



Kingsgate

Consolidated Limited

ABN 42 000 837 472

15 December 2010

The Manager, Announcements
Company Announcements Office
Australian Securities Exchange

**FOR PUBLIC RELEASE
Via ASX Online (3 pages)**

Dear Sir/Madam,

Drilling Continues to Extend High Grade Gold Zones at Chatree

Recent resource drilling at the Chatree Gold Mine has confirmed high grade gold structures below the A Pit and continues to extend the high grade zones in S Pit. This further demonstrates progress in the underground mining potential at Chatree.

At A Pit, the best gold intersection in drill hole 7509RD is:

- **8m at 6.00g/t gold**, from 295m down hole including,
 - **4m at 11.30g/t gold**, from 299m down hole.

This hole confirms a new high grade lens within the existing A East 2 mineralised zone which is currently defined over a strike length of approximately 500 metres. Further drilling is planned to follow up this zone down dip and along strike to assess the high grade “feeder zone” potential.

At S Pit, follow-up drilling has confirmed and extended previously reported high grade gold zones below the pit. Drill holes 7510RC and 7511RC have confirmed that S Main Lode continues a further 100 metres below the current pit floor (see section 1715mN). The best gold intersections are:

- **3m at 4.01g/t gold** from 117 metres down hole (Hole 7510RC), and
- **5m at 6.63g/t gold** from 156m down hole including,
 - **4m at 8.11g/t gold** from 157m metres down hole (Hole 7511RC).

Drill hole 7453RC has extended the depth of the new S2 structure, located to the west of S Pit, by over 100 metres giving a total depth below surface of 200-250 metres (see section 1715mN). The best gold intersection is:

- **5m at 3.60g/t gold** from 243m down hole including,
 - **2m at 6.38g/t gold** from 245m metres down hole.

Further drilling at S Pit has continued to confirm mineralization along strike with the best gold intersections:

- **4m at 5.36g/t gold** from 104m down hole including,
 - **2m at 9.72g/t gold**, from 105 metres down hole (Hole 7449RC); and,
- **8m at 3.87g/t gold** from 50m down hole including,
 - **2m at 11.9g/t gold** from 52m down hole (Hole 7454RC).

Kingsgate Managing Director, Mr Gavin Thomas, said, "The drilling continues to confirm and extend the high grade gold mineralised structures below the A and S pits further enhancing the potential for underground mining at Chatree."

"Similar high grade epithermal feeder zones in other parts of the world have established major underground gold mines."

"If the deeper drilling success continues at Chatree over the next 12 months, or so, we believe we will be in a position to include initial underground resources in an upgraded resource base."

A summary of the latest drill results, with gold mineralised intercepts over 10 gram x metres, is as follows:

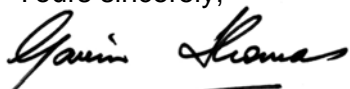
| A PROSPECT DRILL RESULTS - (INTERCEPTS WITH Au ASSAYS GENERALLY >10 GRAM.METRES) | | | | | | | | | |
|--|--------------------|---------------------|--------------------|---------------|-------------------------------|-------------------------|-------------------------|---------------------|----------------------|
| Hole No. | Easting Local grid | Northing Local grid | Azimuth Local grid | Dip (Degrees) | Hole Depth (m) | From (m) | To (m) | Interval (m)* | Au (g/t) |
| 7509RC | 5701 | 19849 | 279 | -55 | 370.00 incl. | 295.00 299.00 | 303.00 303.00 | 8.00 4.00 | 6.00 11.30 |

* Intersections may not be true width.

| S PROSPECT DRILL RESULTS (INTERCEPTS WITH Au ASSAYS GENERALLY >10 GRAM.METRES) | | | | | | | | | |
|--|--------------------|---------------------|--------------------|---------------|------------------------|-------------------------|-------------------------|---------------------|----------------------|
| Hole No. | Easting Local grid | Northing Local grid | Azimuth Local grid | Dip (Degrees) | Hole Depth (m) | From (m) | To (m) | Interval (m)* | Au (g/t) |
| 7449RC | 7078 | 1653 | 260 | -52 | 145.00 incl. | 104.00 105.00 | 108.00 107.00 | 4.00 2.00 | 5.36 9.72 |
| 7450RC | 7089 | 1765 | 270 | -57 | 200.00 incl. | 99.00 162.00 | 102.00 164.00 | 3.00 2.00 | 1.99 4.92 |
| 7452RC | 7116 | 1740 | 270 | -62 | 321.00 incl. | 284.00 284.00 | 288.00 286.00 | 4.00 2.00 | 4.42 8.02 |
| 7510RC | 7078 | 1715 | 270 | -50 | 190.00 | 117.00 | 120.00 | 3.00 | 4.01 |
| 7511RC | 7099 | 1716 | 270 | -55 | 260.00 incl. | 156.00 157.00 | 161.00 161.00 | 5.00 4.00 | 6.63 8.11 |
| 7453RC | 6867 | 1714 | 270 | -55 | 320.00 incl. | 243.00 245.00 | 248.00 247.00 | 5.00 2.00 | 3.60 6.38 |
| 7454RC | 6943 | 1597 | 75 | -63 | 225.00 incl. | 50.00 52.00 | 58.00 54.00 | 8.00 2.00 | 3.87 11.90 |

