



**Kingsgate Consolidated Limited**

**Growing a Premier Mid-Tier Gold Miner  
in Asia/Pacific**



**Gavin Thomas**



**Sydney Mining Club  
July 2011**



# Disclaimer

## Forward Looking Statements:

*These materials include forward looking statements. Forward looking statements inherently involve subjective judgment & analysis & are subject to significant uncertainties, risks & contingencies, many of which are outside of the control of, & may be unknown to, the company.*

*Actual results and developments may vary materially from that expressed in these materials. The types of uncertainties which are relevant to the company may include, but are not limited to, commodity prices, political uncertainty, changes to the regulatory framework which applies to the business of the company & general economic conditions. Given these uncertainties, readers are cautioned not to place undue reliance on such forward looking statements.*

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# **Premier ASX Mid-Tier Gold Miner**



**Why Gold and silver**



**Production Growth**



**Diversified Production**



**Resource Growth**



**Strong Cashflow**



**Growth Opportunities**





# Why Gold ?



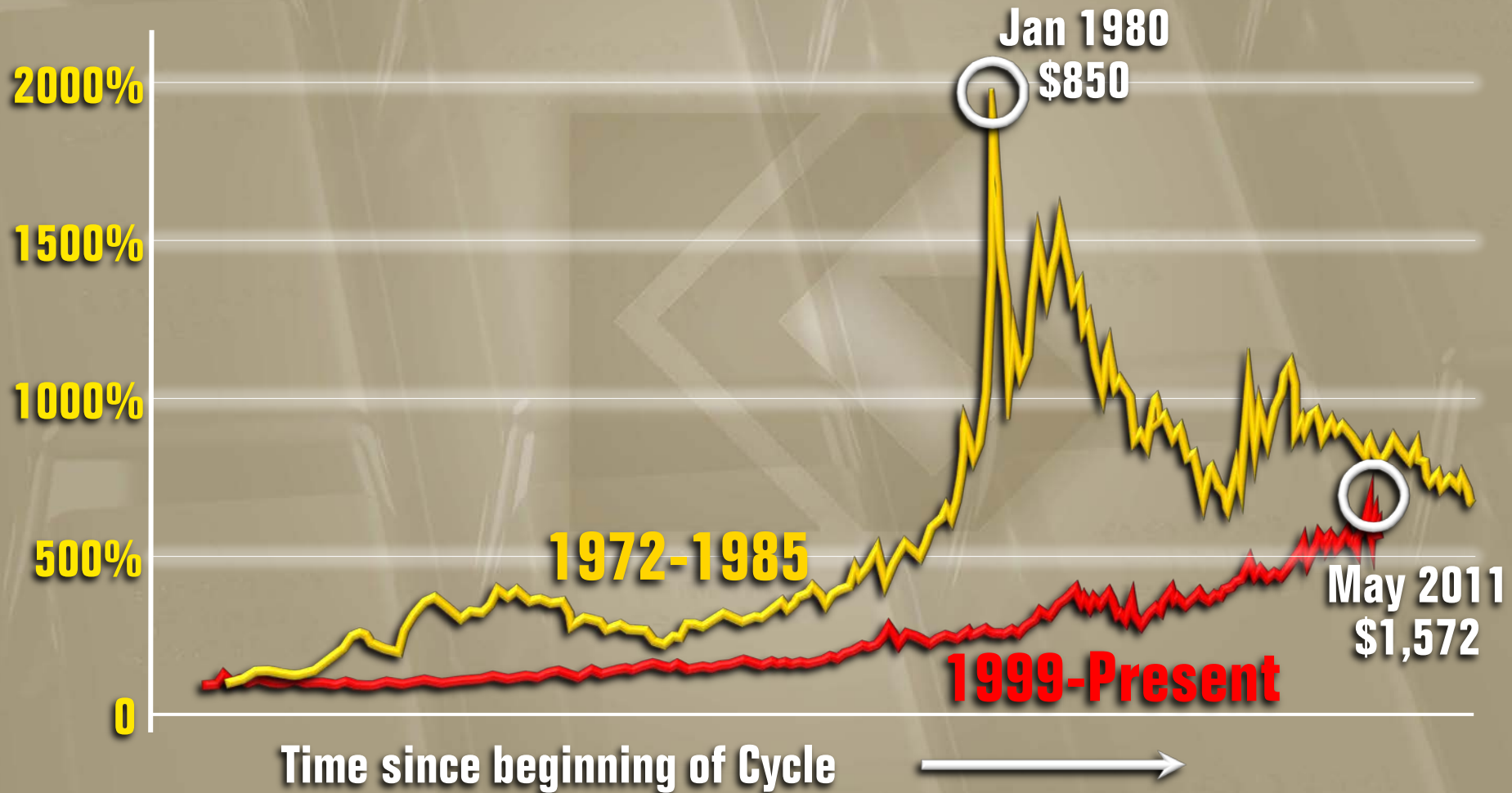
- **Flat/decreasing mine supply**
- **Growing physical demand**
  - **China**
  - **Central bank buying**
- **Growing investment demand**
  - **Inflation hedge**
  - **Currency protection**
  - **Safe haven/asset class**

(Source: Dr M Murenbeeld)



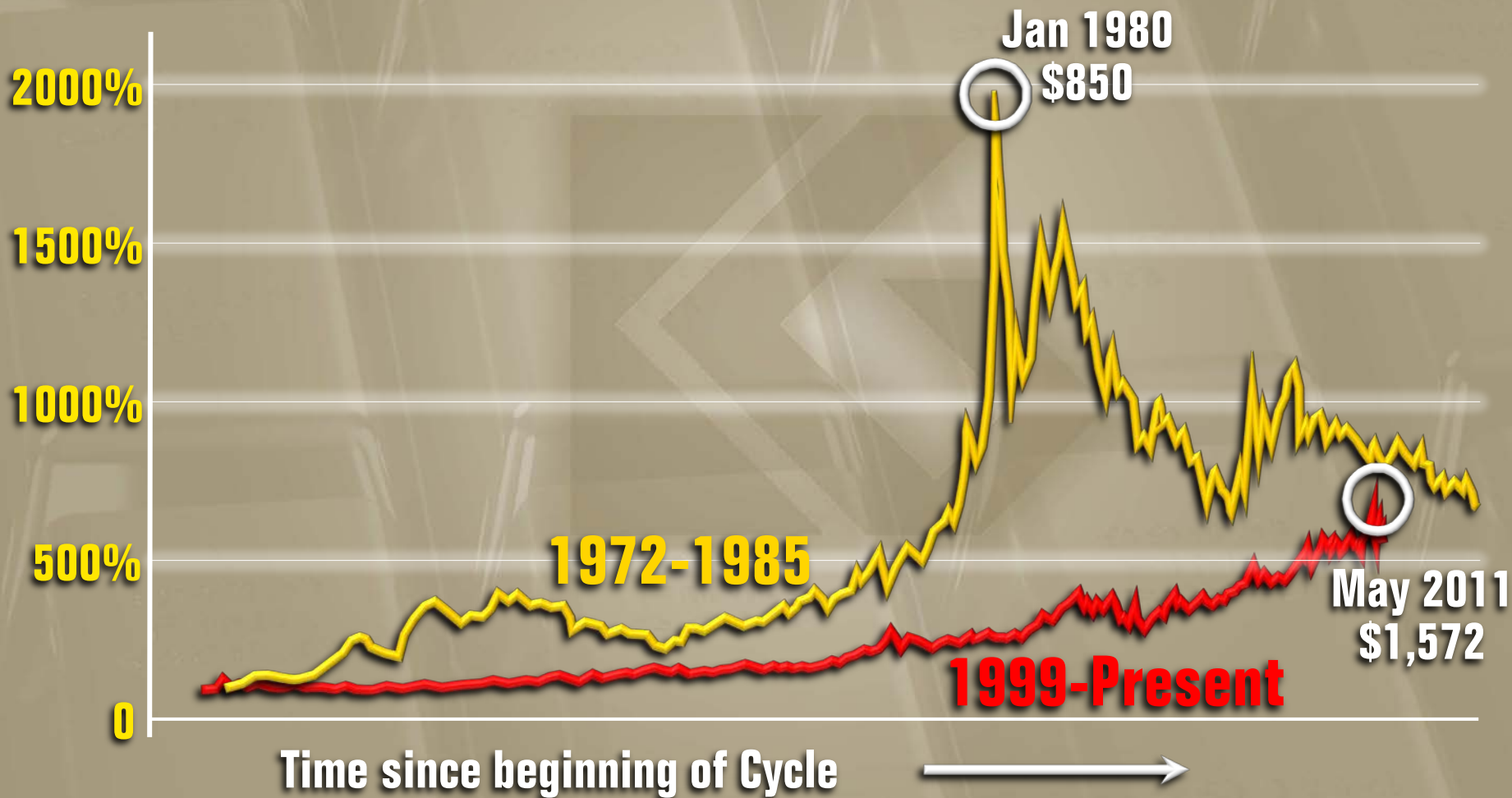
# Is This a Gold Bubble?

Relative Performance



# Is This a Gold Bubble? **No!**

Relative Performance



# Gold: Over Talked & Under Invested

## Global Market Size

- Bond Market : \$91,200 Bn
- Equity Market : \$41,500 Bn
- Total Gold Market : \$1,100 Bn

## Gold Market Investment Assets

- ETF's, coins & bars ~\$200 Bn
- China imported 200t of gold in Jan 11 (~50% of world production)

## Growing Inflation Fears

- Which currency do you invest in?
- If global inflation x2 bonds may fall >10%
- Hard assets & gold the only real currency

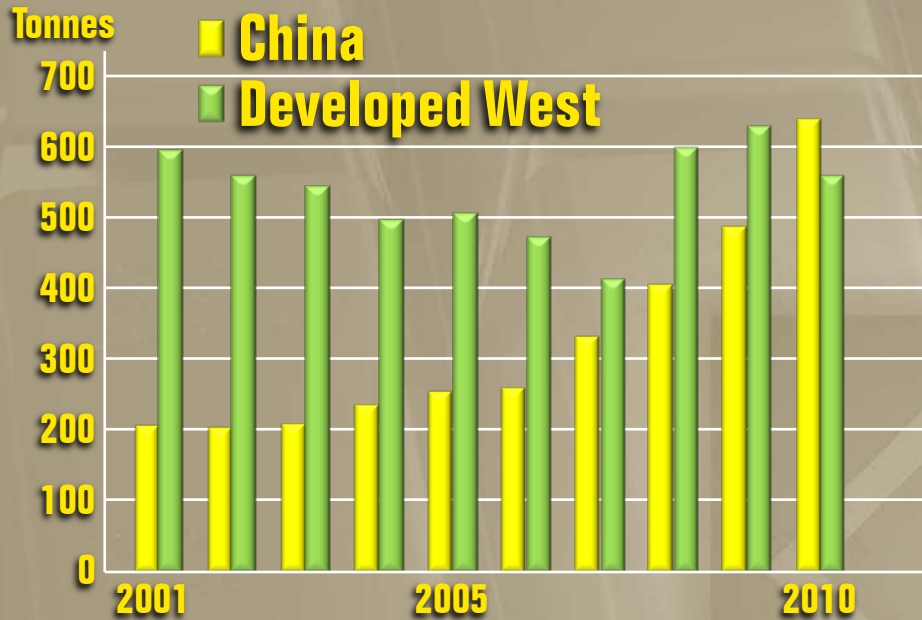
## Where to?

