



Kingsgate



**Consolidated
Limited**

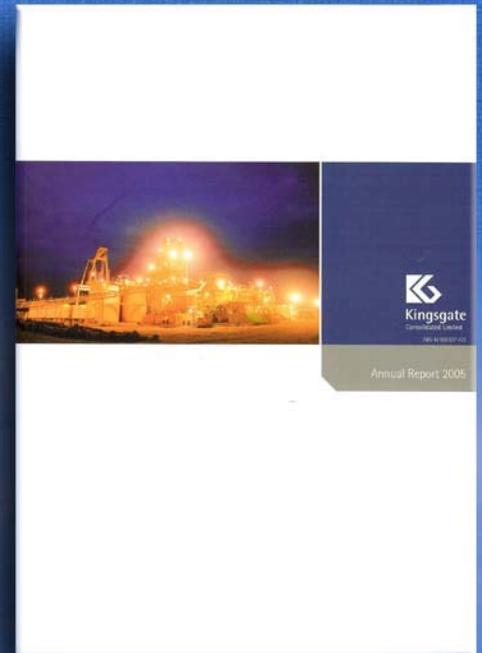
**Gavin Thomas
CEO & Presenter**

New York

Goldman Sachs JB Were

Investor Presentation

28 Feb 2006





A Distinctive Gold Company

Focus on

 **Production**



 **Profit**



 **Growth**





Distinctive Results

Production → **Increasing, Low cost**

Cash Cost → **Lowest Quartile**

Discovery Costs → **World's lowest**

Growth Strategy → **Organic Exploration
Project stage M&A**

Net Profit Margin → **High & Consistent**





Growth & Return

**Increasing
Production Profile**

150,000 Oz

Today

300,000
to
350,000 Oz

2008

**Total Returns
Focus**

**Dividend ~US\$.55c/share
~US\$44 Million since 2002**

Organic Growth

Reserves
807,000 Oz

2001

Reserves
1,840,000 Oz

2005





Total Returns Focus

Strong Balance Sheet
- No Debt

High Dividend Payout
Ratio ~50%

Tight Share Structure
- High growth leverage



85.8 M shares only
3.3 M options

Australian StockEx listed ~US\$400m market cap

Main Asset - Chatree

- Low sulphidation epithermal deposit
- Opened in Nov'01
- ~150,000 oz/yr Au
- Good Infrastructure
- Bangkok 3.5 hours
- Power Line – 1 Km
- Employees:
 - 360 Thailand
 - 9 Expatriates
 - 555 Contractors





Results Summary

	Dec H'05	2004 - 05
Gold Produced (oz)	74,106	126,550
Cash Cost (US\$/oz)	175	212
Profit (US\$M)	5	7
EBITDA (US\$M)	8	14
Operating Cash flow (US\$M)	5	17
EPS Earnings/Share (US¢/sh)	6	8
Dividends (US¢/share)	4	5
Net Cash (US\$M)	13	24
Resources (Moz gold)	3.2	3.0
Reserves (Moz gold)	1.8	1.5





Half Yr Result Key Points

Profit US\$5m
Up 58% on Dec'04

Profit drivers were:

- Higher gold grades
- Lower D&A due increased reserves
- Despite aggressive hedge deliveries

Dividend
US4c/share

Safety & Environmental achievements

- >4 million hours with zero lost time incident

Cash costs
US\$175/oz
Down 23% on Dec'04

Costs/oz reduced due to:

