b>29.7</b>	<b>0.25</b>	<b>79</b>	<b>0.23</b>	<b>75.3</b>	<b>1.9</b>
<i>(cut-off &gt; 22.5 grams/tonne (g/t) silver or 0.5 grams/tonne (g/t) Gold Equivalent (AuEq)</i>												
<i>1. * Gold equivalent on basis of gold/silver revenue ratio of 45; calculated as Au + Ag/EQ (gold plus [silver divided by 45]). 2. EQ = (Price Gold * Recovery Gold) / (Price Silver * Recovery Silver). 3. Price basis US\$1250/oz Au and US\$30/oz Ag. 4. Metallurgical recovery basis 85% Au and 78% silver. 5. Density at Arqueros &amp; Chimberos = 2.0 g/cm<sup>3</sup>, and Teterita = 2.1 g/cm<sup>3</sup>. 6. It is the company's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered. 7. Rounding of numbers may generate rounding errors.</i>												



## CORPORATE & OPERATING COSTS

### FINANCE

During the quarter, Kingsgate raised A\$70 million via an ordinary share placement to existing and new institutional shareholders.

At the end of March, Kingsgate had total cash and bullion/doré of A\$87.2 million, comprising cash of A\$68.4 million and bullion/doré of A\$18.8 million.

The balance of the Thai debt facility is approximately US\$85 million, following the first loan repayment of US\$15 million on 31 March 2012. The Kingsgate A\$60 million corporate credit facility was drawn to A\$40 million. Under the terms of these loan facilities, the Group is required to maintain a minimum cash balance of A\$5 million in respect of its Australian operations and US\$15 million in respect of Akara. After excluding these amounts, the Group cash and bullion/doré was A\$67.8 million.

In addition, Kingsgate has a five year A\$35 million convertible loan facility that provided funding for the Bowdens acquisition.

Kingsgate declared and paid an interim dividend of 10 cents per share, unfranked, during the quarter (total cash payment of A\$13.2 million).

Kingsgate successfully completed the compulsory acquisition of the balance of Laguna Resources NL that it did not own following the close of the offer on 13 January 2012.

### OPERATING COSTS

Direct mining and operating costs improved at Chatree with the stronger production performance and despite a lower silver credit. However, the increased production level did generate a higher royalty payment that resulted in total cash costs of US\$626/oz compared with US\$603/oz in the December quarter. The higher depreciation and amortisation at Chatree represent a full production quarter from the Chatree North expansion plant. Total cash costs at Challenger of US\$955/oz reflect the lower production performance.

CHATREE					
Cost Category	Units	March 2012 Quarter	December 2011 Quarter	September 2011 Quarter	% Change Qtr to Qtr
Direct Mining Expense	US\$/oz	663	689	742	(4)
Refining and Transport	US\$/oz	4	4	5	-
By Product Credit	US\$/oz	(208)	(225)	(310)	(8)
<b>Cash Operating Cost</b>	<b>US\$/oz</b>	<b>459</b>	<b>468</b>	<b>437</b>	<b>(2)</b>
Royalty	US\$/oz	167	135	171	24
<b>Total Cash Cost</b>	<b>US\$/oz</b>	<b>626</b>	<b>603</b>	<b>608</b>	<b>4</b>
Depreciation/Amortisation - Operating	US\$/oz	154*	140*	93	10
<b>Total Production Cost</b>	<b>US\$/oz</b>	<b>780</b>	<b>743</b>	<b>701</b>	<b>5</b>
CHALLENGER					
Cost Category *	Units	March 2012 Quarter	December 2011 Quarter	September 2011 Quarter	% Change Qtr to Qtr
Direct Mining Expense	US\$/oz	891	556	898	60
Refining and Transport	US\$/oz	4	3	4	33
By Product Credit	US\$/oz	(2)	(1)	(3)	100
<b>Cash Operating Cost</b>	<b>US\$/oz</b>	<b>893</b>	<b>558</b>	<b>899</b>	<b>60</b>
Royalty	US\$/oz	62	54	76	15
<b>Total Cash Cost</b>	<b>US\$/oz</b>	<b>955</b>	<b>612</b>	<b>975</b>	<b>56</b>
Depreciation/Amortisation - Acquisition	US\$/oz	184	166	128	11
Depreciation/Amortisation - Operating	US\$/oz	397^	297	326	34
<b>Total Production Cost</b>	<b>US\$/oz</b>	<b>1,536</b>	<b>1,075</b>	<b>1,429</b>	<b>43</b>
KINGSGATE GROUP					
Cost Category *	Units	March 2012 Quarter	December 2011 Quarter	September 2011 Quarter	% Change Qtr to Qtr
<b>Cash Operating Cost</b>	<b>US\$/oz</b>	<b>616</b>	<b>514</b>	<b>697</b>	<b>20</b>
Royalty	US\$/oz	128	94	118	36
<b>Total Cash Cost</b>	<b>US\$/oz</b>	<b>744</b>	<b>608</b>	<b>815</b>	<b>22</b>
Depreciation/Amortisation - Operating	US\$/oz	309	305	295	1
<b>Total Production Cost</b>	<b>US\$/oz</b>	<b>1,053</b>	<b>913</b>	<b>1,110</b>	<b>(15)</b>
Category	Units	March 2012 Quarter	December 2011 Quarter	September 2011 Quarter	% Change Qtr to Qtr
Av cash gold price received	US\$/oz	1,686	1,680	1,699	-
Gold sold	Ounces	58,554	49,610	33,330	18
Silver sold	Ounces	281,378	205,321	131,282	37
Revenue from Metal Production	US\$M	107.7	89.8	61.6	20