- A lot of talk for 2 years about this but no real investment – except China





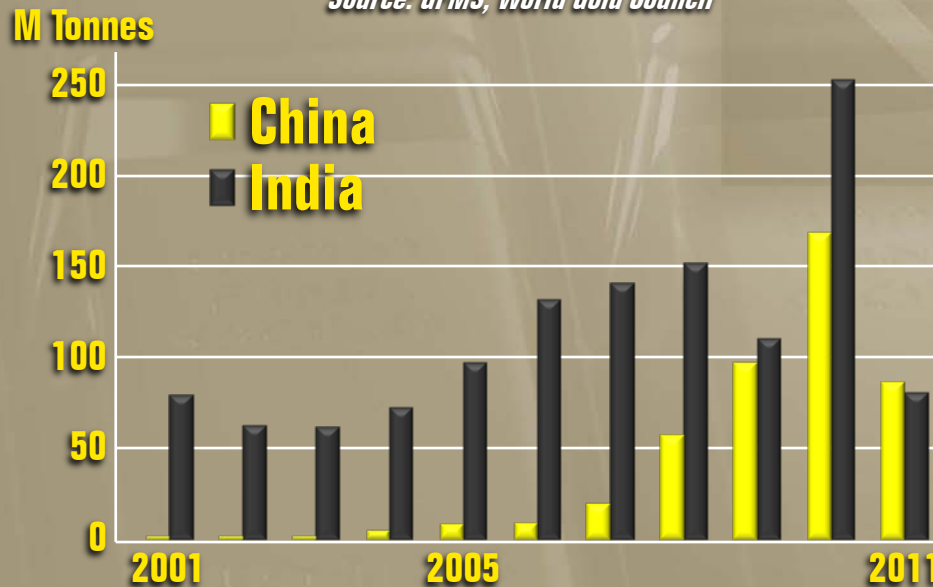
# Chinese Gold Demand



Source: GFMS, World Gold Council

## Total Gold Demand

- China Outstrips western world demand for the first time in 2010



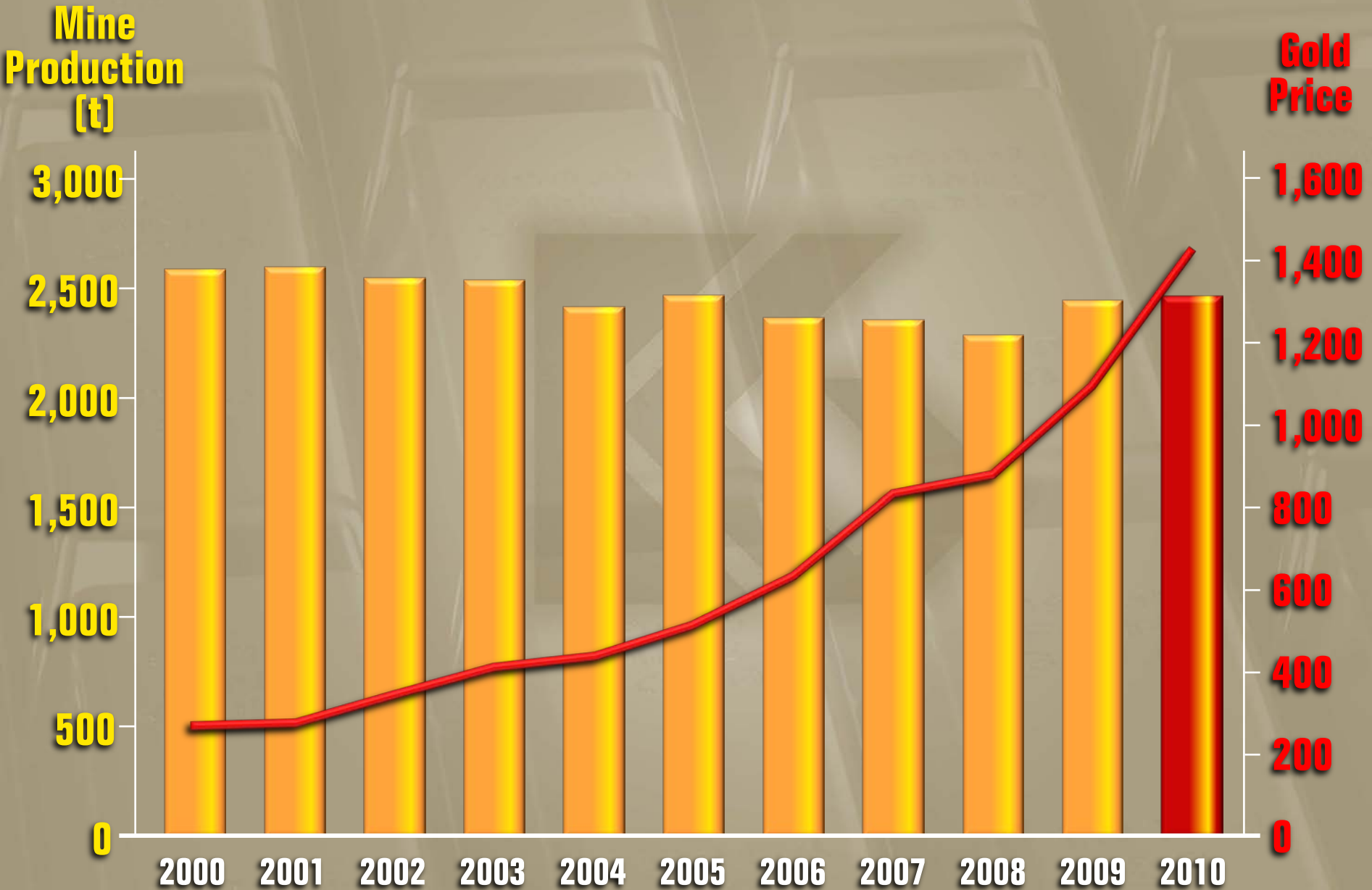
Source: GFMS

## Gold Investment Demand

- China catching up fast



# Global Gold Production



(Source: USGS)



# Gold Industry Discovery Profile

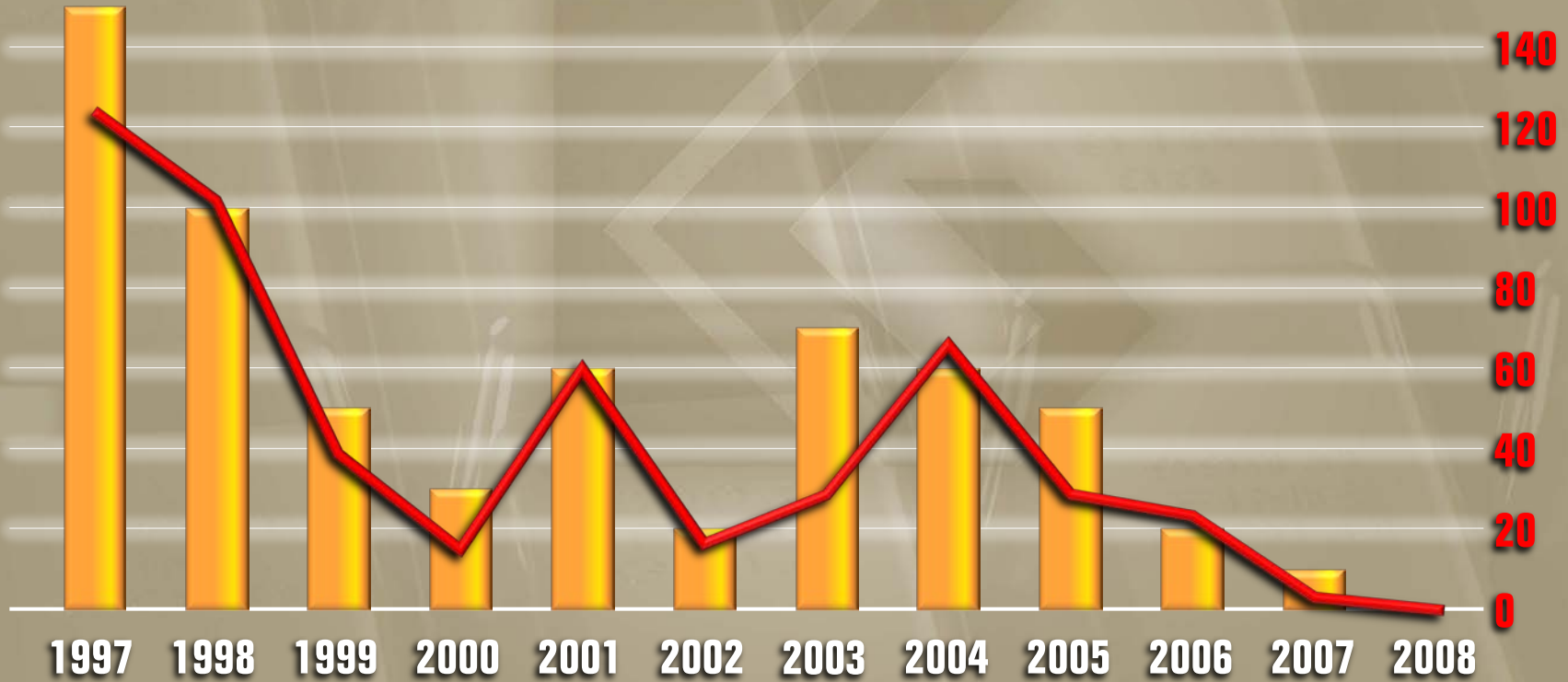
Number of Discoveries

Contained Gold (MOz)

