



PRODUCTION HIGHLIGHTS

Gold Produced

| | |
|-------------|----------|
| 31 Dec 2014 | 61,549oz |
| 30 Sep 2014 | 53,557oz |
| 31 Dec 2013 | 54,539oz |

Total Cash Costs (incl. Royalty)

| | |
|-------------|------------|
| 31 Dec 2014 | US\$777/oz |
| 30 Sep 2014 | US\$906/oz |
| 31 Dec 2013 | US\$899/oz |

Average Gold Price Received

| | |
|-------------|--------------|
| 31 Dec 2014 | US\$1,205/oz |
| 30 Sep 2014 | US\$1,278/oz |
| 31 Dec 2013 | US\$1,285/oz |

LISTED SECURITIES

As at 31 December 2014

| | |
|-----------------|-------------|
| Ordinary shares | 223,584,937 |
|-----------------|-------------|



Nueva Esperanza, Chile, drilling on Chimberos Prospect, January 2015

KEYPOINTS

- ◆ Strong Group operating performance with quarterly gold production of 61,549 ounces at total cash cost of US\$777/oz.
- ◆ Half year gold production was 115,106 ounces, well ahead of budget expectations, at total cash cost of US\$837/ounce.
- ◆ Chatree produced 39,134 ounces of gold at US\$643/ounce and Challenger produced 22,415 ounces of gold at US\$1,009/ounce for the quarter.
- ◆ Exceptional drilling results continue at Nueva Esperanza, Chile, which are expected to significantly increase the gold resource at Chimberos West. Recent results include the following:
 - ◆ **100m @ 1.96g/t gold & 152g/t silver (4.5g/t AuEq60)** from 92 metres, including
34m @ 3.92g/t gold & 332g/t silver (9.5g/t AuEq60) from 126 metres in ECHR-55;
 - ◆ **48m @ 7.65g/t gold & 94g/t silver (9.2g/t AuEq60)** from 142 metres in ECHR-47.
- ◆ Strong cash position at quarter end with cash increasing by around A\$15.4 million to A\$76.3 million after debt repayments of approximately [A\$12] million.
- ◆ Chatree was issued with a temporary suspension notice for up to 30 days by the Thai Department of Primary Industry and Mining (DPIM). The notice was issued following unsubstantiated claims that slightly elevated levels of arsenic and manganese in some people in the local community, following regular health checks, were attributable to the mining operation at Chatree.
Due to the uncertainty of the implications of the shutdown of the operation and the timing of the re-start, the Kingsgate Board requested voluntary suspension of trading in Kingsgate shares on the ASX. The Company is working with the authorities to facilitate the early resumption of mining and processing at Chatree.

Kingsgate Consolidated Limited

ABN 42 000 837 472

Suite 801, Level 8, 14 Martin Place,

Sydney, NSW 2000 Australia.

Telephone: 61 2 8256 4800

Facsimile: 61 2 8256 4810

Email: info@kingsgate.com.au

Website: www.kingsgate.com.au

T. Benfield

Tim Benfield, Interim CEO

30 January 2015

GROUP OPERATING SUMMARY

| Operation | December Quarter 2014 | | September Quarter 2014 | | Year To Date FY2015 | |
|--------------|-----------------------|-------------------------------|------------------------|-------------------------------|---------------------|-------------------------------|
| | Production (ounces) | Total Cash Costs (US\$/ounce) | Production (ounces) | Total Cash Costs (US\$/ounce) | Production (ounces) | Total Cash Costs (US\$/ounce) |
| Chatree | 39,134 | 643 | 33,648 | 751 | 72,782 | 693 |
| Challenger* | 22,415 | 1,009 | 19,909 | 1,168* | 42,324 | 1,083 |
| Total | 61,549 | 777 | 53,557 | 906 | 115,106 | 837 |

* Includes mine development costs

DECEMBER QUARTER OVERVIEW

Kingsgate had a very strong December quarter with gold production of 61,549 ounces, an increase of 14.9% on the September quarter (53,557 ounces) with total cash costs 14.2% lower at US\$777/ounce (US\$906/ounce). Both operations performed very well with 39,134 ounces produced from Chatree and 22,415 ounces from Challenger.

Gold sales for the quarter, of 67,317 ounces, were higher than production due to the timing of gold shipments and out-turns received from the refineries. The average gold price received was US\$1,205/ounce and the Group All-in Sustaining Cash Cost was US\$896/ounce for the quarter.

OPERATIONS

CHATREE GOLD MINE, THAILAND

Chatree gold production for the quarter was 39,134 ounces, a 16.3% increase over the September quarter (33,648 ounces) reflecting a higher head grade of 1.01g/t (0.81g/t) as higher grade blocks in A Pit Stage 2 became available. The lower throughput level reflects harder ore and stockpile blending.

Total cash costs for the December quarter were US\$643/ounce (including US\$102/ounce royalty). The costs are 14.4% lower than the September quarter (US\$751/ounce, including US\$96/ounce royalty) reflecting the higher production level and the continued implementation of cost improvement initiatives. Total production costs after deferred stripping costs, depreciation and amortisation were US\$979/ounce.

Capital expenditure for the quarter at Chatree was A\$1.1 million, with an additional A\$5.2 million on TSF#2.

CHALLENGER GOLD MINE, SOUTH AUSTRALIA

Challenger had a very strong quarter with gold production of 22,415 ounces (19,909 ounces) as operations continued to focus on Challenger West. The head grade of 5.33g/t was marginally lower than the previous quarter (5.66g/t) however throughput was higher due to the current operating schedule and the availability of stockpile ore. The higher throughput was achieved despite a major planned maintenance shutdown for a complete re-line of the primary mill and an unplanned stoppage due to the failure of the primary mill motor.

Total operating cash costs of US\$1,009/ounce (including US\$51/ounce royalty) were 13.6% lower than the September quarter (US\$1,168/ounce). Note that operating costs at Challenger continue to include all mine development expenditure for the site (i.e. no mine development costs are being capitalised).

DEVELOPMENT PROJECTS

NUEVA ESPERANZA SILVER/GOLD PROJECT

In the December quarter, work streams primarily focused on drilling gold-rich targets mainly to the west of the Chimberos Pit.

