



Kingsgate

Consolidated Ltd

ABN 42 000 837 472

29 August 2003

Via ASX Online (5 pages including this page)

The Manager
Announcements
Company Announcements Office
Australian Stock Exchange Limited

Dear Sir

IMPLEMENTATION OF NEW GROWTH INITIATIVE & CAPITAL RAISING

Please find attached our release detailing our new growth initiative and the associated capital raising.

Yours faithfully

KINGSGATE CONSOLIDATED LTD

John Falconer
Company Secretary



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29 August 2003

Australian Stock Exchange Release

Kingsgate Consolidated Limited

Implementation of New Growth Initiative & Capital Raising

Kingsgate is pleased to announce the implementation of a major new growth initiative, both in the immediate vicinity of the Chatree Gold Mine and on the extensive tenement position recently acquired in the surrounding regions in north-central Thailand.

Recent exploration work undertaken by Kingsgate has not only identified a number of highly prospective targets, but also highlighted the overall potential of the region. As a result, the company plans to substantially increase the level of exploration and development expenditure in Thailand and in other areas with the purpose of continuing to create value for Kingsgate shareholders. In addition, Kingsgate continues to evaluate other growth opportunities.

To fund this initiative, Kingsgate is pleased to announce that it has raised approximately \$38 million in new capital through the issue of 10.8 million fully paid ordinary shares at \$3.55 per share to Australian and international investors. The issue was managed by Macquarie Equity Capital Markets.

A Share Purchase Plan (SPP) will also be offered to eligible existing shareholders in Australia and New Zealand. Shares issued pursuant to the placement and the SPP will not be entitled to the 2002/03 final dividend of 12.5 cents per share recently announced by the company.

Use of Funds

The principal use of the funds raised from the Placement and associated SPP are outlined as follows:

1. Exploration and Land Access of approximately \$20 million.

Following the strategic review of Kingsgate's exploration program, an accelerated exploration plan appropriate to the prospectivity of the site and the region has been formulated.

- Initial drilling information, aimed at confirming that prospectivity has indeed been positive as reflected in drilling results at Prospects A, B, H and K released during July 2003. Consequently high priority follow-up drilling will be carried out in each of these areas.

- No deep drilling has been carried out at the project to date. A new drill rig with deep drilling capacity has recently arrived on-site, allowing exploration of Chatree's depth potential to begin.
- Vein systems of the type found at Chatree typically define extensive mineralisation provinces, such as those found in locations like Nevada, Chile and Argentina. Kingsgate therefore, recently acquired significant, additional regional tenements, to take its exploration land position to approximately 1,200 square kilometers in north-central Thailand. An initial program of regional mapping and sampling combined with airborne and ground geophysics is planned to begin unlocking the potential of this region, in which Kingsgate already has extensive experience.
- As part of this upgraded exploration activity, Kingsgate will undertake a program of gaining greater access to land.
- Under Kingsgate's permitting conditions, majority ownership by Thai nationals of its Thai subsidiary operating company is required prior to November 2006. Realisation of full value in such a transaction requires the quantification of the mineral potential under the control of Kingsgate.

2. Infrastructure Items of approximately \$8 million

Kingsgate is currently pursuing the permitting of Prospects A and K, immediately north of the current mining operation. While the ore mined from these new areas will be processed through the existing Chatree processing plant, additional support infrastructure in the nature of additional tailings storage facilities and a haul road access will be required.

3. Hedge book Restructuring

Kingsgate's hedge book was established as part of the original project financing requirements for the development of the Chatree gold mine. The hedge book is under constant review particularly given that Chatree has one of the lowest operating costs in the industry. In July, a restructure of the hedge book was completed, involving a 14% reduction in hedge commitments. This program of actively restructuring the hedge book by using currency and gold price opportunities is continuing, with a view to minimizing price limiting commitments.

Details of both the placement and the SPP are attached in Appendix 1.

For further information, please contact:

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Chief Financial Officer
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Appendix 1

Kingsgate Consolidated Limited

29 August 2003

The Placement

- The Placement comprised a fixed-price offering of the company's fully paid ordinary shares to institutional investors both in Australia and overseas.
- A total of 10.8 million shares at a price of \$3.55 per share will be allotted on 3 September 2003 and will rank equally with all other fully paid ordinary shares on issue.
- The issue will increase the total shares on issue to 83.7 million shares.
- This issue of shares is not to a specific class of shareholders.
- Shares issued pursuant to the placement will not be entitled to the recently announced final dividend.
- The issue was managed by Macquarie Equity Capital Markets.

Share Purchase Plan (SPP)

- The SPP provides the opportunity for all the company's eligible shareholders with a registered address in Australian and New Zealand to subscribe for up to \$5,000 worth of fully paid ordinary shares each at the placement price of \$3.55.
- Shareholder approval will not be sought for the issue, the ASX having granted a waiver from Listing Rule 7.1 and 10.11.
- It is estimated that a maximum number of 2.5 million shares will be issued under the SPP if the offer is fully subscribed, although the actual number of shares issued is likely to be significantly less than the maximum number.
- The shares of the company will trade ex-entitlement to the SPP with effect from 29 August 2003.
- Details of the SPP, including an application form, will be mailed to eligible shareholders shortly.
- The SPP is not underwritten and is non-renounceable.
- Shares issued under the SPP will rank equally with the company's existing ordinary shares but will not be entitled to the recently announced final dividend.



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Media Release
Friday, 29 August 2003

KINGSGATE RAISES FUNDS TO ACCELERATE EXPLORATION

Kingsgate Consolidated has announced the implementation of a major new growth initiative and has raised \$38 million in new capital through a fixed-price share placement to Australian and overseas investors to fund this initiative.

On the back of recent, significant exploration successes, Kingsgate said that it would use \$20 million for exploration, \$8 million for site infrastructure associated with new prospects and would further restructure its hedgebook.

The 10.8 million new shares issued at \$3.55 per share will be listed on the ASX on 04 September 2003 and will not be entitled to the recently announced final dividend.

A Share Purchase Plan (SPP) will be implemented for existing shareholders, in which eligible shareholders can subscribe for up to \$5,000 worth of shares at the placement price of \$3.55 per share.

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