16  
14  
12  
10  
8  
6  
4  
2  
0

160  
140  
120  
100  
80  
60  
40  
20  
0

1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008





# Why Silver ?

US\$

\$50

\$40

\$30

\$20

\$10

\$0

1971

1975

1980

1985

1990

1995

2000

2005

2010

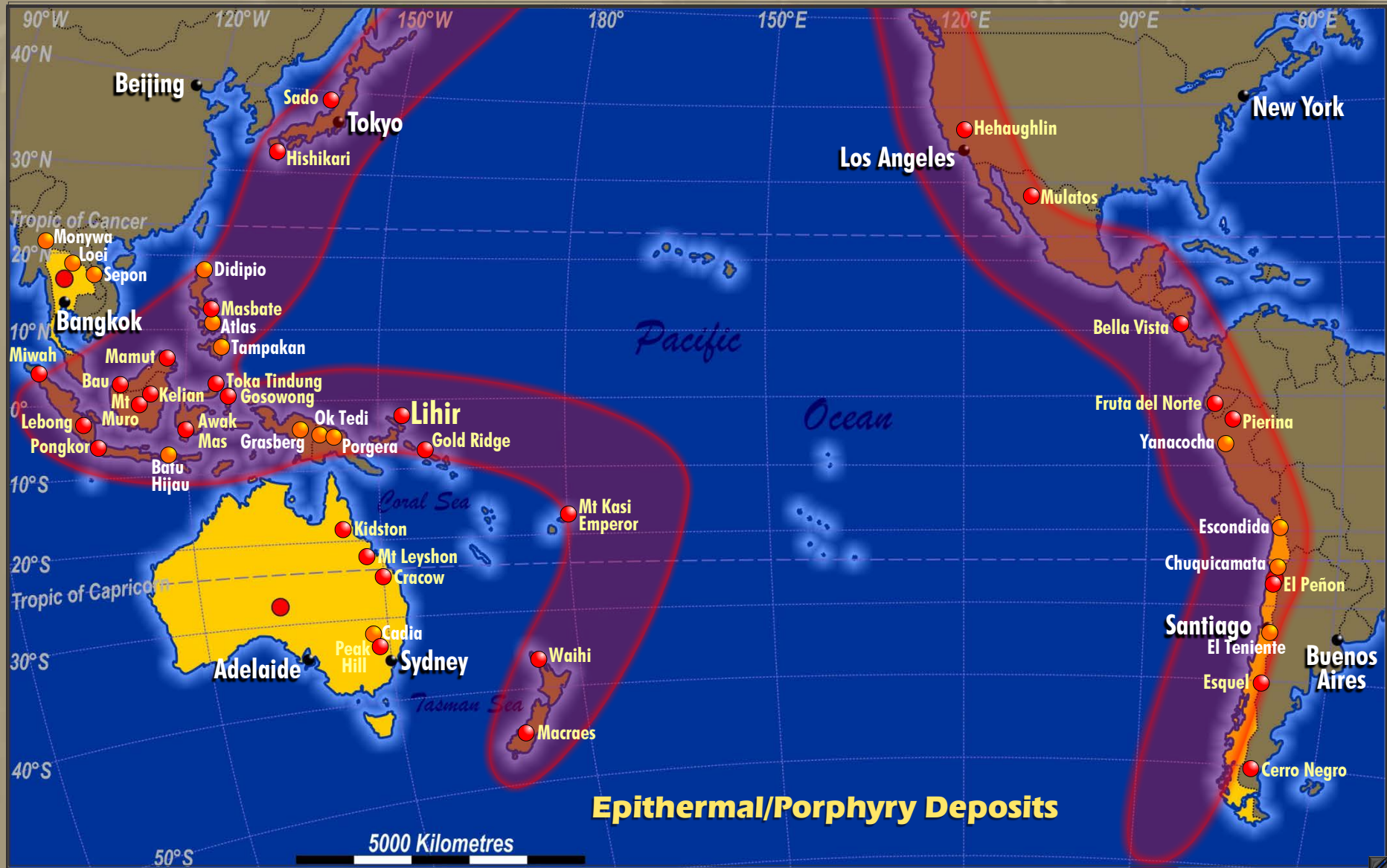
- **Silver is a unique precious metal**
  - High correlation to gold
  - Produced primarily as a by-product
- **Silver is a store of value**
  - Physical demand has risen significantly over the past few years
  - ETF demand continues at record levels
- **Silver is a versatile industrial metal**
  - New uses are being developed
  - Relied upon in advancement of developed and emerging economies

(Source: Silver I Wheaton)



# Pacific "Rim of Fire"

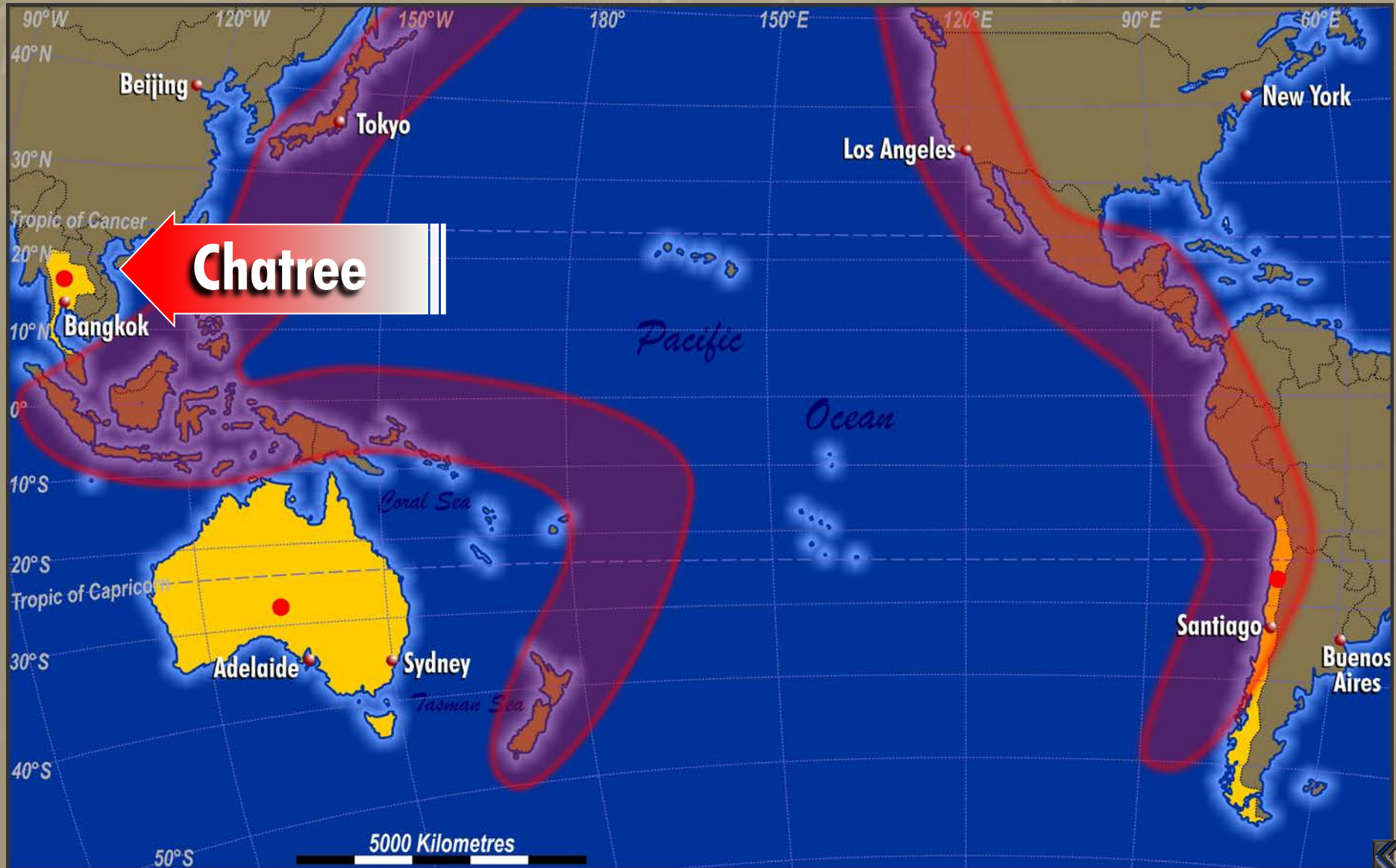
## The Golden Harvest





# Kingsgate Growth Strategy

## 2010 - One Mine One Country





# Thai Political Change

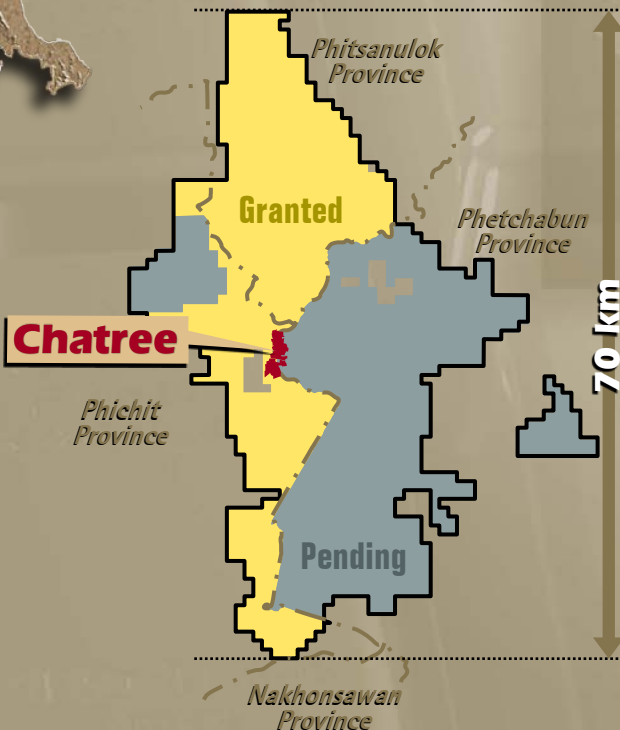


- Landmark victory by Puea Thai Party with 265 seats out of 500 seats
- Formed coalition to strengthen majority
- Led by Yingluck Shinawatra sister of former prime minister Thaksin Shinawatra
- Decisive victory should lead to a more politically stable Thailand
- Thai politics confined to Bangkok
- Chatree has not lost one day of production during six changes of Government and a military coup