The strong and consistent drilling results are expected to significantly expand the gold resource base of the project with a large number of intercepts with exceptional gold and silver mineralisation to the west of the existing Chimberos Pit, now called Chimberos West. The new mineralisation extends for over 300 metres outside the current resource boundary and remains open at depth and along strike.

Mineralisation occurs in a series of zones of intensely silicified breccia, which is likely to be coming off feeder structures. The following high grade (>3.5 g/t AuEq60) intercepts highlight the intense nature of the mineralisation:

- 100m @ 1.96g/t gold & 152g/t silver (4.5g/t AuEq60) from 92 metres, including 34m @ 3.92g/t gold & 332g/t silver (9.5g/t AuEq60) from 126 metres in ECHR-55; and,
- 48m @ 7.65g/t gold & 94g/t silver (9.2g/t AuEq60) from 142 metres in ECHR-47.

Total feasibility and assessment expenditure for the quarter was A\$3.1 million including scheduled royalty and related payments to previous owners.

BOWDENS PROJECT, NEW SOUTH WALES

During the quarter, work continued to focus on studies required for the Environmental Impact Statement (EIS).

Total project expenditure for the quarter at Bowdens was A\$0.6 million which was predominantly incurred on the EIS.

EXPLORATION

During the quarter, resource drilling at Chatree targeted areas of inferred mineralisation adjacent to the existing pits. Significant assay results include 23m @ 4.45g/t gold from 23 metres and 8m @ 1.52g/t gold from 98 metres in hole 07617RC on the western side of A Pit. In addition, hole 07619RC tested a possible extension to high grade gold mineralisation directly east of A Pit. This drilling successfully intersected a high grade quartz reef with assay results of 12m @ 7.59g/t gold from 163 metres, including 8m @ 11.2g/t gold.

At Sayabouly in Lao PDR, exploration activities during the quarter were on hold during the wet season. Reconnaissance aircore drilling and additional trenches commenced in early January.

Total regional exploration expenditure for the Group over the quarter was A\$0.6 million.

CORPORATE

At the end of December, cash and bullion/doré totalled A\$84.4 million, comprising cash of A\$76.3 million and bullion/doré of A\$8.1 million.

Following a repayment of A\$5 million off its corporate facility and approximately US\$6 million off its Akara loan, Kingsgate had A\$25 million outstanding under its corporate debt facility and approximately US\$92 million outstanding under the Akara loan facility.

Chatree Temporary Suspension

Chatree was issued with a temporary suspension notice for up to 30 days by the Department of Primary Industry and Mining (DPIM), Thailand. Due to the uncertainty of the implications of the shutdown of the operation and the timing of the re-start, the Kingsgate Board requested voluntary suspension of trading in Kingsgate shares on the ASX.

The temporary closure of Chatree was ordered following unsubstantiated claims that slightly elevated levels of arsenic and manganese that were found in some local inhabitants living in the region during regular health checks, were attributable to the mining operation at Chatree.

The elevated levels were first discovered by Akara in 2013 during their regular testing program undertaken as part of its licence conditions. An internationally recognised environmental specialist was commissioned in early 2014 to undertake an investigation into the cause and found that the Chatree Mining Operation **was not the source of the elevated arsenic or manganese** within the surrounding district. The Chatree Processing Plant **does not use arsenic or manganese and nor are they stored on the site.**

Chatree has a proud history of operating one of the world's best and safest mines since its opening in 2001. Chatree takes the health of local people, employees and the environment very seriously. Throughout 14 years of operation, the Company has always strictly followed the mining laws and regulations of Thailand which match or exceed international standards.

Last year, 598 employees were tested, including contractors, for a number of compounds including arsenic and manganese, and they were all well below World Health Organisation (WHO) thresholds.

Despite this excellent health and safety record, Chatree is being subjected to false claims being made by a small group of anti-mining individuals led by a disaffected former employee whose many previous claims against Chatree have proven to be false.

Naturally occurring arsenic is found in elevated levels in many parts of Thailand and these occurrences are shown in maps produced by the Department of Primary Industries and Mining (DPIM).

In fact, manganese and arsenic can be naturally found in ground water, rock, insecticide, fertiliser, green vegetables and other sources - and lifestyle factors play a role too with some of these elements occurring in foodstuffs.

At the request of the DPIM, additional testing has been undertaken in the last few weeks. Throughout this process, independent international and Thai scientific experts have concluded, once again, that the Chatree Mine is not the source of the slightly elevated arsenic and manganese in some of the local inhabitants.

The results and conclusion of this report are to be presented to the Director General of DPIM early next week and we will await the Director General's response.

OUTLOOK

At the current time, the guidance for Group gold production for the 2015 financial year remains between 195,000 and 215,000 ounces including 130,000 to 140,000 ounces from Chatree and 65,000 to 75,000 ounces from Challenger.

Kingsgate is focused on continuous improvement and operating efficiencies that couple with ongoing cost saving initiatives in order to maximise shareholder returns in the current volatile operating environment for gold producers.