\* Reflects the depreciation of the capital costs of the plant expansion. ^ Depreciation and amortisation charges were higher reflecting the residual write off related to completed mining levels. This highlights the variability in these charges on a quarter by quarter basis, which occur depending on where ore is sourced during a specific quarter.

## APPENDIX A

### CHALLENGER RESOURCE DEVELOPMENT DRILLING

#### UNDERGROUND DIAMOND DRILLING – M2 SHOOT SYSTEM BELOW THE '79 FAULT'

Hole No.	From (m)	To (m)	Interval (m)	Au (g/t)	Midpoint (m RL)
11CUD0837	263.50	265.00	1.50	157.9	222
11CUD0837	206.00	207.90	1.90	8.37	236
12CUD0929	41.00	45.00	4.00	11.3	254
12CUD0930	99.75	104.00	4.25	10.5	245
12CUD0931	58.62	58.92	0.30	78.1	254
12CUD0933	2.03	4.00	1.97	69.4	240
12CUD0934	5.00	7.00	2.00	5.65	241
12CUD0944	147.00	149.17	2.17	27.1	227
12CUD0946	224.00	227.06	3.06	25.4	208
12CUD0946	168.70	170.70	2.00	6.58	217
12CUD0947	176.80	178.00	1.20	32.9	215
12CUD0947	151.00	154.65	3.65	10.6	222
12CUD0948	156.90	158.40	1.50	67.8	216
12CUD0948	161.65	163.61	1.96	16.6	215

#### UNDERGROUND DIAMOND DRILLING – SEZ SHOOT

Hole No.	From (m)	To (m)	Interval (m)	Au (g/t)	Midpoint (m RL)
12CUD0898	19.00	21.00	2.00	14.1	290

#### UNDERGROUND DIAMOND DRILLING – CHALLENGER SOUTHWEST

Hole No.	From (m)	To (m)	Interval (m)	Au (g/t)	Midpoint (m RL)
12CDRC0387	33.00	36.00	3.00	9.03	1,161
12CDRC0388	125.00	128.00	3.00	9.47	1,080