# Chatree – Thai Gold Belt



**Thai Gold Belt**



**World Class Gold  
Province**

**First Mover  
Advantage**

**1,300 km<sup>2</sup> Tenement  
Package  
Multiple Targets**



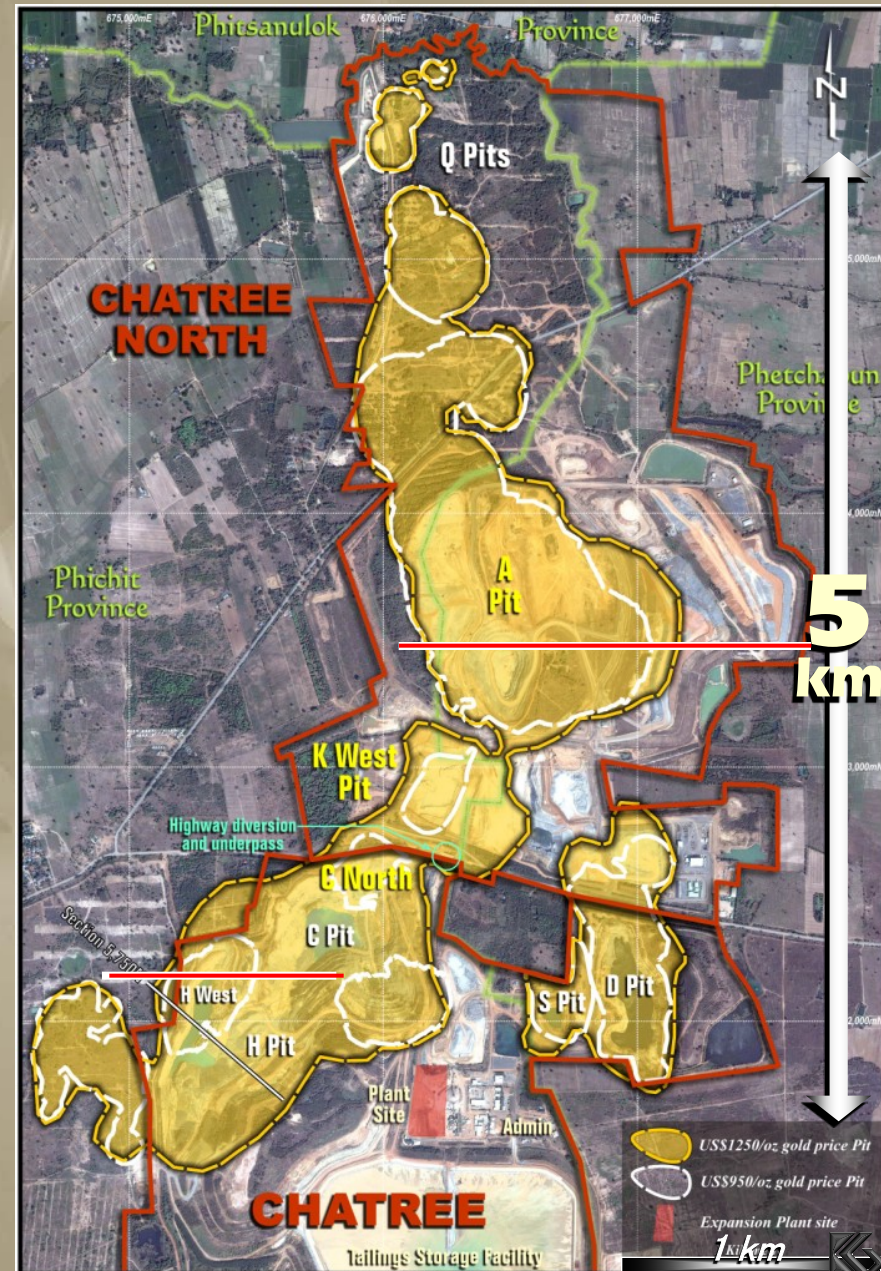
# Chatree - World Class Deposit

World Class Gold Deposits  
are +5 Moz

Chatree ~6Moz  
to date & growing  
including mined to date

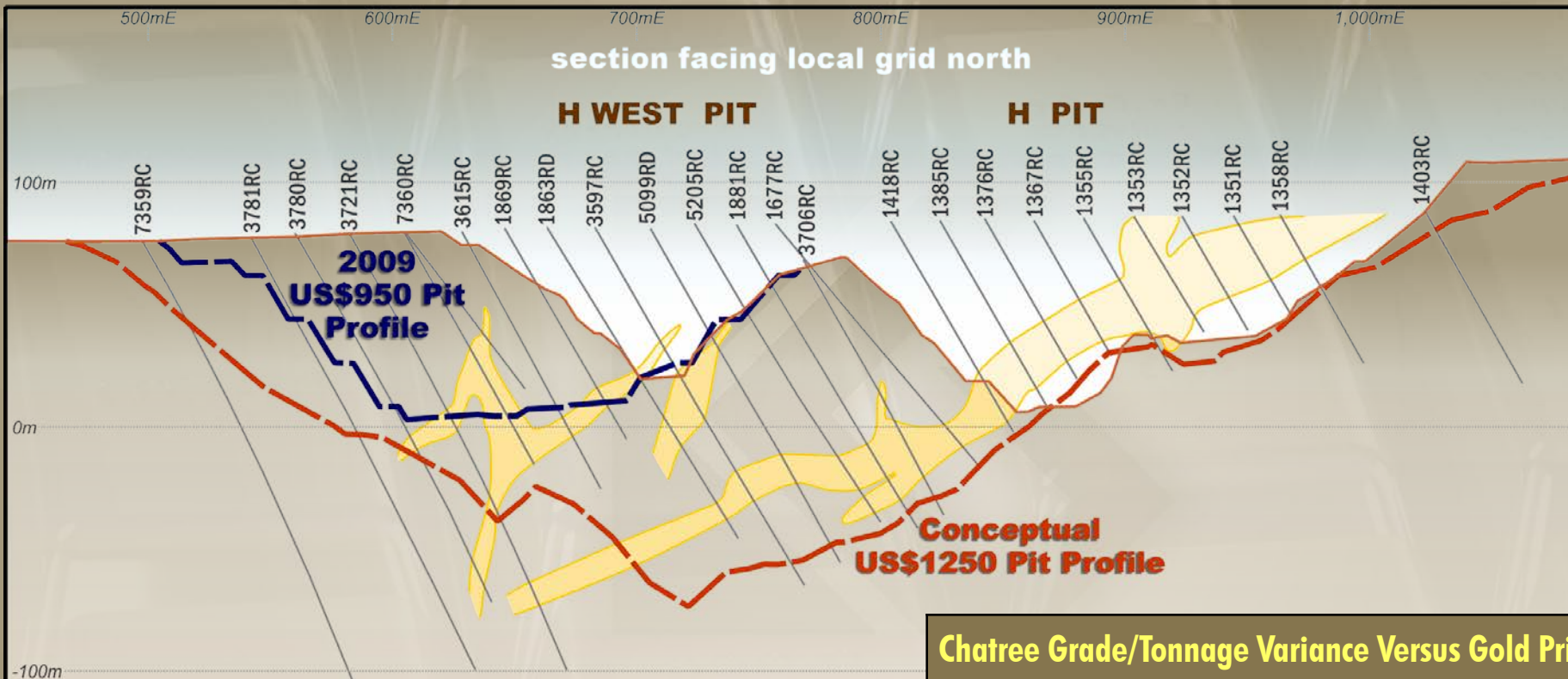
1.9 Moz Reserve  
4.3 Moz Resource\*

(\*As at 30 June 2010)





# Organic Growth - Expanding Pits



**Chatree Grade/Tonnage Variance Versus Gold Price\***

Gold Price (US\$)	Gold Grade (g/t)	Tonnes (Millions)	Contained Gold (Moz)
1050	0.98	71	2.2
1150	0.96	78	2.4
1250	0.85	100	2.7

Reference

-  Drillhole
-  Mineralised envelope, 0.4g/t Au

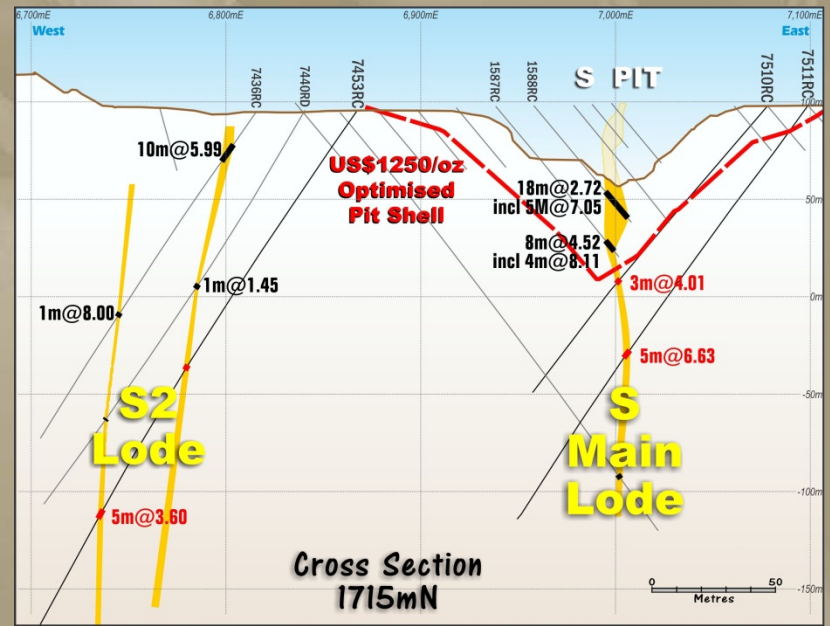
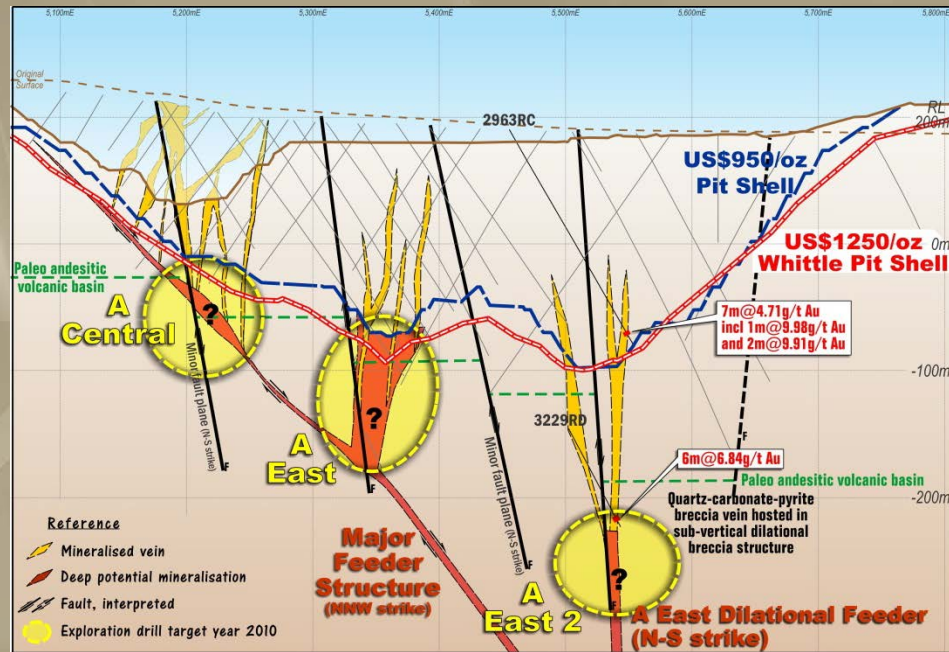
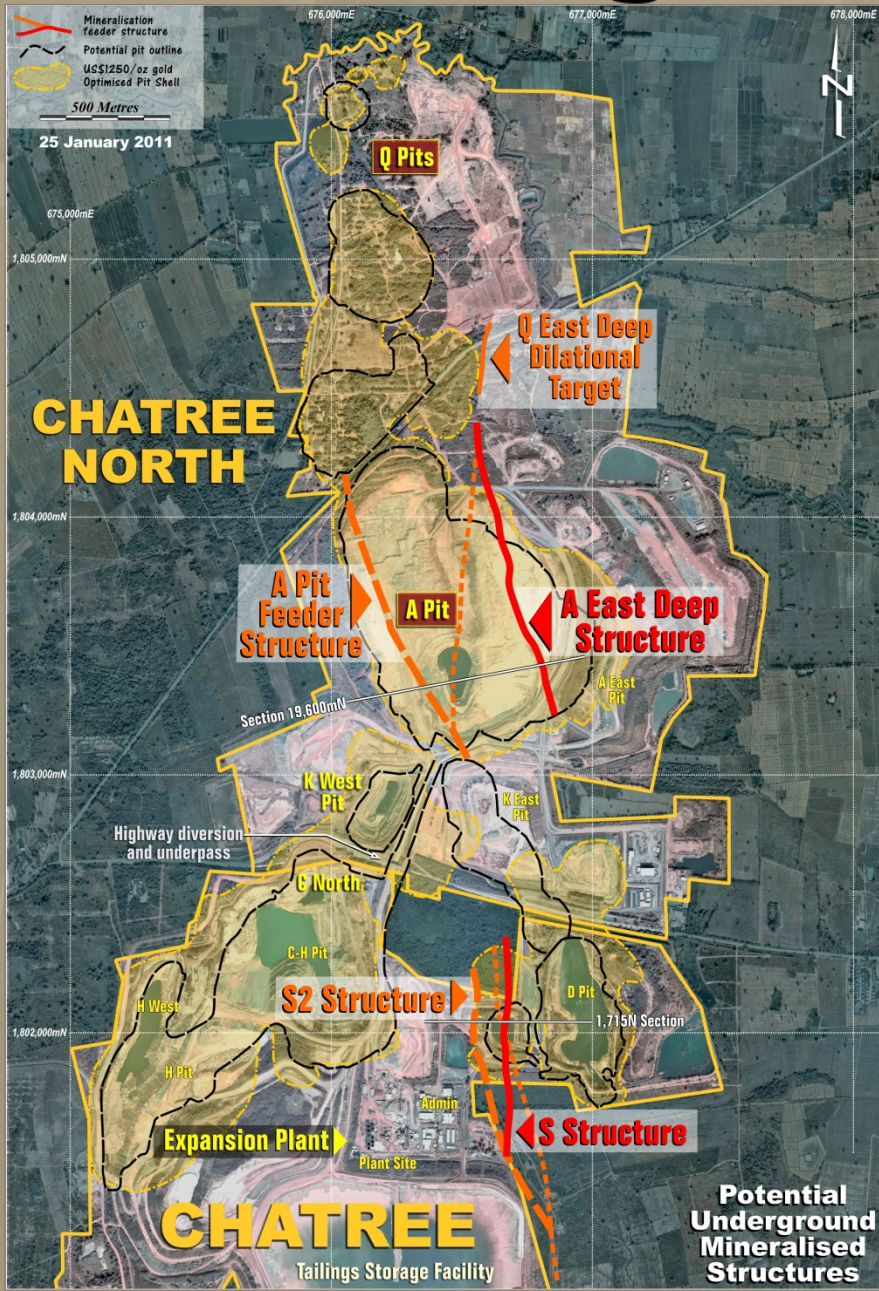