OPERATIONAL PERFORMANCE

| | | December Quarter 2014 | | | September Quarter 2014 | | | Financial Year to Date FY2015 | | |
|----------------------------------------------------|---------|-----------------------|--------------------------|--------------|------------------------|--------------------------|--------------|-------------------------------|--------------------------|--------------|
| | | Chatree | Challenger | Consolidated | Chatree | Challenger | Consolidated | Chatree | Challenger | Consolidated |
| Production Summary | | | | | | | | | | |
| Ore Mined | BCM's | 597,501 | | | 536,169 | | | 1,133,670 | | |
| Waste Mined | BCM's | 156,182 | | | 141,346 | | | 297,528 | | |
| Waste to Ore Ratio | | 0.3 : 1 | | | 0.3 : 1 | | | 0.3 : 1 | | |
| Ore Mined | tonnes | 1,569,186 | 127,720 | - | 1,384,568 | 121,243 | - | 2,953,754 | 248,963 | - |
| Ore Treated | tonnes | 1,521,957 | 133,805 | - | 1,546,921 | 114,930 | - | 3,068,878 | 248,735 | - |
| Head Grade - Gold | Au g/t | 1.01 | 5.33 | - | 0.81 | 5.66 | - | 0.91 | 5.49 | - |
| Head Grade - Silver | Ag g/t | 13.6 | - | - | 13.7 | - | - | 13.6 | - | - |
| Gold Recovery | % | 83.3 | 96.5 | - | 78.9 | 96.4 | - | 81.1 | 96.4 | - |
| Silver Recovery | % | 40.0 | - | - | 36.0 | - | - | 38.2 | - | - |
| Gold Poured | ounces | 39,134 | 22,415 | 61,549 | 33,648 | 19,909 | 53,557 | 72,782 | 42,324 | 115,106 |
| Silver Poured | ounces | 257,623 | 480 | 258,103 | 259,141 | 361 | 259,502 | 516,764 | 841 | 517,605 |
| Financial Summary | | | | | | | | | | |
| Cost Summary | | | | | | | | | | |
| Mining Cost | US\$/oz | 186 | 636 | 350 | 210 | 799 | 429 | 197 | 712 | 387 |
| Milling Cost | US\$/oz | 347 | 187 | 289 | 411 | 241 | 347 | 376 | 212 | 316 |
| Administration & Other | US\$/oz | 45 | 106 | 68 | 63 | 123 | 85 | 53 | 114 | 76 |
| Inventory Adjustments | US\$/oz | 69 | 29 | 54 | 92 | (42) | 43 | 81 | (4) | 49 |
| By-Product Credit* | US\$/oz | (106) | - | (67) | (121) | - | (76) | (113) | - | (72) |
| Cash Operating Cost | US\$/oz | 541 | 958 | 694 | 655 | 1,121 | 828 | 594 | 1,034 | 756 |
| Gold Royalty | US\$/oz | 102 | 51 | 83 | 96 | 47 | 78 | 99 | 49 | 81 |
| Total Cash Cost | US\$/oz | 643 | 1,009[^] | 777 | 751 | 1,168[^] | 906 | 693 | 1,083[^] | 837 |
| Depreciation & Amortisation - Operating | US\$/oz | 298 | 67 | 214 | 247 | 72 | 182 | 274 | 70 | 199 |
| Depreciation & Amortisation - Deferred Stripping** | US\$/oz | 38 | - | 24 | 30 | - | 19 | 34 | - | 22 |
| Total Production Cost | US\$/oz | 979 | 1,076 | 1,015 | 1,028 | 1,240 | 1,107 | 1,001 | 1,153 | 1,058 |
| Total Cash Cost per Tonne of Ore Treated | US\$/t | 16.53 | 168.93 | - | 16.34 | 202.30 | - | 16.43 | 184.35 | - |
| Revenue Summary | | | | | | | | | | |
| Gold Sold | ounces | 42,649 | 24,668 | 67,317 | 29,799 | 19,401 | 49,200 | 72,448 | 44,069 | 116,517 |
| Silver Sold | ounces | 279,626 | 480 | 280,106 | 236,077 | 361 | 236,438 | 515,703 | 841 | 516,544 |
| Average Gold Price Received | US\$/oz | 1,202 | 1,210 | 1,205 | 1,274 | 1,284 | 1,278 | 1,231 | 1,242 | 1,236 |
| Average Silver Price Received | US\$/oz | 16.5 | 16.5 | 16.5 | 19.4 | 19.0 | 19.4 | 17.8 | 17.6 | 17.8 |
| Revenue from Metal Production | US\$m | 55.8 | 29.9 | 85.7 | 42.5 | 24.9 | 67.5 | 98.4 | 54.8 | 153.2 |
| Average Exchange Rate | \$/US\$ | | | 0.86 | | | 0.93 | | | 0.89 |

* Net of silver royalties. ^ Includes mine development costs. ** Change in Accounting Standard (IFRIC 20).

OPERATIONAL PERFORMANCE

CHATREE GOLD MINE, THAILAND

Mining in A Pit Stage 2 continued to advance to access higher grade areas with total ore mined for the quarter of 1,569,186 tonnes at a strip ratio of 0.3:1 (previous quarter 0.3:1). The previously implemented Blast Monitoring Technology continued to provide positive results in minimising ore loss and dilution.

Total mine production, ex-pit, was 9% below budget as a result of constrained working areas.

TSF#2 Stage 4 lift commenced in the quarter and is currently 4% ahead of schedule. The basework for Stage 5 also commenced.

The Process Plant treated 1,521,957 tonnes of ore at an average plant head grade of 1.01 g/t gold to produce 39,134 ounces of gold. Silver production was 257,623 ounces. Gold recovery of 83.3% was higher than the September quarter of 78.9%.

Increased recovery in the December quarter was a result of a higher head grade and slightly lower tail grade. Recovery improvement was achieved by increased focus on better carbon management and water dilution control in the CIL circuits to maximise the leach and adsorption time.

Stockpiled ore at close of quarter was 9,541,586t at 0.52g/t containing 158,484 ounces of gold.

Resource Development Drilling

Resource drilling continued during the Quarter targeting Inferred Resources that lie in close proximity to existing pit designs. Any significant drilling results would potentially have a positive impact on the pit designs and future reserves due to the enhancement of the Mineral Resource category from Inferred to Indicated (Resource Conversion Drilling). Significant assay results from this drilling during the quarter included 23m @ 4.45g/t Au from 23 metres and 8m @ 1.52g/t Au from 98 metres from the same hole on the western side of A Pit. Drilling on the eastern side of D Prospect also returned shallow, partially oxidised gold intercepts including 10m @ 1.96g/t Au from 75 metres which may indicate additional oxide mineralisation in the D area.

In addition, hole 07619RC tested a possible extension to high grade gold mineralisation directly east of the A Pit design in an area known as A East 2. This drilling successfully crossed a high grade quartz reef with an intersection of 12m @ 7.59g/t Au from 163 metres (including 8m @ 11.2g/t Au).

Safety, Environment and Community

There were no lost time injuries during the quarter. The current Lost Time Injury Frequency Rate (LTIFR) is currently 0.10.