- Higher gold grades
- Higher ore throughput

Low Cost, High Growth & Profitable

Operational Performance

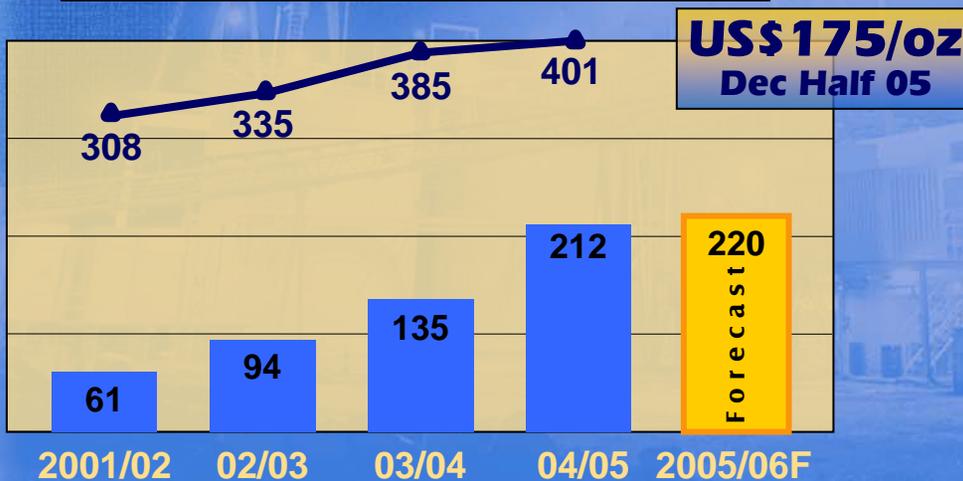
Mill Throughput (Ktpa)



Head Grade (g/t)



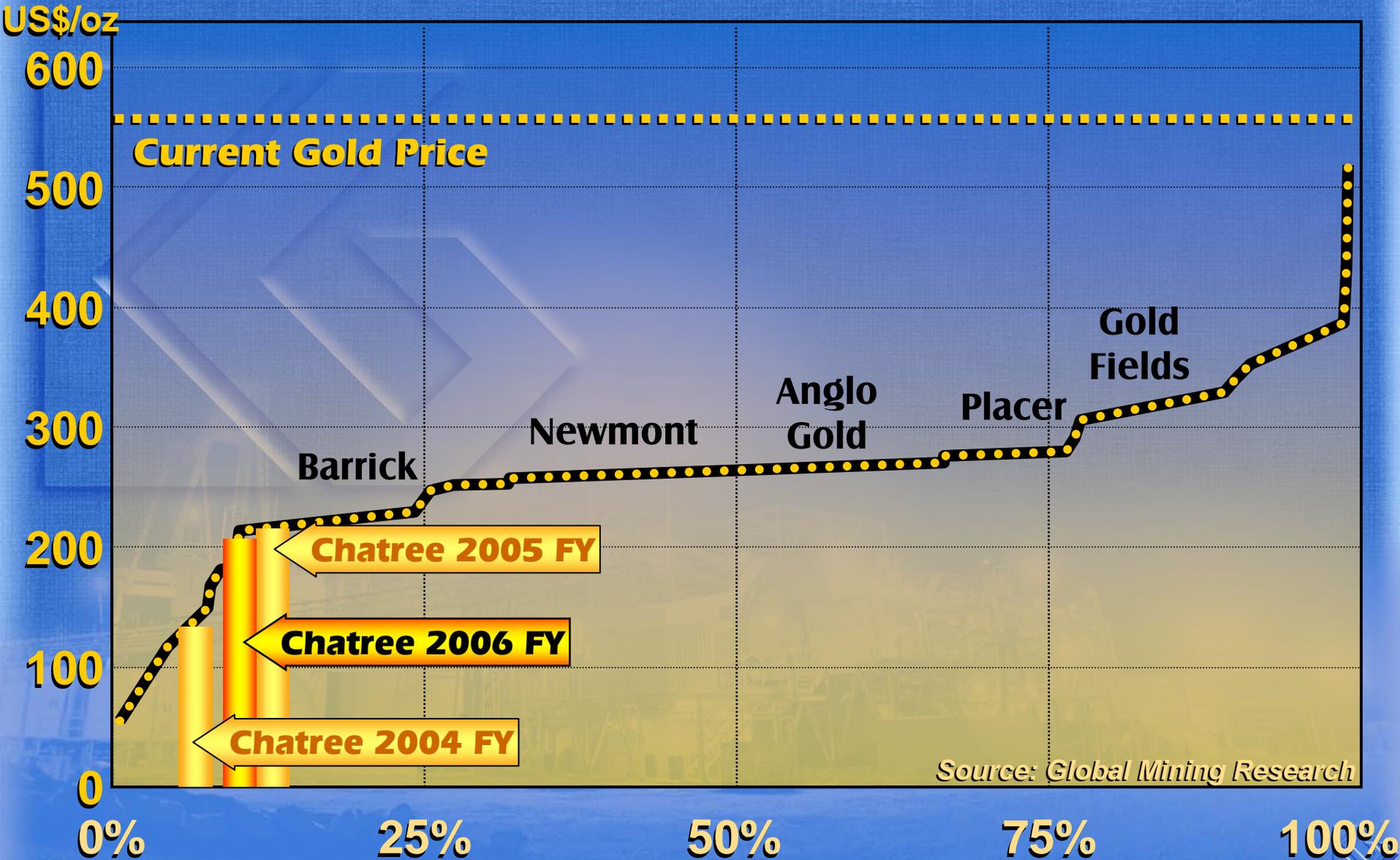
Cash Cost & Realised Price (US\$/oz)