Cross Section 5750N



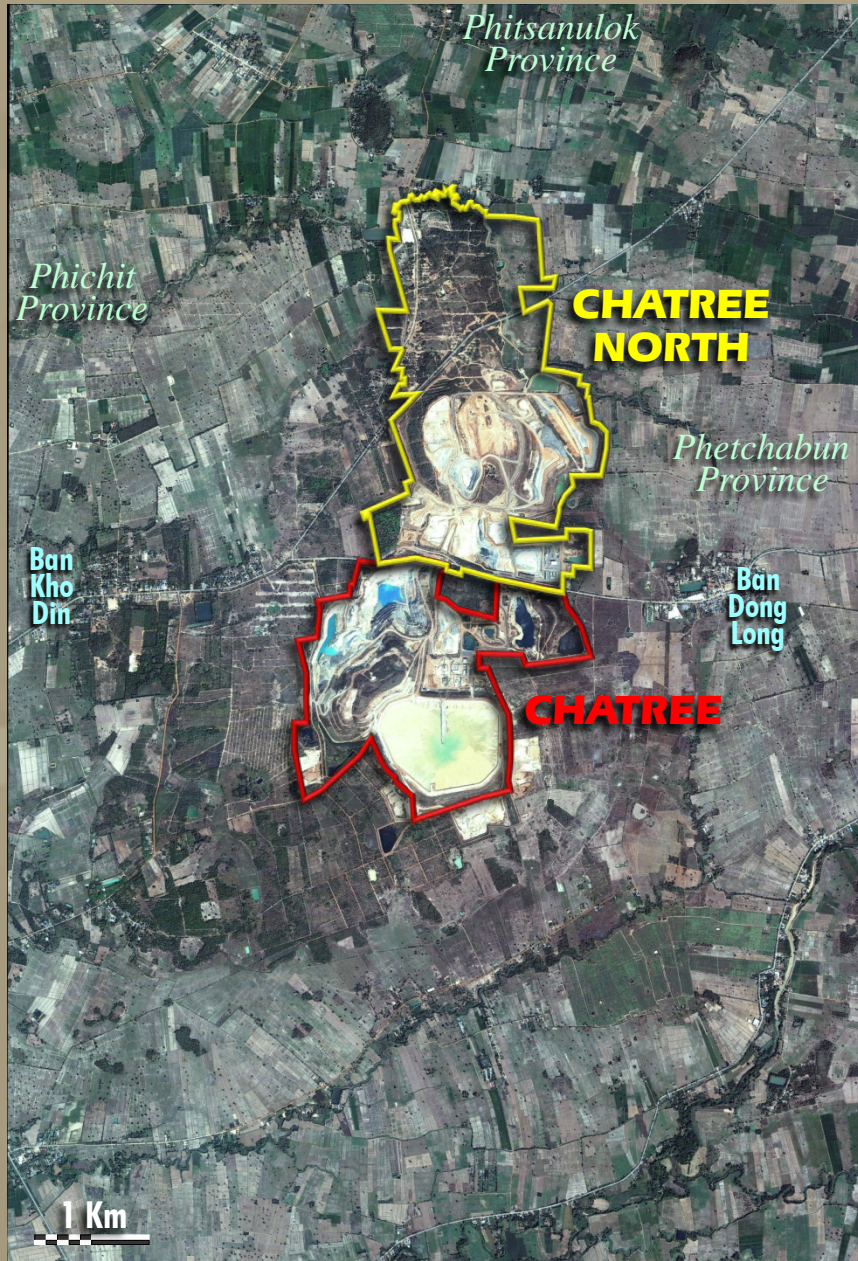


# Underground Potential





# Exploration Potential



- Current reserves within Chatree and Chatree North leases
- Open to the North, East and South
- Significant near mine potential



# Capital Projects Under Pressure

## Blown billions

Cost blowouts on WA's resource projects

Project	Initial cost	Current cost	Blowout
AngloGold Ashanti/Independence Group - Tropicana Gold Project	\$520m	\$775m	\$255m
Apache - Devil Creek Project	\$850m	\$1.1bn	\$250m
Asia Iron - Extension Hill Magnetite Mine	\$2bn	\$2.5bn	\$500m
Australian Premium Iron Aquila JV - Iron Ore Mine	\$4bn	\$5.8bn	\$1.8bn
BHP Billiton Iron Ore Expansion	\$6.94bn	\$12.2bn	\$5.24bn
BHP Billiton - Macedon	\$1bn	\$1.5bn	\$500m
BHP Billiton Worsley Alumina - Refinery Expansion	\$1.5bn	\$2.5bn	\$1bn
Burrup Nitrates ammonium nitrate	\$600m	\$750m	\$150m
CITIC Pacific - Cape Preston Mine and Processing Projects	\$3.3bn	\$5.2bn	\$1.9bn
Crosslands Resources - Jack Hills Stage 2 Hematite Mine	\$2bn	\$3.7bn	\$1.7bn
Fortescue Metals Group - Solomon Project and Western Hub	\$US3.2bn	\$7bn*	\$3.8bn
Grange Resources - Southdown Magnetite Mine	\$1.7bn	\$2.57bn	\$870m
Karara Iron Ore Project	\$1.97bn	\$2.7bn	\$730m
MCC Cape Lambert Iron Ore Project	\$3bn	\$3.7bn	\$700m
Oakajee Port, Rail and Industrial Estate	\$4.4bn	\$5.24bn	\$840m
Woodside - Pluto LNG Plant	\$12bn	\$14.9bn	\$2.9bn
<b>Total blowout cost</b>			
<b>\$21.535bn</b>			

\*expanded

SOURCE: AFR, COMPANY REPORTS, ABARES, WA GOVERNMENT

FBA 01



# Chatree Expansion on Schedule And Under Budget

Chatree processing plant capacity increase from 2.3 to +5 Mtpa  
Completion expected in September Quarter 2011  
Increase production rate up to 200,000 ounces per year



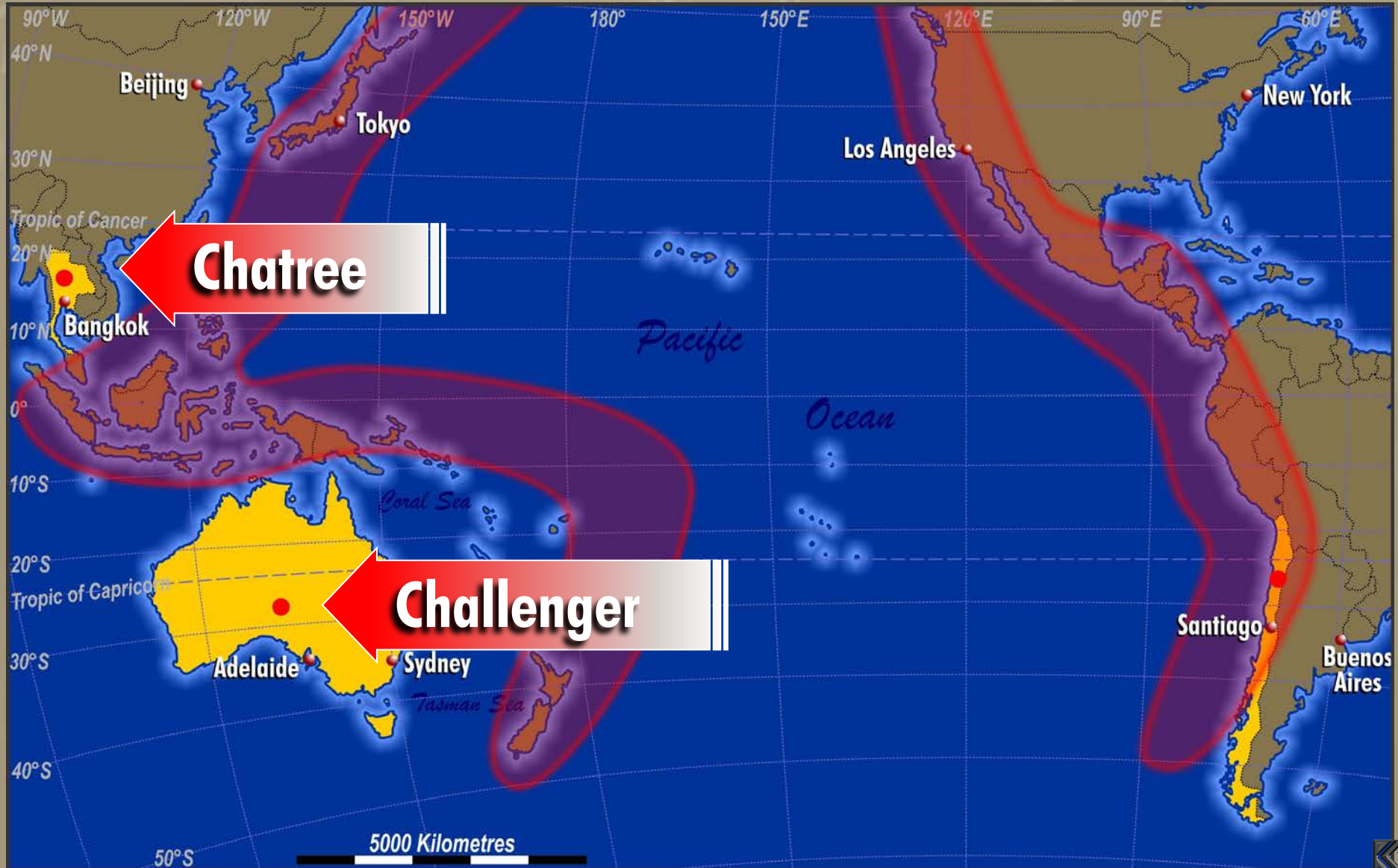
Plant expansion +2.7 Mtpa



Total project capex US\$125M; EPCM contract US\$100M  
Expensed ~US\$85M; Remaining ~US\$45M  
US\$100M financing completed with Thai banks  
Tax incentives granted for production from new plant