#### UNDERGROUND PERCUSSION DRILLING – CHALLENGER WEST

Figure Reference No.	Drill Hole No.	Interval (m)	Au (g/t)	Intercept (m RL)
1	10CUD0584	3.00	28.46	797
2	11CUD0783	2.16	109.83	826
3	11CUD0800	0.42	129.91	826
4	12CUS11255	0.90	164.30	818
5	12CUS11404	7.20	40.68	820
6	12CUS11510	5.30	12.67	820
7	12CUS11512	3.50	58.75	820
8	12CUS11513	0.80	77.49	817
9	12CUS11513	0.90	37.83	837
10	12CUS11515	12.50	140.77	825
11	12CUS11516	0.90	62.57	819
12	12CUS11517	11.70	64.20	825
13	12CUS11519	0.90	83.23	840
14	12CUS11520	7.20	85.07	827
15	12CUS11523	0.90	175.75	840
16	12CUS11526	1.70	70.41	820
17	12CUS11526	3.60	49.09	835
18	12CUS11527	4.50	86.08	824
19	12CUS11537	1.80	31.65	823

## APPENDIX B

### BOWDENS RESOURCE DEFINITION RC DRILLING

Hole No.	Local Coordinates (m)	Dip/Azimuth (°)	Interval (m)	Width (m)	Ag Equivalent (AgEq)	Ag (ppm)	Pb (%)	Zn (%)
BRC12002	10150N / 15505E	-90 / 0	2-9	7	133.9	129.1	0.13	0.08
			21-33	12	95.1	91.8	0.07	0.07
			47-70	23	51.0	39.6	0.21	0.26
BRC12003	9950N / 15550E	-90 / 0	2-9	7	56.1	51.0	0.07	0.14
BRC12005	10150N / 15230E	-90 / 0	2-15	13	33.6	16.7	0.28	0.41
BRC12006	10045N / 15215E	-90 / 0	4-14	10	96.1	63.8	0.44	0.88
			41-67	26	48.9	28.4	0.24	0.59
BRC12007	10050N / 15300E	-90 / 0	47-53	6	86.2	64.1	0.36	0.55
BRC12009	9950N / 15500E	-90 / 0	5-14	9	74.3	60.0	0.11	0.46
			21-28	7	37.6	33.9	0.04	0.12
BRC12010	10051N / 15472E	-90 / 0	3-41	38	161.2	130.8	0.36	0.88
			57-84	27	123.2	94.2	0.32	0.85
BRC12011	10049N / 15425E	-90 / 0	1-10	9	98.0	57.6	0.54	1.11
			18-48	30	66.1	26.5	0.46	1.15
			59-94	35	77.1	48.1	0.32	0.85
			100-115	15	165.8	139.7	0.29	0.77
BRC12012	10150N / 15330E	-90 / 0	15-27	12	134.1	93.0	0.96	0.77
			54-62	8	59.3	19.3	0.49	1.13
			68-76	8	52.8	27.5	0.31	0.72
BRC12013	10250N / 15250E	-90 / 0	15-22	7	43.6	13.8	0.59	0.65
BRC12014	10350N / 15260E	-90 / 0	29-56	27	44.2	11.8	0.45	0.88
BRC12015	10300N / 15230E	-90 / 0	3-19	16	60.7	20.9	0.76	0.89
BRC12016	10350N / 15195E	-90 / 0	30-39	9	309.6	266.7	0.54	1.21
BRC12017	10400N / 15076E	-90 / 0	14-28	14	120.7	91.6	0.44	0.75
			34-58	24	120.9	84.5	0.57	0.93
			87-109	22	61.9	29.9	0.51	0.80

1. Rounding of numbers may generate rounding errors. 2. Recovery factors Ag 81%, Pb 73% and Zn 83%. 3. Price basis Ag US\$28/oz, Pb US\$2,200/t and Zn US\$2,200/t 4. Bowdens silver equivalent equation (AgEq) g/t = Ag (g/t) + 22.4 x Pb (%) + 25.5 x Zn (%) 5. It is the company's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered. 6. Cut-off grade for Bowdens is 30g/t AgEq.