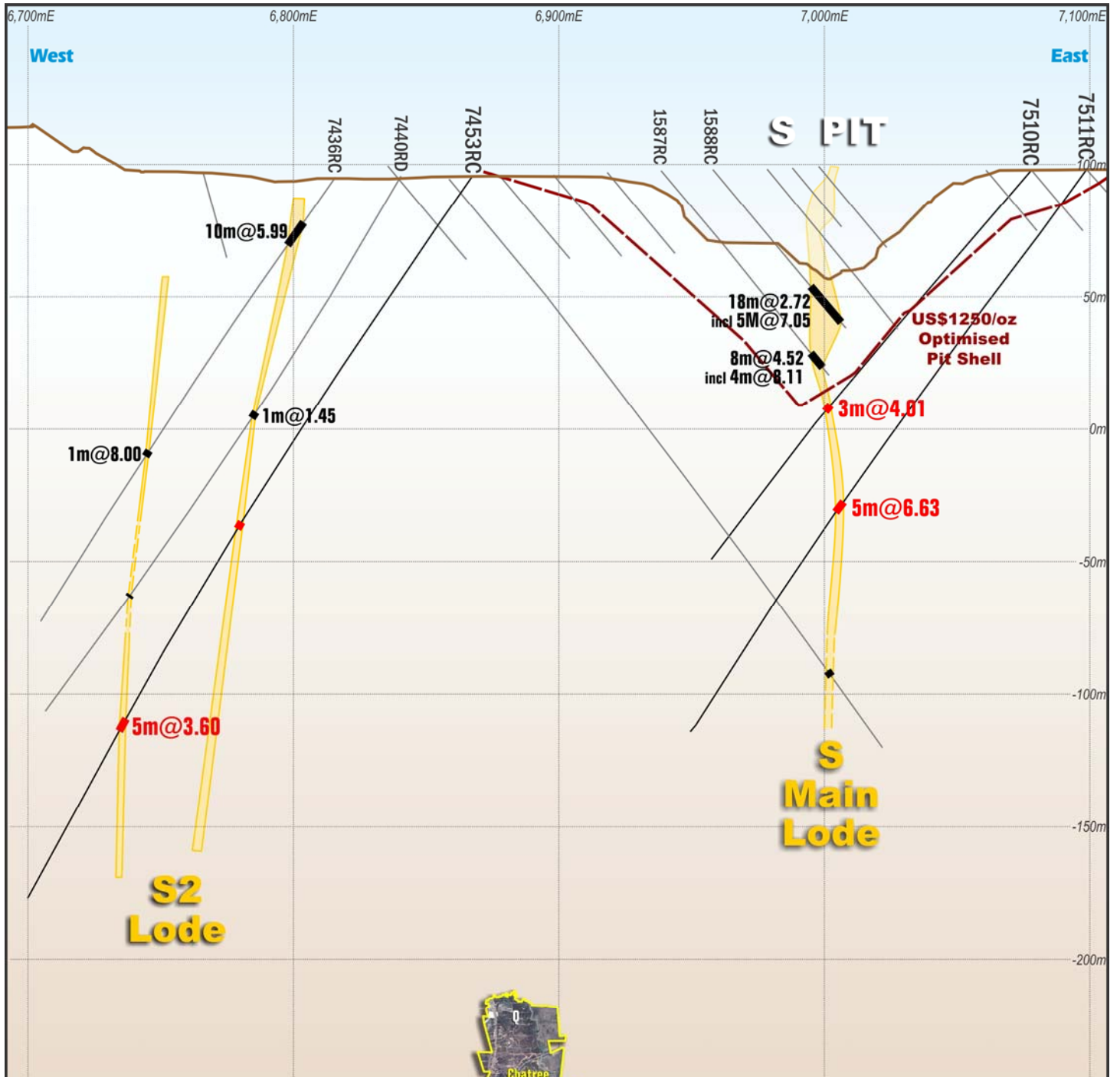
* Intersections may not be true width.

Yours sincerely,






Gavin Thomas
Managing Director & CEO
Kingsgate Consolidated Limited

Information in this report relates to Exploration Results based on information compiled by the following Competent Persons, Ron James, Genesio Circosta and Mike Garman 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 being reported herein as Exploration Results. 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.



Reference

-  Current Quarter's Release drillhole and mineralised intercept
-  Previously reported drillhole/data
-  Gold mineralisation, >0.5g/t Au

8m@5.34 8 metres at 5.34g/t gold

0 50
Metres

Cross Section
1715mN