# Kingsgate Diversifies

## 2011 - Two Mines Two Countries





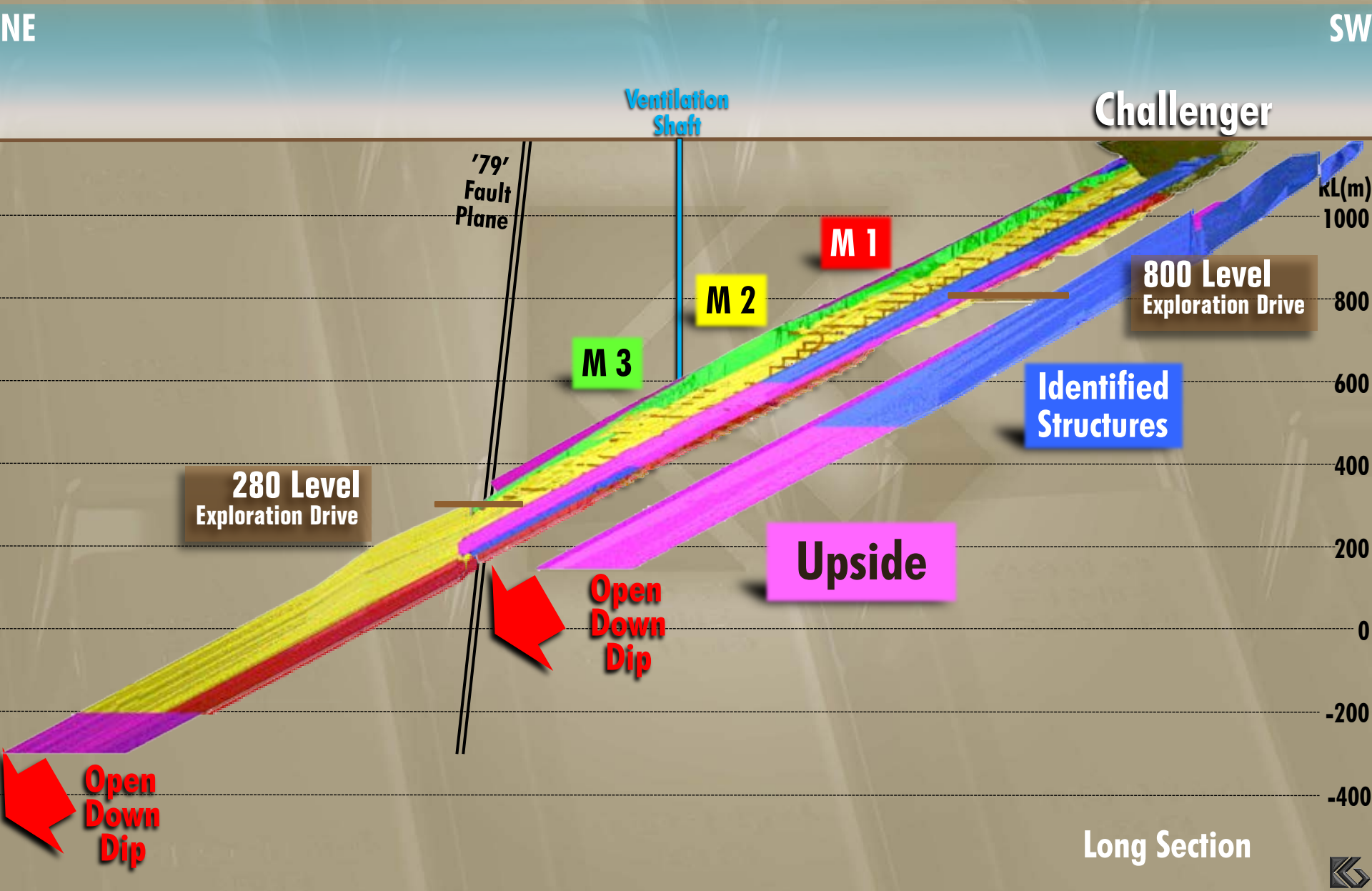
# Challenger Gold Mine

## Turn Around Story

- Acquired by KCN in Feb 2011
- Underground mine in Central South Australia
- Annual production ~100koz
- Reserves ~420koz
- Resources of ~950koz
- Strong reserve increase since commencement and further reserve growth anticipated



