



Kingsgate

Consolidated Limited

ABN 42 000 837 472

13 October 2017

**Via ASX Online
(2 pages)**

FOR PUBLIC RELEASE

Manager
Company Announcements Office
Australian Securities Exchange

Action Against Political Risk Insurers

Kingsgate Consolidated Limited (ASX:KCN) (“Kingsgate” or the “Company”) advises that it has today decided to commence proceedings in the NSW Supreme Court against Zurich Australia Insurance Limited, and other named insurers under a Political Risk Insurance Policy held by the Company on 10 May 2016, when the Government of Thailand expropriated the Chatree Gold Mine.

The Policy, which includes confidentiality provisions, has a maximum limit of liability of USD 200 million and provides coverage, amongst other things, for Expropriatory Acts which are in violation of the Thailand-Australia Free Trade Agreement.

The Company made a claim under the Policy, but coverage was denied. Kingsgate will endeavour to have this claim dealt with by the Court as quickly as possible. While the outcome of the proceedings cannot be guaranteed, the Board considers that the terms of the Policy respond to the actions taken by the Government of Thailand against the Company in 2016. The Company has appointed leading international law firm Clifford Chance to represent it, and Dr Andrew Bell S.C. as Senior Counsel on the matter.

Share Buy-Back

The Board of the Company has for some time been concerned that the price of the Company’s shares on the stock market does not properly reflect the value of the Company’s assets. In accordance, we are pleased to announce a Share Buy-Back Scheme of up to 10% of the Company’s shares which the Company believes should increase the net asset backing per share, therefore providing a benefit to shareholders. Bell Potter Securities has been appointed to conduct the buy-back.

Nueva Esperanza Update

The Feasibility Study and permitting at Kingsgate's wholly owned Nueva Esperanza Project in Chile is continuing. The Chilean Environmental Authority has recently requested that the Company submit an Environmental Impact Assessment ("EIA") instead of the previously agreed Environmental Impact Statement ("DIA"). As the majority of the work necessary for that submission has already been completed, it is expected that this will be submitted by the end of December 2017.

It has been apparent for some time that Nueva Esperanza is one of the most attractive new mining projects coming on stream in South America. So much so, that the Company has been inundated with expressions of interest from prospective investors, other mining companies, private equity funds and potential financiers to participate in some form in the exploitation of the Nueva Esperanza resources.

Consequently, Kingsgate is to embark on a comprehensive review of all possible options for the prospective financing of Nueva Esperanza. All options are on the table, including joint venture, full or partial sale, the hiving off of a separate company and all debt and debt/equity proposals. While everything will be considered, the major criteria will be the overall contribution to, maximisation of, and enhancement of shareholder value.

As previously reported in the Director's Report in the 2017 Financial Statements released to the market on 31 August 2017, the Company has organised as a back-up if needed, an AUD 15 million Standby Loan Facility with Investec Australia Finance Pty Limited.

A handwritten signature in black ink, appearing to read 'ROSS SMYTH-KIRK', written in a cursive style.

**Ross Smyth-Kirk
Executive Chairman
Kingsgate Consolidated Limited**