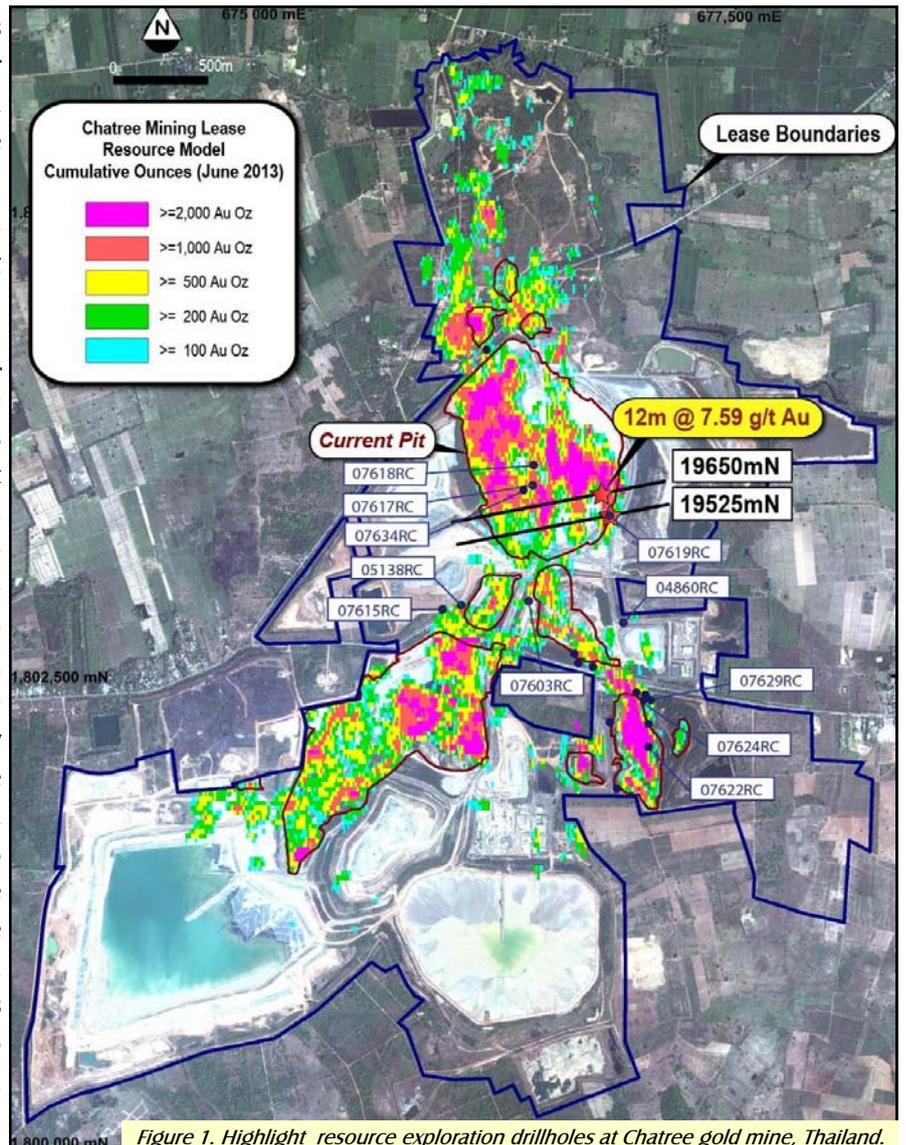


Figure 1. Highlight resource exploration drillholes at Chatree gold mine, Thailand.

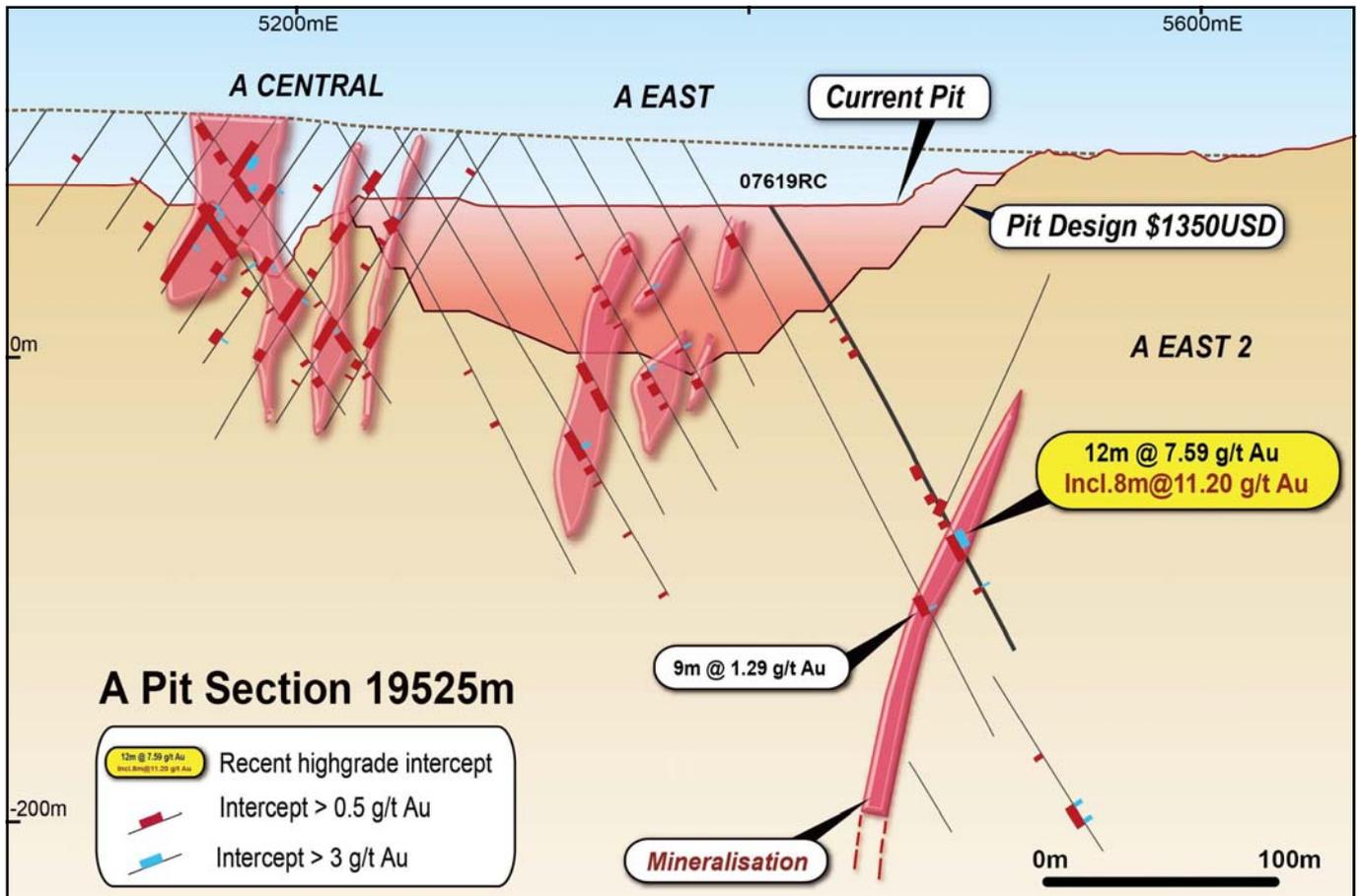


Figure 2. September 2014 drilling in A East 2 mineralisation, Chatree, Thailand.