# Challenger Mineralised Structures



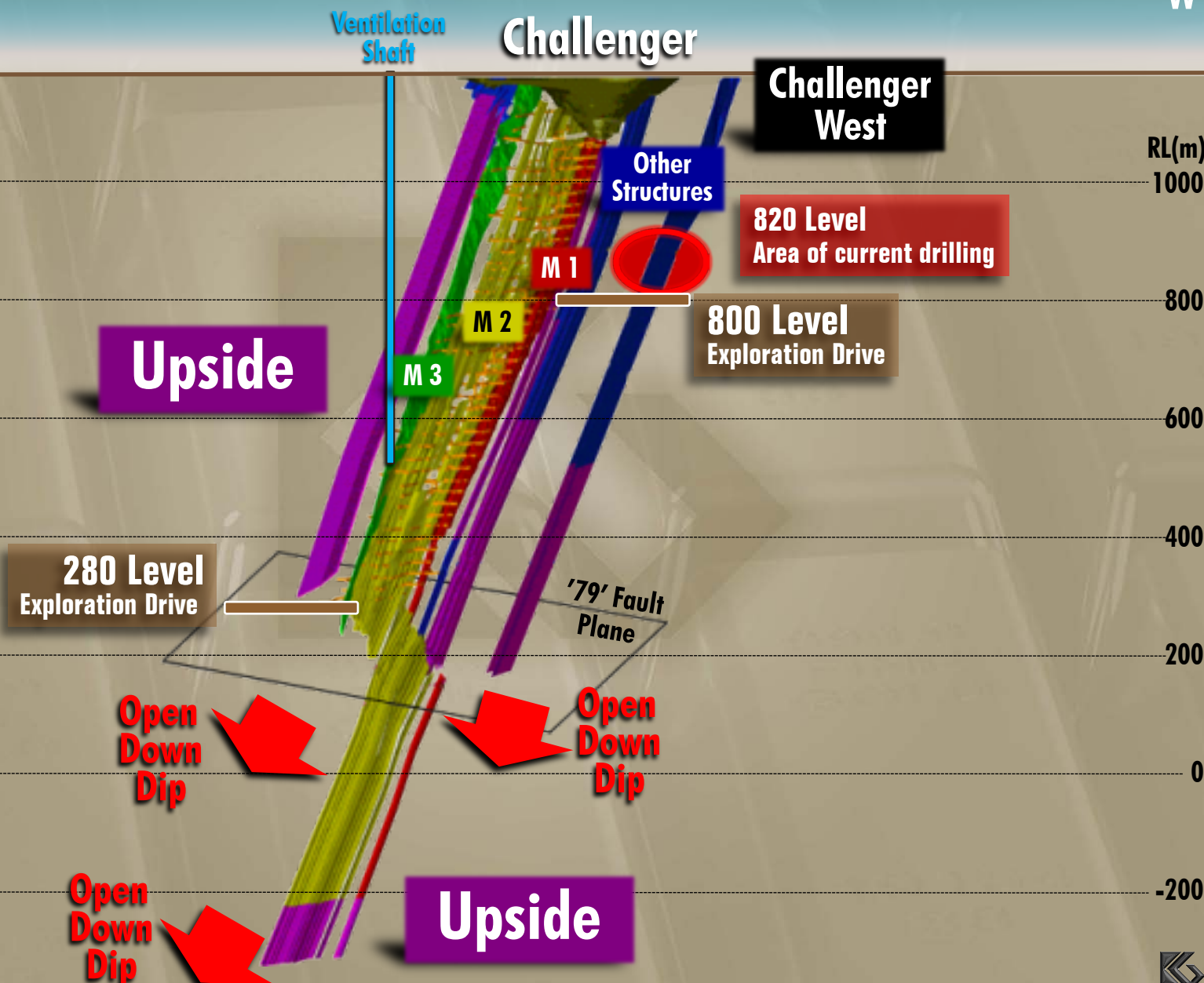




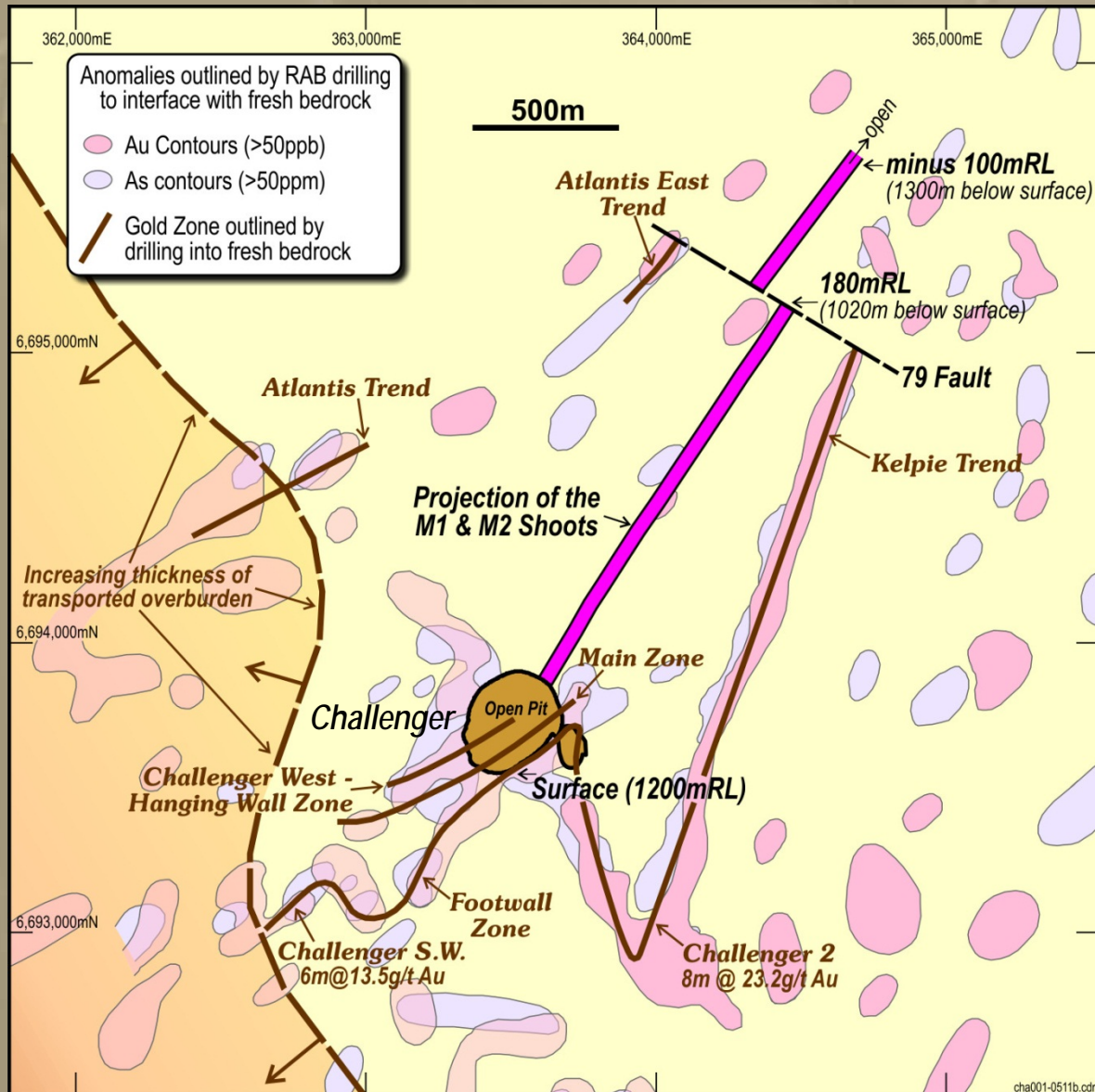
# Challenger Upside Potential

E

W



# Challenger Area Opportunities



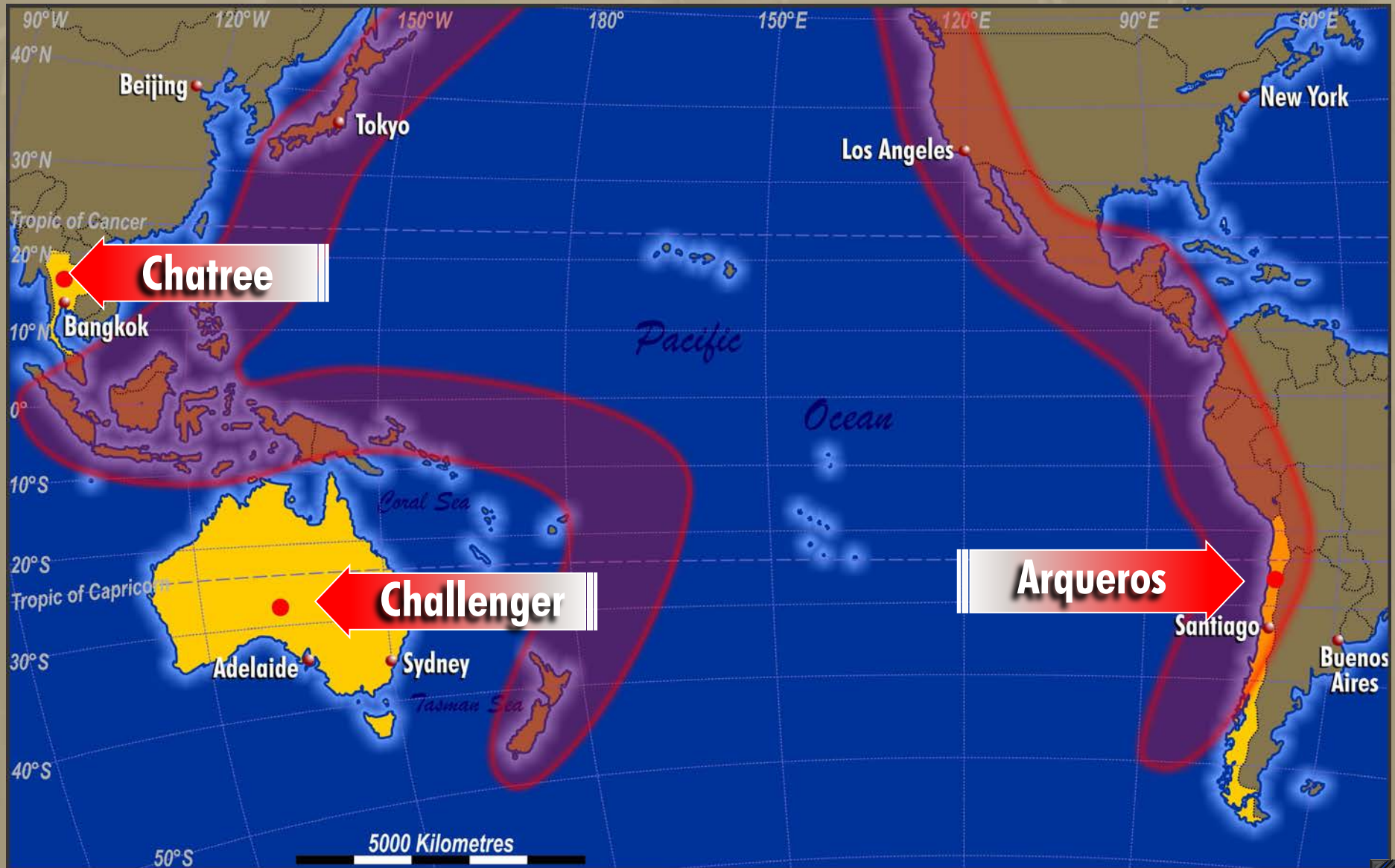
- Challenger – single point gold anomaly
- Additional structures identified for follow-up
- Long term exploration potential in mine vicinity





# Kingsgate Grows

## 2013 Three Mines Three Countries



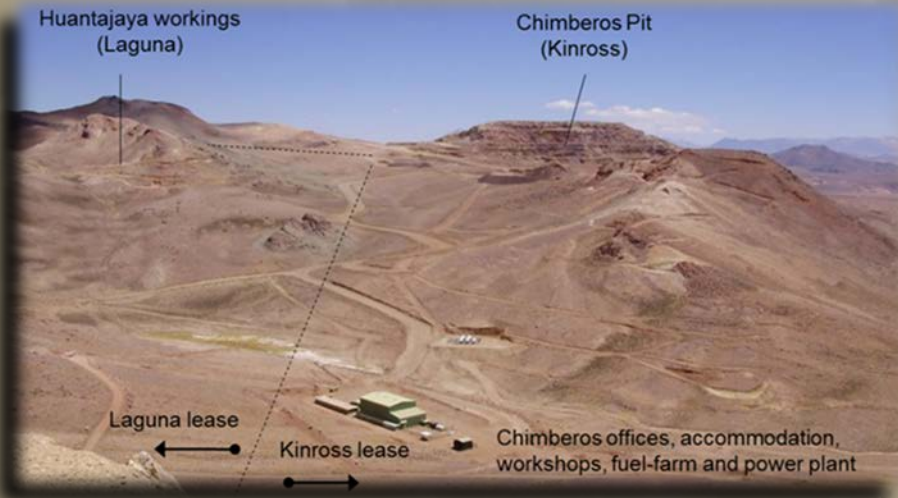
# Arqueros Project Well Located

- Significant experience in the gold and copper belts
- Acquired 70% of Laguna in Feb 2011
- Arqueros project located in the world-class Maricunga Gold-Silver Belt
- Maricunga Belt
  - Host to over 70Moz gold resources
  - Produced over 10Moz gold
  - Currently producing ~500Kozpa





# Acquired Esperanza from Kinross



- Considerable surface rights and mine infrastructure
- Satellite mineralisation and increased exploration potential

- Adds ~20Moz of silver resources (~340koz gold EQ)
- Earlier plant commissioning and faster ramp-up with Teterita deposit