# KINGSGATE CONSOLIDATED LIMITED

## BOARD OF DIRECTORS

**Ross Smyth-Kirk**  
Chairman

**Gavin Thomas**  
Managing Director and Chief Executive Officer

**Peter Alexander**  
Non-Executive Director

**Craig Carracher**  
Non-Executive Director

**Peter McAleer**  
Non-Executive Director

## COMPANY SECRETARY

**Ross Coyle**

## SENIOR MANAGEMENT TEAM

**Duane Woodbury**  
Chief Financial Officer

**Tim Benfield**  
Chief Operating Officer

**Ross Coyle**  
General Manager Finance and Administration

**Joel Forwood**  
General Manager Corporate & Markets

**Ron James**  
General Manager, Exploration & Resources Development

**Phil MacIntyre**  
Chief Operating Officer & General Manager,  
Akara Mining Limited

**Pakorn Sukhum**  
Chief Executive Officer, Akara Mining Limited

## REGISTERED OFFICE

**Kingsgate Consolidated Limited**

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## QUARTERLY SHARE PRICE ACTIVITY

QUARTER	HIGH	LOW	LAST
June 2006	\$6.80	\$3.74	\$5.14
September 2006	\$5.39	\$4.15	\$4.59
December 2006	\$4.65	\$3.65	\$4.20
March 2007	\$4.94	\$3.47	\$4.75
June 2007	\$6.06	\$4.57	\$5.55
September 2007	\$5.70	\$4.06	\$5.37
December 2007	\$5.74	\$3.87	\$4.65
March 2008	\$5.41	\$3.34	\$4.40
June 2008	\$5.69	\$3.69	\$5.23
September 2008	\$6.30	\$3.78	\$4.64
December 2008	\$4.85	\$2.20	\$3.54
March 2009	\$5.38	\$3.20	\$5.22
June 2009	\$7.11	\$4.93	\$6.70
September 2009	\$8.39	\$6.26	\$8.14
December 2009	\$10.30	\$7.30	\$9.21
March 2010	\$10.00	\$8.30	\$8.51
June 2010	\$10.86	\$8.14	\$9.47
September 2010	\$12.22	\$9.18	\$11.60
December 2010	\$12.15	\$10.00	\$10.88
March 2011	\$10.81	\$7.45	\$8.69
June 2011	\$9.06	\$7.08	\$8.00
September 2011	\$9.39	\$6.73	\$7.18
December 2011	\$7.97	\$5.69	\$5.70
March 2012	\$8.04	\$5.99	\$6.40

## SHARE REGISTRY

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770 Canning Highway, Applecross, WA 6153 Australia.

PO Box 535, Applecross, WA 6953 Australia.

Phone: (61 8) 9315 2333 Facsimile: (61 8) 9315 2233

Email: [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)

Please direct all shareholding enquiries to the share registry.

## EXCHANGE LISTING

ASX:KCN

## COMPETENT PERSONS STATEMENTS

*In this report, information concerning Thailand operations relates to Exploration Results, Mineral Resources and Ore Reserve estimates based on information compiled by the following Competent Persons: Ron James, Guy Davies, Fiona Davidson and Suphanit Suphananthi who are employees of the Kingsgate Group and members of The Australasian Institute of Mining and Metallurgy. These people qualify as Competent Persons as defined in the Australasian code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2004 edition) and possess relevant experience in relation to the mineralisation of being reported herein as Exploration Results, Mineral resources and Ore reserves. Each Competent Person has consented to the Public reporting of these statements and the inclusion of the material in the form and context in which it appears.*

*In this report, the information concerning Challenger operations that relates to Exploration Results, Mineral Resources and Ore Reserves estimates based on information compiled by Peter Bamford, Tony Poustie and Andrew Giles who are full-time employees of the Kingsgate Group. Peter Bamford and Tony Poustie are members of The Australasian Institute of Mining and Metallurgy and Andrew Giles is a member of the Australian Institute of Geoscientists. These persons have sufficient experience that is relevant to the mineralisation and type of deposit under consideration and to the activity that 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 Andrew Giles consent to the inclusion in the report of the matters based on their information in the form in which it appears.*

*The information in this report that relates to Bowdens and Laguna Resources Mineral Resource estimation is based on work completed by Jonathon Abbott who is a full-time employee of Hellman & Schofield Pty Ltd and a member of the Australasian Institute of Mining and Metallurgy. Mr Abbott has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Abbott consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The information in this report that relates to data quality, comments on the resource estimates and economic potential of the estimated resources for Bowdens and Laguna Resources is based on information compiled by Ron James who is a member of the Australasian Institute of Mining and Metallurgy. Mr James has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.*