Gold Production (K'ozs)



Global Cash Cost Curve - 2005





Chatree Gold Mine



**Chatree mine ('C' Pit & Plant)
Looking north to Chatree North (New 'A' Pit)**



Chatree Update

Chatree:

- Potential for >5 million oz
- Potential for super-pit

February'06:

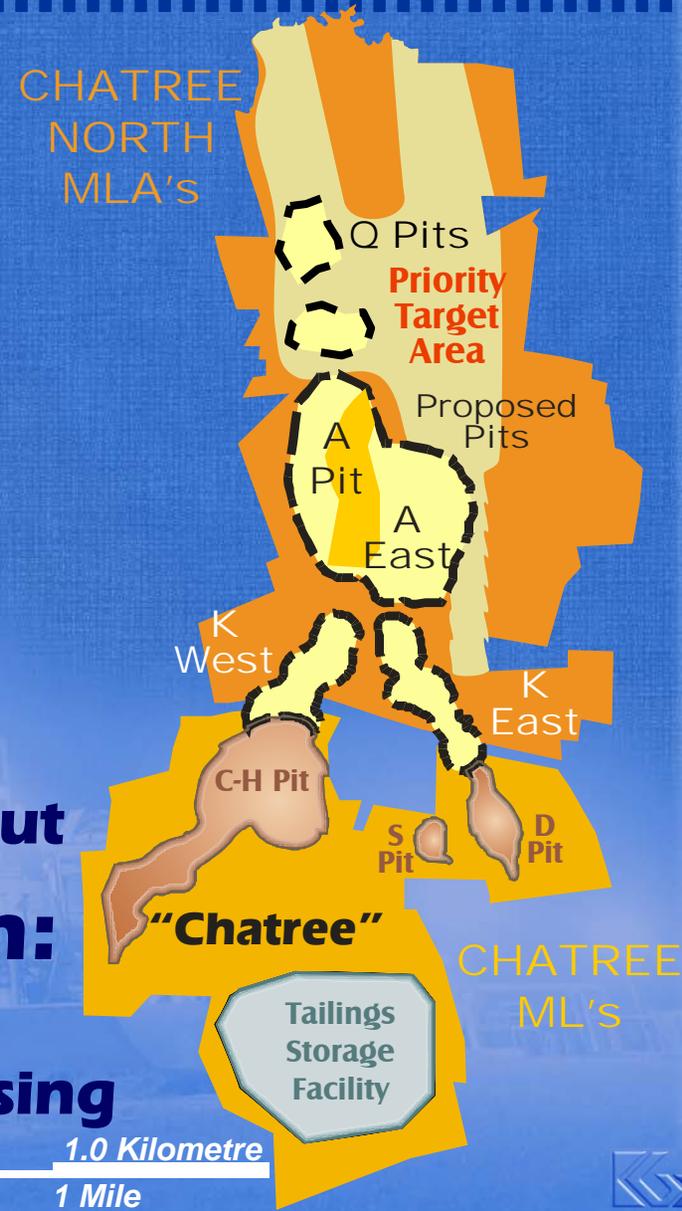
- Start mining A pit Chatree Nth
- Increase Mill throughput

Growth:

- Feasibility study - end March Qtr
- Expansion planned- double output

Mining leases – Chatree Nth:

- All mining & environmental documents submitted for processing





Organic Growth

Reserve Doubled in 15 months to Sept 05

 **Discovery cost US\$ 12 / ounce gold**

Resource Doubled in 12 months to Sept 05

 **Discovery cost US\$ 7 / ounce gold**

Continuing Growth over next few years

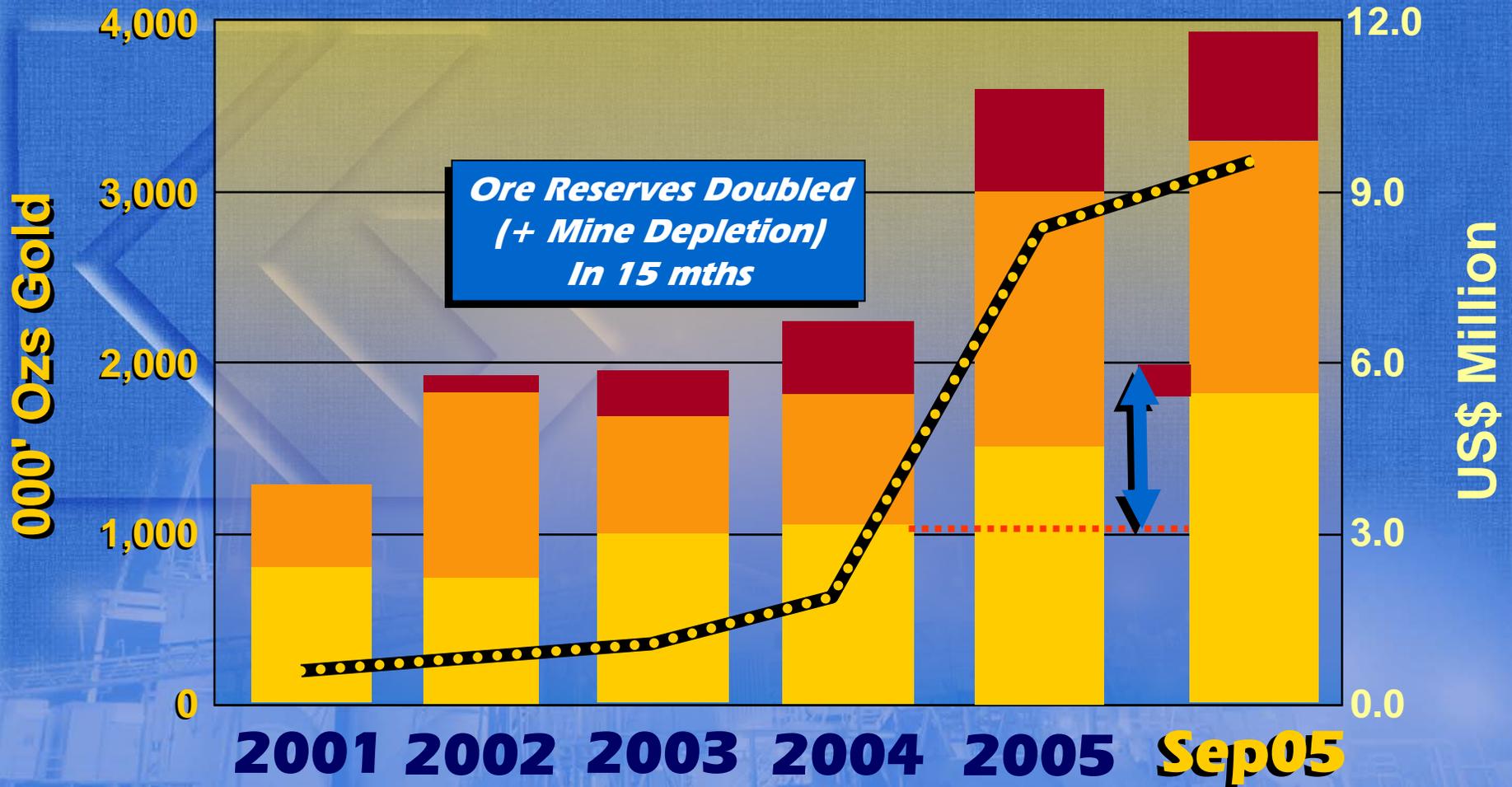