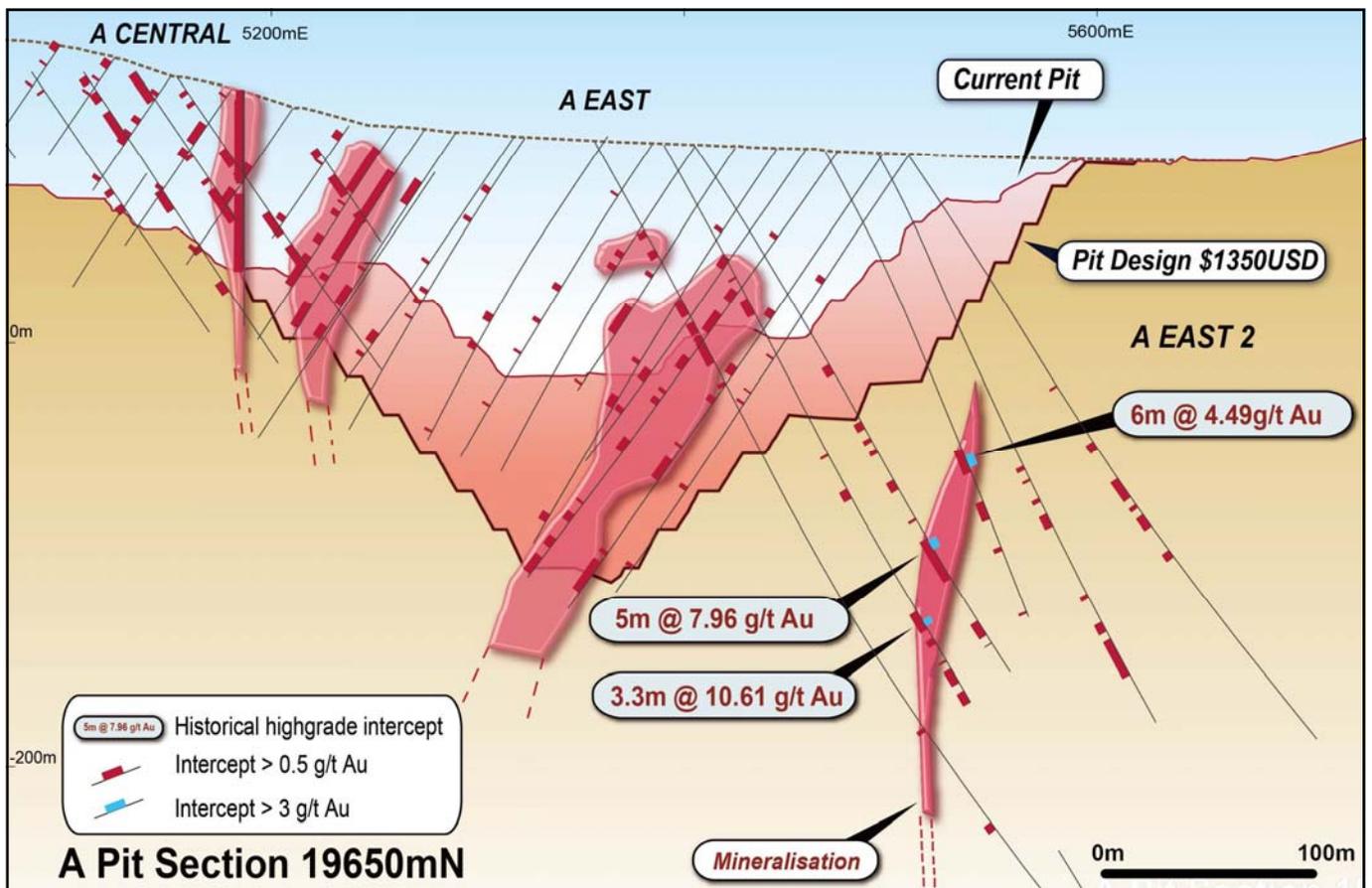


Figure 3. High-grade gold intercepts from previous drilling in A East 2 - 125 metres north of recent highlight drillhole 07619RC, Chatree, Thailand.

CHALLENGER GOLD MINE

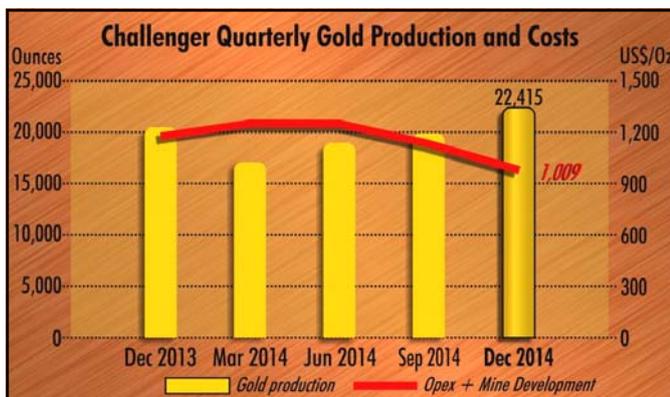
During the quarter mining continued to focus on Challenger West with gold production of 22,415 ounces. Ore mined and processed was higher than the previous quarter with the operating schedule delivering higher grade stope and development ore. The head grade of 5.33g/t was lower than the previous quarter (5.66g/t) with development ore representing 28% of the ounces mined and stope ore representing 72% of ounces mined. The grade of the stope ore was above budget due to lower than expected dilution.

The current mine plan at Challenger is under review following an increase in the Challenger reserve base to 160,000 ounces as at the end of June 2014. Further extensions to the mine life are dependent on the successful conversion to reserves from on-going drilling and development within the extensive resource envelope at Challenger West (640Koz at 30 June 2014).