5 Kilometres

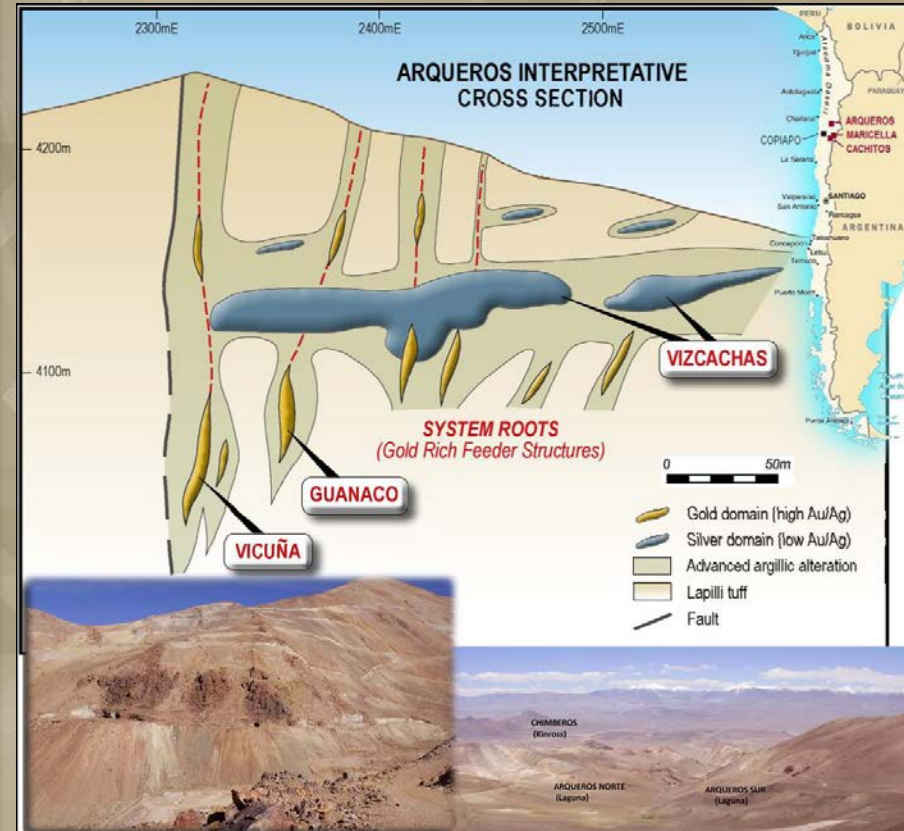




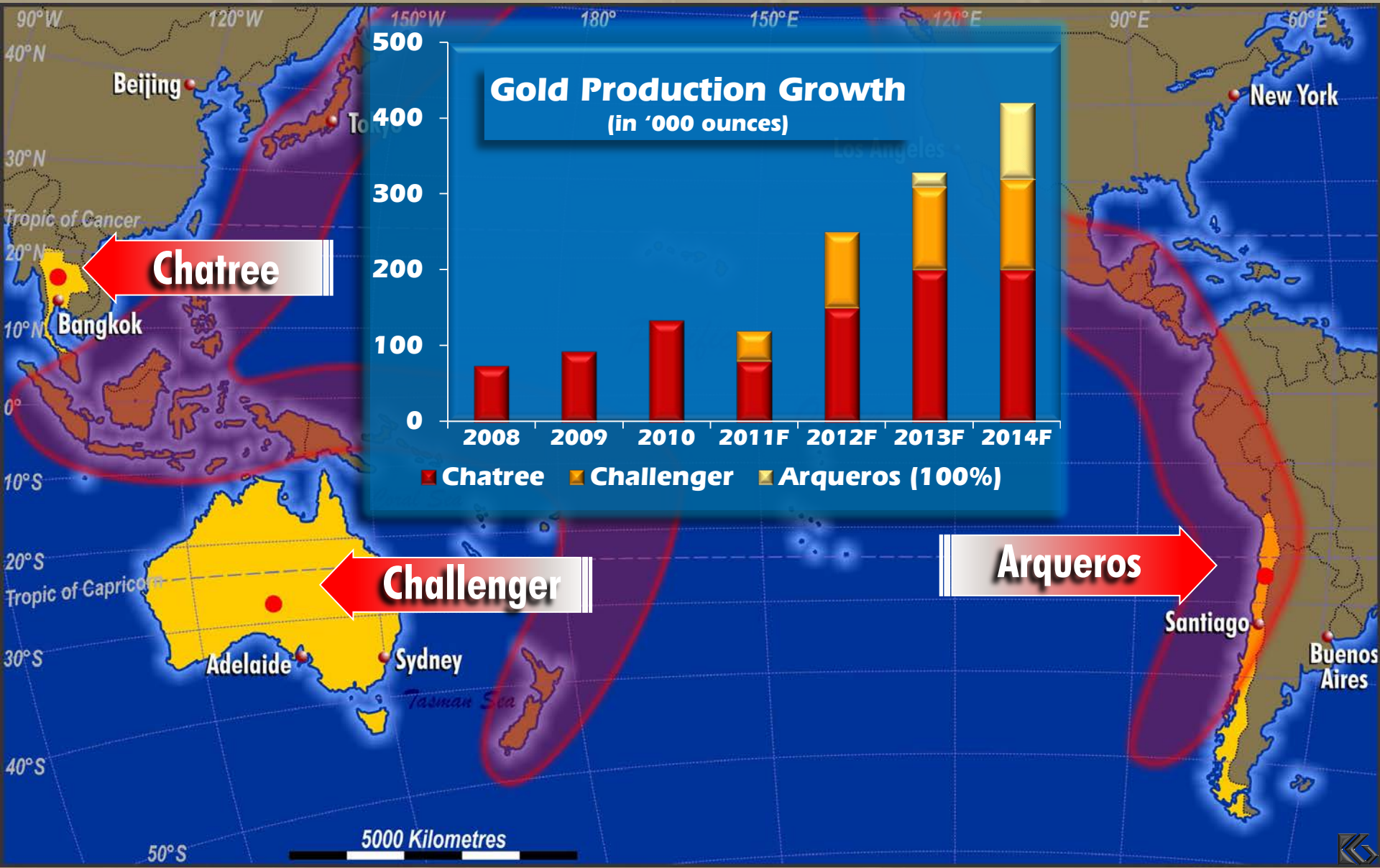
# Fast Track to Production

- 1.6 Million ounces gold EQ\*  
(95 Million ounces silver EQ)
- Average grade of 1.5g/t\* gold equivalent (cut-off: 0.7 g/t g/e)
- Target production of 100,000oz pa\* gold equivalent by open cut mine
- 19,000m definition drilling completed
- Feasibility study commenced
- Proven management team

(\* Calculated at Ag US\$18/oz)



# Kingsgate to Deliver Strong Production Growth



# Premier Mid Tier Gold Producer

## Diversified Production and Growth

**Thailand** - Chatree mine and expansion  
**Australia** - Challenger Gold Mine  
**Chile** - Arqueros Au/Ag project (KCN 70%)

## Resource Growth

- In-pit and u/g potential at Chatree
- Prospective u/g zones at Challenger

## Discovery Potential

**Thailand** - Chatree near mine and SPL's  
**Australia** - Challenger and other projects  
**Chile** - Arqueros and Maricunga leases

## Dividend Differential

- Interim dividend A\$0.10/share
- Paid A\$1.39/share over past 8 years
- High yielding gold stock (+3%)





# **Kingsgate Consolidated Limited**



**Shares: 134 Million**

**Market Cap: ~A\$1.1Bn**

**ASX: KCN**

***[www.kingsgate.com.au](http://www.kingsgate.com.au)***



# Appendix

## General Disclaimer:

*The information contained in this presentation is for informational purposes only and does not constitute an offer to issue, or arrange to issue securities or other financial products. The information contained in this presentation is not investment or financial product advice and has been prepared without taking into account the investment objectives, financial situation or particular needs of any person. To the maximum extent permitted by law, none of Dominion Mining Limited, Kingsgate Consolidated Limited, their respective directors, employees or agents, nor any other person accepts any liability including without limitation any liability arising out of fault or negligence for any loss caused from the use of the information contained in this presentation. No representation or warranty, express or implied, is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forecasts or other forward looking statements.*

## Competent Persons Statements:

*Information in this presentation that relates to Kingsgate's Exploration Results, Mineral Resource and Ore Reserve estimates, geology, drilling and mineralisation, is based on information compiled by Ron James, who is an employee of the Kingsgate Group and is a member of The Australasian Institute of Mining and Metallurgy. Ron James is a Competent Person under the meaning of the JORC Code with respect to Exploration Results, Mineral Resource and Ore Reserve estimates, geology, drilling and mineralisation being presented. He has given his consent to the Public Reporting of these statements concerning Exploration Results, Mineral Resource and Ore Reserve estimates, geology, drilling and mineralisation, and is in agreement with the contents and format of this presentation.*

*The information in this presentation that relates to Challenger's Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Peter Bamford, Tony Poustie and Paul Androvic who are full-time employees of the Company, members of the Australasian Institute of Mining and Metallurgy. Peter Bamford, Tony Poustie and Paul Androvic have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which 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 Paul Androvic, consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.*





## Chatree Ore Reserves as at 30 June 2010 (>0.4g/t gold cut-off grade)

Source	Category	Tonnes	Gold Grade	Silver Grade	Gold Contained	Silver Contained
		(millions)	(g/t)	(g/t)	(million ounces)	(million ounces)
From Pits	Proved	37.4	1.00	9.5	1.20	11.42
	Probable	18.7	0.98	8.4	0.59	5.02
Stockpiles		5.6	0.79	12.1	0.14	2.19
Chatree Total	Total	61.7	0.97	9.4	1.93	18.63

## Chatree Mineral Resources Inclusive of Ore Reserves as at 30 June 2010 (>0.3g/t gold cut-off grade)

Source	Category	Tonnes	Gold Grade	Silver Grade	Gold Contained	Silver Contained
		(millions)	(g/t)	(g/t)	(million ounces)	(million ounces)
From Pits	Measured	79.8	0.81	7.4	2.07	18.85
	Indicated	56.7	0.76	6.1	1.39	11.07
	Inferred	31.4	0.71	4.8	0.72	4.86
Stockpiles		5.6	0.79	12.1	0.14	2.19
Chatree Total	Total	173.5	0.77	6.6	4.32	36.97

### Competent Persons Statement:

Information in this presentation relates to Exploration Results, Mineral Resource and Ore Reserve estimates based on information compiled by the following Competent Persons: Ron James, Fiona Davidson, Guy Davies and Suphanit Suphananthi who are employees of the Kingsgate Group and members of The Australasian Institute of Mining and Metallurgy and Rob Spiers who is an employee of Hellman & Schofield Pty Ltd and 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, 2004 edition) and possess relevant experience in relation to the mineralisation 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.





## Challenger Ore Reserves as at 30 June 2010

Source	Category	Tonnes (thousands)	Gold Grade (g/t)	Gold Contained (thousand ounces)
From Mine	Proved	318	5.8	59
	Probable	1,834	6.0	352
Stockpiles		157	2.1	9
<b>Challenger Total</b>	<b>Total</b>	<b>2,310</b>	<b>5.7</b>	<b>420</b>

## Challenger Mineral Resources as at 30 June 2010

Source	Category	Tonnes (thousands)	Gold Grade (g/t)	Gold Contained (thousand ounces)
From Mine	Measured	310	6.3	63
	Indicated	2,232	6.4	460
	Inferred	1,672	7.8	418
Stockpiles		157	1.8	8
<b>Challenger Total</b>	<b>Total</b>	<b>4,371</b>	<b>6.8</b>	<b>950</b>

### Competent Persons Statement:

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# Arqueros



JORC Sep.2010	Million	Grades, g/t			Ounces, thousands		
Category	Tonnes	Gold	Silver	AuEQ60	Gold	Silver	AuEQ60
<b>Cut-off grade 0.5 g/t Au EQ60</b>							
<b>Indicated</b>	<b>7.0</b>	<b>0.35</b>	<b>83</b>	<b>1.73</b>	<b>78</b>	<b>18,596</b>	<b>387</b>
<b>Inferred</b>	<b>24.6</b>	<b>0.32</b>	<b>47</b>	<b>1.11</b>	<b>253</b>	<b>37,506</b>	<b>870</b>
<b>Total</b>	<b>31.6</b>	<b>0.33</b>	<b>55</b>	<b>1.24</b>	<b>332</b>	<b>56,103</b>	<b>1,258</b>
<b>Cut-off grade 0.7 g/t Au EQ60</b>							
<b>Indicated</b>	<b>5.9</b>	<b>0.38</b>	<b>93</b>	<b>1.93</b>	<b>72</b>	<b>17,751</b>	<b>369</b>
<b>Inferred</b>	<b>16.9</b>	<b>0.38</b>	<b>57</b>	<b>1.33</b>	<b>208</b>	<b>31,075</b>	<b>715</b>
<b>Total</b>	<b>22.9</b>	<b>0.38</b>	<b>66</b>	<b>1.49</b>	<b>280</b>	<b>48,826</b>	<b>1,094</b>
<b>Cut-off grade 1.0 g/t Au EQ60</b>							
<b>Indicated</b>	<b>4.7</b>	<b>0.43</b>	<b>108</b>	<b>2.22</b>	<b>65</b>	<b>16,219</b>	<b>335</b>
<b>Inferred</b>	<b>8.8</b>	<b>0.50</b>	<b>78</b>	<b>1.80</b>	<b>142</b>	<b>22,058</b>	<b>509</b>
<b>Total</b>	<b>13.5</b>	<b>0.48</b>	<b>88</b>	<b>1.95</b>	<b>206</b>	<b>38,278</b>	<b>844</b>

Gold equivalence based on price equivalence ratio of 60: AuEQ60 = Au + Ag/60

**Competent Person Statement:**

Dr Nicholas Lindsay is a Member of the Australian Institute of Mining and Metallurgy and has sufficient experience which 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 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Lindsay is the Managing Director of Laguna Resources NL and consents to the inclusion in this release of the matters based on his information and information presented to him in the form and context in which it appears

The Mineral Resource at Arqueros has been estimated by Mr P Ball (Director of DataGeo Geological Consultants) from information provided by Laguna Resources NL and its agents. Mr Ball is a member of the Australian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation under consideration to qualify as a competent person as defined in the 2004 edition of the "Australian Code of Reporting of exploration results, mineral resources and ore reserves". Mr Ball consents to the inclusion of the mineral resource estimate in the form and context in which it appears based on the information presented to him.