



Kingsgate

Consolidated Limited

ABN 42 000 837 472

ASX & MEDIA RELEASE

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18 March 2014

Kingsgate Announces Capital Raising

Highlights of the offer:

- Kingsgate is raising at least \$39.2 million (and up to \$59.4 million under the Offer)
- Resource Capital Fund VI L.P. ("**RCF**") has committed to a \$11.1 million investment as part of the Offer
- Net proceeds of the Offer will be used towards repayment of existing corporate debt, fund pre-development expenditure at Nueva Esperanza, completion of the Bowdens DFS and EIS, and for working capital and general corporate purposes

Kingsgate Consolidated Limited (**ASX:KCN**) ("**Kingsgate**" or the "**Company**") has announced today it is raising up to \$59.4 million via a placement of 14.7 million shares to raise \$14.7 million ("**Placement**") and a 3 for 11 accelerated non-renounceable entitlement offer to raise up to \$44.8 million ("**Entitlement Offer**") (together, the "**Offer**").

The issue price offered under both the Placement and Entitlement Offer will be \$1.00 per New Share ("**Issue Price**"). This Issue Price represents a discount of ¹:

- 22.5% to last close of \$1.29
- 21.3% to the 5-day VWAP of \$1.27
- 17.6% to TERP of \$1.21

The Placement and institutional component of the Entitlement Offer are fully underwritten by Morgan Stanley Australia Securities Limited and CIMB Capital Markets (Australia) Limited ("**Joint Lead Managers**"). The Joint Lead Managers are also underwriting the first \$11.1 million of the Retail Entitlement Offer, supported by a sub-underwriting commitment by RCF of that amount, delivering a minimum of \$39.2 million of committed and underwritten proceeds to Kingsgate. If RCF's \$11.1 million sub-underwriting commitment is not required in full, Kingsgate intends to seek shareholder approval

¹ VWAP is the volume weight average price. TERP is the theoretical ex-rights price of Kingsgate's shares assuming the Offer is successfully completed and all shares under the Offer are issued based on the closing price of Kingsgate on 17 March 2014 of \$1.29 and includes the impact of the Placement. TERP is a theoretical calculation only and the actual price at which Kingsgate's shares trade will depend on many factors and may not be equal to the TERP

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following the Offer to permit RCF to be issued the difference between their \$11.1 million commitment and the funds subscribed by them under the Retail Entitlement Offer (**Top-up Placement**)².

The proceeds of the Offer will be applied towards:

- Repayment of existing corporate debt in accordance with its current repayment schedule;
- Pre-development expenditure at Nueva Esperanza;
- Completion of the Bowdens Definitive Feasibility Study (DFS) and Environmental Impact Statement (EIS); and
- Working capital and general corporate purposes

Managing Director and CEO of Kingsgate Gavin Thomas said: "We look forward to welcoming our new shareholders to the Kingsgate register as we strengthen our balance sheet and move our business forward".

Placement

Kingsgate is seeking to raise approximately \$14.7 million via a fully underwritten Placement of approximately 14.7 million new ordinary fully paid shares ("**New Shares**") to institutional and sophisticated investors. Shareholder approval is not required to issue the New Shares under the Placement.

New Shares issued pursuant to the Placement will rank equally with existing Kingsgate ordinary shares on issue, but will not carry any entitlement to participate in the Entitlement Offer. New Shares issued pursuant to the Placement are expected to settle on 27 March 2014 and be allotted on 28 March 2014.

Trading in Kingsgate shares has been halted today and tomorrow while the Placement and Institutional Entitlement Offer is being undertaken. Trading is expected to recommence on 20 March 2014 following the announcement of the outcome of the Placement.

Entitlement Offer

The Entitlement Offer is offered to existing eligible Kingsgate shareholders in the ratio of 3 new shares for every 11 existing Kingsgate shares held at the Record Date. The Entitlement Offer will comprise an offer of approximately 44.8 million shares (the "**Entitlement Offer Shares**") at the Issue Price to raise total proceeds of up to \$44.8 million before costs. The Entitlement Offer is non-renounceable which means that Kingsgate shareholders who do not take up their entitlements will not receive any proceeds from the sale of these entitlements. The entitlements to participate in the Entitlement Offer are not transferable and cannot be traded on the ASX or any other exchange or privately transferred.

The Entitlement Offer will comprise:

- 13.4 million New Shares totalling \$13.4 million offered to existing eligible institutional shareholders ("**Institutional Entitlement Offer**"); and
- up to 31.3 million New Shares totalling up to \$31.3 million offered to existing eligible retail shareholders ("**Retail Entitlement Offer**").

Any fractional entitlements under the Entitlement Offer will be rounded up to the nearest whole number.

² If the Offer were to be fully subscribed and the requisite approval obtained from shareholders, a total of \$70.5 million would be raised under the Offer and Top-Up Placement.