Mining continues to focus on initiatives to minimise dilution from both stoping and development.

Total operating costs for the quarter, inclusive of both operating, mine development and royalty, were US\$1,009/ounce (including US\$51/ounce royalty).

The mining contractor, Byrnescut, continued their strong operating performance with further productivity improvements remaining an important focus.



The underground development advance was lower than last quarter's excellent result but above budget rates and confirms the sustained improvement in jumbo availability and utilisation. A total of 1,710 metres of development was achieved for the quarter. Ore mined for the quarter totalled 127,720 tonnes.

Processing

The process plant treated 133,805 tonnes of ore at an average gold grade of 5.33g/t. The higher throughput was achieved despite both planned and un-planned maintenance downtime. This included a major shutdown for a full reline of the primary mill and an unplanned stoppage due to the failure and subsequent replacement of the primary mill motor. Metallurgical recovery has remained above budget at 96.5%.

Resource Development Drilling

A total of 6,770 metres of underground development and exploration diamond drilling was completed. The drilling targeted Challenger West and the Challenger North West corridor.

Exploration

A total of 3,672 metres of RC Drilling was conducted at the beginning of the quarter to complete the program targeting potential extensions to the 'Challenger Matrix' lode model. Although logging identified encouraging "Challenger Style" vein quartz-feldspar with cordierite ± sulphides in some holes, no significant intersections were recorded.

Safety, Environment and Community

During the quarter two Lost Time Injuries (LTI's) and one Restricted Work Injury were recorded at Challenger with the site 10 days LTI free as at 31 December 2014.



NUEVA ESPERANZA PROJECT

In the December quarter, work streams primarily focused on drilling gold rich targets mainly to the west of the Chimberos Pit. The strong and consistent drilling results are expected to significantly expand the gold resource base of the project with a large number of intercepts intersecting exceptional gold and silver mineralisation to the west of the existing Chimberos Pit, in an area now called Chimberos West.

Mineralisation occurs in a series of zones of intensely silicified breccia, which is likely to be coming off feeder structures. The following high grade (>3.5 g/t Au EQ60) intercepts highlight the intense nature of the mineralisation. To date, 9,120 metres have been drilled in 41 holes, supported by a program of high-resolution ground magnetics and induced polarisation/resistivity.

Mineralisation remains open at depth and laterally and geological interpretation shows well defined structural control, which can now be used to target extensions to this highly prospective area. The new mineralisation extends for over 300 metres outside the current resource boundary.

Drilling at Chimberos West

Drilling and geophysics have shown that the geology of Chimberos West is an extension of that observed in the Chimberos pit. Gold and silver mineralisation is predominantly hosted by silicified hydrothermal breccias, which include east-west trending, north dipping breccia lenses that appear to be extensions of the mineralisation in the Chimberos pit, and semi-vertical breccia pipes associated with the Potosi Fault (Figure 4).

The latest significant results include:

- **48m @ 7.65g/t gold & 94g/t silver (9.2g/t AuEq60)** from 142 metres, including 4m @ 38.24g/t gold & 76g/t silver (39.5g/t AuEq60) from 159 metres in ECHR-47;
- **25m @ 1.07g/t gold and 317g/t silver (6.3g/t AuEq60)** from 99 metres; including 3m @ 1.25g/t gold & 2,187g/t silver (37.7g/t AuEq60) from 118 metres in ECHR-47;
- **100m @ 1.96g/t gold & 152g/t silver (4.5g/t AuEq60)** from 92 metres in ECHR-55, including 34m @ 3.92g/t gold & 332g/t silver (9.5g/t AuEq60) from 126 metres, including 6m @ 5.28g/t gold & 1,157g/t silver (25.1g/t AuEq60) from 142 metres;
- **17m @ 4.55g/t gold & 72g/t silver (5.8g/t AuEq60)** from 129 metres in ECHR-38;
- **24m @ 2.98g/t gold & 45g/t silver (3.7g/t AuEq60)** from 202 metres in ECHR-52;
- **12m @ 2.40 g/t gold & 47 g/t silver (3.2g/t AuEq60)** from 135 metres in ECHR-48;
- **10m @ 3.87g/t gold & 11g/t silver (4.0g/t AuEq60)** from 230 metres in ECHR-53; and,
- **5m @ 7.38g/t gold & 26g/t silver (7.8g/t AuEq60)** from 229 metres in ECHR-54.

Current exploration drilling on the Chimberos West Prospect, Nueva Esperanza Silver-Gold Project, Chile



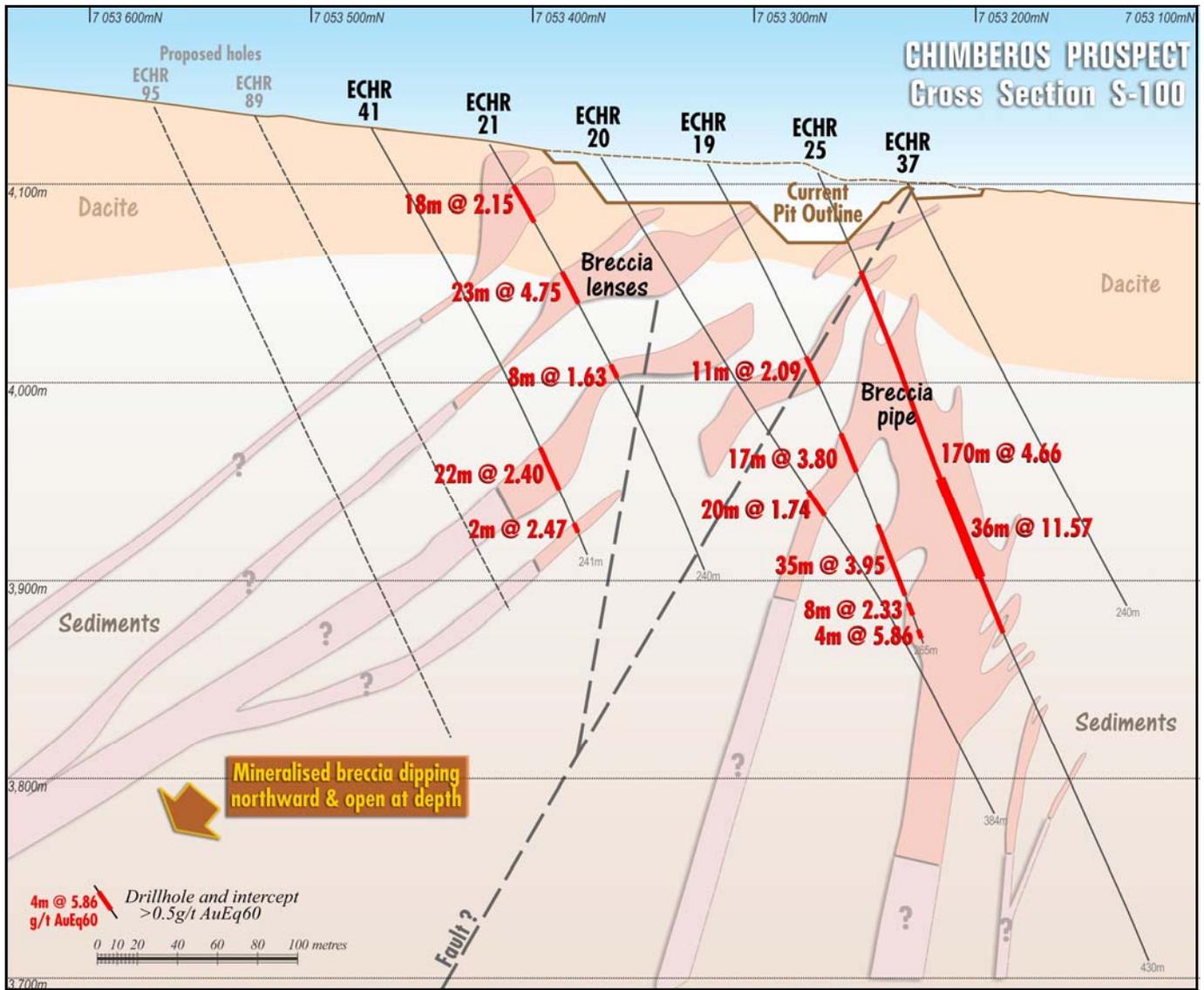


Figure 4. Section CH-SW-100 (Chimberos West) showing north dipping breccia lenses and breccia pipes (ECHR-25).



BOWDENS SILVER PROJECT

As a result of ongoing market volatility in the precious metals sector and a sustained period of a lower than anticipated silver price, Kingsgate has applied to the NSW Department of Planning and Infrastructure to have the Director-General's Requirements (DGR) for the Bowdens Silver Project reissued for a further two years. The DGR prescribe a comprehensive range of assessments spanning environmental, socio-economic and regional impact that mining companies must satisfy in order to lodge an Environmental Impact Statement (EIS) and ultimately have it approved to commence mining operations.

While Kingsgate is confident that a new set of DGR's will be issued 2015 is an election year for the NSW

Government with the election being held on 28 March 2015. This may delay the revised DGR approval as government-wide caretaker provisions will commence early February 2015. Kingsgate will also be identifying any surplus exploration licences in the region of the project that can be returned to the NSW Government in order to further minimise expenditure.

While there are no immediate risks to the status of the project Kingsgate plans to maintain community relations and engagement while the project is progressing at a reduced rate. The NSW Government has already given advice in this regard and measures are being put in place to comply with this request.

REGIONAL EXPLORATION

SAYABOULY PROJECT – LAO PDR

Exploration activities during the quarter were on hold during the wet season which continued into November.

The introduction of reconnaissance aircore drilling and additional trenches are planned to test for continuation of the veins either side of the existing trenches. An aircore drillrig has been mobilised to site and is expected to commence drilling in early January. To the south, trenching is also planned across the larger soil anomaly overlying the magnetic feature reported during the previous quarter. This anomaly has no outcrop exposed and the depth of weathering is unknown.



Picturesque fieldwork settings, Sayabouly Project, Lao PDR

CORPORATE

At the end of the December quarter, following debt repayments of a total of approximately A\$12 million, Kingsgate's cash and drawn debt facilities consisted of:

Cash and Bullion/doré

Cash and bullion/doré totalled A\$84.4 million (September quarter: A\$76.4 million), comprising cash of A\$76.3 million (A\$60.7 million) and bullion/doré of A\$8.1 million (A\$15.7 million).

Senior Corporate Facility

A\$25 million under the Senior Corporate Loan Facility which is:

- An Akara Resources PCL ("Akara") Pre-IPO Bond with a maturity date of 31 July 2015. Kingsgate's election repayment can be made either in cash or Kingsgate shares.

Multi-currency, Syndicated Loan Facility

Kingsgate's Thai operating subsidiary, Akara, has an amortising multi-currency loan facility with four years remaining. It is currently drawn to the equivalent of US\$92 million, following the commencement of quarterly repayments in November 2013.

Hedging

As at 31 December 2014, the Group has 27,900 ounces of gold sold forward at an average price of approximately A\$1,430/ounce. This is scheduled to be delivered over the March and June quarters as part of the mitigation of Australian gold price risk and is associated with forecast production from the Challenger Mine. In addition, there is a residual forward sale from the Dominion merger with 500 ounces at A\$1,163/ounce remaining.

ALL-IN SUSTAINING CASH COSTS - DECEMBER QUARTER 2014 (BASED ON GOLD SOLD)

| | | Chatree | Challenger | Group |
|--------------------------------------------------------|----------------|------------|------------------|------------|
| Adjusted Total Cash Cost ¹ (incl royalties) | US\$/oz | 660 | 995 ¹ | 783 |
| Sustaining Capex | US\$/oz | 122 | 3 | 78 |
| Exploration Expense | US\$/oz | - | - | - |
| Corporate and Administration Costs ² | US\$/oz | - | - | 35 |
| All-in Sustaining Cash Cost | US\$/oz | 782 | 998 | 896 |

Notes: ¹ Challenger Adjusted Cash Costs include underground mine development
² Corporate and Administration costs have been allocated 60% to the operating assets. This allocation may vary from quarter to quarter.
³ Adjusted operating costs are based on gold sales and include movements in gold inventory and stockpiles over the period.



A Pit Stage 2 cut, October 2014, Chatree, Thailand.