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Under the Institutional Entitlement Offer, entitlements not taken up by existing institutional shareholders will be offered to other eligible institutional investors by way of an institutional bookbuild at the Issue Price.

The Institutional Entitlement Offer will settle at the same time as the Placement.

Eligible institutional shareholders are those institutional shareholders as at the Record Date with a registered address in Australia, the United States of America, New Zealand, Hong Kong, Singapore, Germany, Switzerland, Malaysia, Norway and the United Kingdom, and certain investors in the United States and such other jurisdictions as agreed by the Joint Lead Managers and Kingsgate.

The Retail Entitlement Offer will be open from 26 March 2014 to 9 April 2014. Eligible retail shareholders will be sent further details about the Entitlement Offer via a retail offer booklet expected to be filed with the ASX on 26 March 2014.

Eligible retail shareholders are those retail shareholders at the Record Date with a registered address in Australia and New Zealand.

Eligible retail shareholders should carefully read the Retail Offer Booklet for further details relating to the Retail Entitlement Offer. Kingsgate expects to release the Retail Offer Booklet with ASX and despatch it to eligible retail shareholders on or about Wednesday, 26 March 2014.

Timetable

The timetable for the Placement and Entitlement Offer is as follows:

Trading Halt	Tuesday, 18 March 2014 (pre-market)
Placement and Institutional Entitlement Offer Bookbuild opens	Tuesday, 18 March 2014
Placement and Institutional Entitlement Offer Bookbuild closes	Wednesday, 19 March 2014
Resumption of Trading	Thursday, 20 March 2014
Record Date	Friday, 21 March 2014 (AEDT 7pm)
Despatch of Retail Entitlement Offer Booklet – Retail Entitlement Offer opens	Wednesday, 26 March 2014
Settlement of Placement and Institutional Entitlement Offer	Thursday, 27 March 2014
Allotment & normal trading of Placement and Institutional Entitlement Offer shares	Friday, 28 March 2014
Retail Entitlement Offer closes	Wednesday, 9 April 2014
Settlement of Retail Entitlement Offer shares	Tuesday, 15 April 2014
Issue of Retail Entitlement Offer shares	Wednesday, 16 April 2014
Normal trading of Retail Entitlement Offer Shares	Thursday, 17 April 2014

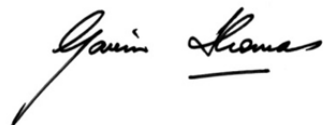
Subject to the Corporations Act and ASX Listing Rules, Kingsgate reserves the right to vary the dates and times in connection with the Entitlement Offer.

If there is any shortfall in subscriptions under the Entitlement Offer, Kingsgate reserves the right to place the shortfall shares at their discretion within three months of the closing date of the Offer.

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Further details of the Entitlement Offer, including investment considerations and risks associated with the Offer, are included in the investor presentation (“**Investor Presentation**”) released today to the ASX.

Morgan Stanley Securities Australia Limited and CIMB Capital Markets (Australia) Limited are acting as Joint Bookrunners and Joint Lead-Managers in relation to the Offer.



Gavin Thomas
Managing Director & CEO
Kingsgate Consolidated Limited

Important Information

This document may not be released or distributed in the United States. This document does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or elsewhere. The New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (U.S. Securities Act) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold, directly or indirectly, in the United States, unless they have been registered under the U.S. Securities Act (which Kingsgate has no obligation to do or procure) or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable state securities laws. The distribution of this presentation in other jurisdictions outside Australia may be restricted by law and such restrictions should be observed. Any failure to comply with such restrictions may violate applicable securities laws.

This letter contains certain “forward looking statements”. Forward looking statements can generally be identified by the use of forward looking words such as, “expect”, “anticipate”, “likely”, “intend”, “should”, “could”, “may”, “predict”, “plan”, “propose”, “will”, “believe”, “forecast”, “estimate”, “target”, “outlook”, “guidance” and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, the outcome and effects of the Offer and the use of proceeds. The forward looking statements contained in this letter are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Kingsgate, and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. Refer to the Key Risks section of the Investor Presentation for a summary of certain general and Kingsgate specific risk factors that may affect Kingsgate. There can be no assurance that actual outcomes will not differ materially from forward-looking statements contained in this document. A number of important factors could cause actual results or performance to differ materially from the forward looking statements, including the risk factors set out in the Investor Presentation. Investors should consider the forward looking statements contained in this letter in light of those disclosures. You are cautioned not to place undue reliance on forward looking statements.

The forward looking statements are based on information available to Kingsgate as at the date of this document. Except as required by law or regulation (including the ASX Listing Rules), Kingsgate undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements. Forward-looking statements, opinions and estimates provided in this letter are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, guidance on production and cost estimates, guidance on industry trends are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance and may involve significant elements of subjective judgment, assumptions as to future events that may not be correct, known and unknown risks, uncertainties and other factors, many of which are outside the control of Kingsgate.