APPENDIX A

CHATREE RC DRILLING

SIGNIFICANT INTERCEPTS >0.5 GRAMS PER TONNE AU FOR >10 GRAM METRES - DECEMBER 2014 QUARTER

| Hole Number | Prospect | Easting | Northing | Azimuth | Dip | Hole Depth | From | To | Interval | Au | Ag | |
|-------------|----------|---------|----------|---------|-----|------------|-------|-----|----------|-------|-------|-------|
| | | m E | m N | (°) | (°) | (m) | (m) | (m) | (m)* | (g/t) | (g/t) | |
| 07603RC | Ke | 6,709 | 2,540 | 90 | -70 | 130 | 90 | 115 | 25.0 | 0.63 | 2.64 | |
| 07615RC | Kw | 6,282 | 2,529 | 85 | -55 | 270 | 207 | 219 | 12.0 | 2.22 | 24.25 | |
| | | | | | | | Incl. | 210 | 212 | 2.0 | 4.95 | 71.00 |
| | | | | | | | | 215 | 218 | 3.0 | 3.94 | 20.70 |
| 07617RC | A | 5,177 | 19,750 | 90 | -57 | 250 | 23 | 46 | 23.0 | 4.45 | 8.22 | |
| | | | | | | | Incl. | 23 | 27 | 4.0 | 21.3 | 22.75 |
| | | | | | | | | 98 | 106 | 8.0 | 1.52 | 4.75 |
| | | | | | | | Incl. | 98 | 100 | 2.0 | 4.11 | 6.00 |
| 07619RC | A | 5,409 | 19,514 | 90 | -57 | 220 | 163 | 175 | 12.0 | 7.59 | 64.58 | |
| | | | | | | | | 163 | 171 | 8.0 | 11.2 | 84.75 |
| 04860RC | Ke | 7,214 | 2,429 | 90 | -55 | 250 | 59 | 65 | 6.0 | 2.01 | 4.00 | |
| 05138RC | Kw | 6,365 | 2,541 | 90 | -55 | 250 | 238 | 245 | 7.0 | 1.67 | 2.57 | |
| 07622RC | D | 7,355 | 1,790 | 270 | -55 | 160 | 132 | 146 | 14.0 | 1.23 | 4.79 | |
| 07624RC | D | 7,331 | 2,040 | 90 | -55 | 150 | 103 | 109 | 6.0 | 3.03 | 3.50 | |
| 07629RC | D | 7,368 | 2,040 | 90 | -55 | 120 | 75 | 85 | 10.0 | 1.96 | 4.00 | |
| | | | | | | | Incl. | 78 | 80 | 2.0 | 6.45 | 8.00 |
| 07634RC | A | 5,110 | 19,748 | 90 | -50 | 222 | 187 | 190 | 3.0 | 3.92 | 5.67 | |



Activities at the "Knowledge Sharing Summer Camp" for young people, established by Akara Resources and run by Akara staff.

KINGSGATE CONSOLIDATED LIMITED

BOARD OF DIRECTORS

Ross Smyth-Kirk

Executive Chairman

Peter Alexander

Non-Executive Director

Peter McAleer

Non-Executive Director

Sharon Skeggs

Non-Executive Director (appointed 1 January 2015)

Peter Warren

Non-Executive Director

COMPANY SECRETARY

Paul Mason

SENIOR MANAGEMENT TEAM

Tim Benfield

Interim Chief Executive Officer

Ross Coyle

Chief Financial Officer

Joel Forwood

General Manager Corporate & Markets

Ron James

General Manager, Exploration & Resources Development

Pakorn Sukhum

Chief Executive Officer, Akara Resources PCL

REGISTERED OFFICE

Kingsgate Consolidated Limited

Suite 801, Level 8, 14 Martin Place

Sydney NSW 2000, Australia

Phone: (61 2) 8256 4800

Facsimile: (61 2) 8256 4810

Email: info@kingsgate.com.au

Website: www.kingsgate.com.au

EXCHANGE LISTING

ASX:KCN

ISSUED SHARE CAPITAL

Kingsgate has 223,584,937 ordinary shares on issue.

QUARTERLY SHARE PRICE ACTIVITY

| QUARTER | HIGH | LOW | LAST |
|----------------|---------|---------|---------|
| 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 |
| June 2012 | \$5.91 | \$4.85 | \$4.85 |
| September 2012 | \$6.09 | \$3.95 | \$6.04 |
| December 2012 | \$6.12 | \$4.36 | \$4.40 |
| March 2013 | \$5.06 | \$3.32 | \$3.89 |
| June 2013 | \$4.00 | \$1.265 | \$1.265 |
| September 2013 | \$2.81 | \$1.28 | \$1.695 |
| December 2013 | \$1.70 | \$0.875 | \$0.93 |
| March 2014 | \$1.545 | \$0.975 | \$1.00 |
| June 2014 | \$1.04 | \$0.715 | \$0.86 |
| September 2014 | \$0.975 | \$0.72 | \$0.72 |
| December 2014 | \$0.775 | \$0.62 | \$0.66 |

SHARE REGISTRY

Link Market Services Limited

Locked Bag A14, Sydney South, NSW 1235 Australia.

Phone: +61 1300 554 474 Facsimile: +61 2 9287 0303

Email: registrars@linkmarketservices.com.au

Website: www.linkmarketservices.com.au

Please direct all shareholding enquiries to the share registry.

COMPETENT PERSONS STATEMENTS

In this report, information concerning Thailand operations and Lao exploration relates to Exploration Results, Mineral Resources and Ore Reserve estimates based on and fairly represents information compiled by the following Competent Persons: Ron James, Brendan Bradley, Maria Munoz, Rob Kinnard and Suphanit Supphananthi who are employees of the Kingsgate Group. All except Brendan Bradley are members of The Australasian Institute of Mining and Metallurgy; Brendan Bradley is a member of the Australian Institute of Geoscientists. 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, 2012 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 and fairly represents information compiled by Stuart Hampton and Luke Phelps who are full-time employees of the Kingsgate Group. Stuart Hampton and Luke Phelps are members of The Australasian Institute of Mining and Metallurgy. 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Stuart Hampton and Luke Phelps 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 Nueva Esperanza Mineral Resource estimation is based on and fairly represents work completed by Jonathon Abbott who is a full-time employee of MPR Geological Consultants and a member of the Australasian Institute of Geoscientists. 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 2012 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 Nueva Esperanza is based on and fairly represent information compiled by Ron James, 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.