World class gold province confirmed

 **Enables continued rapid, low cost growth**





Resources & Ore Reserves



Ore Reserves Mineral Resources Mine Depletion Exploration \$/yr





Discovery Record

***The last eighteen months
Chatree***



'A' Pit on Geophysics

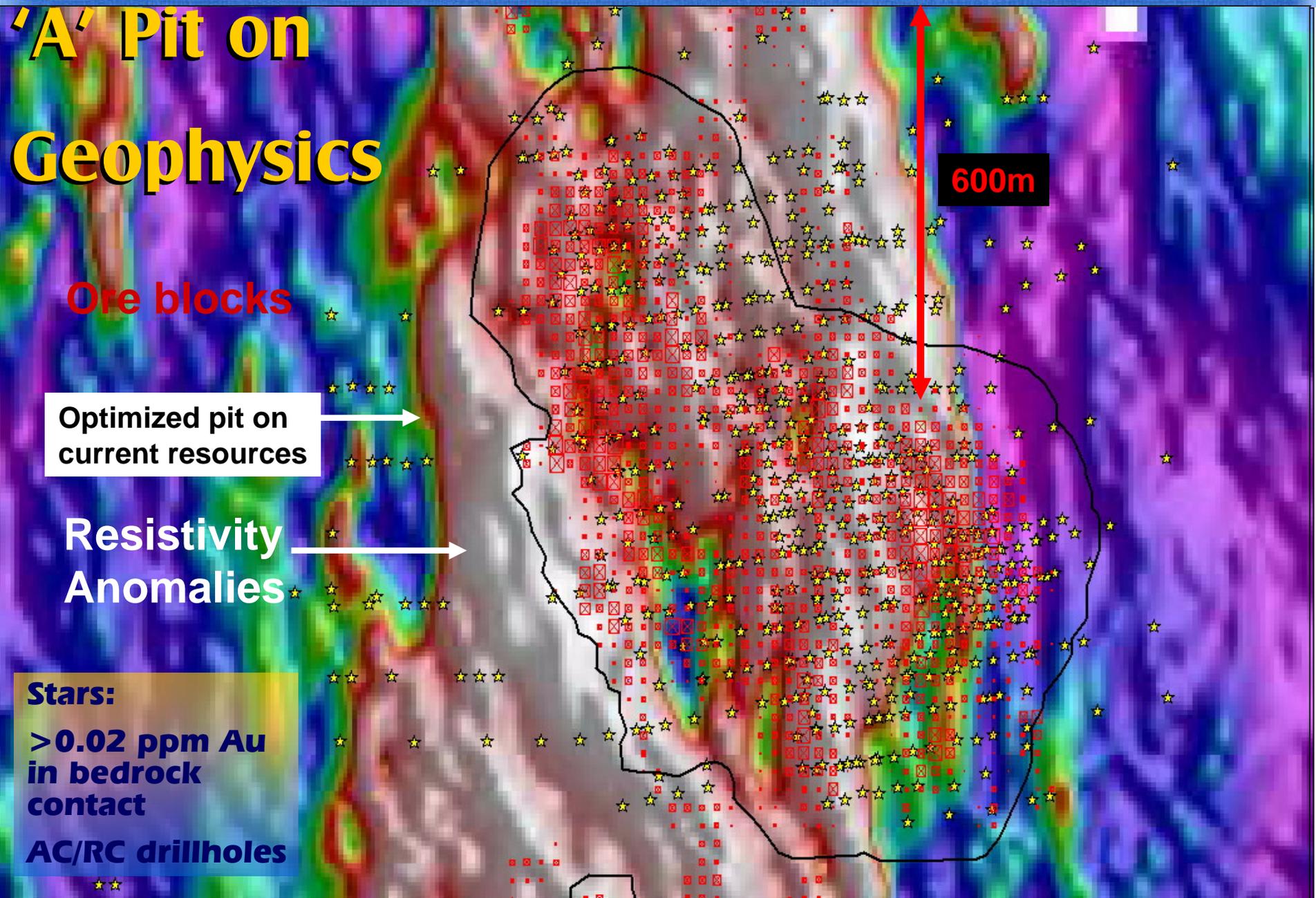
Ore blocks

Optimized pit on current resources

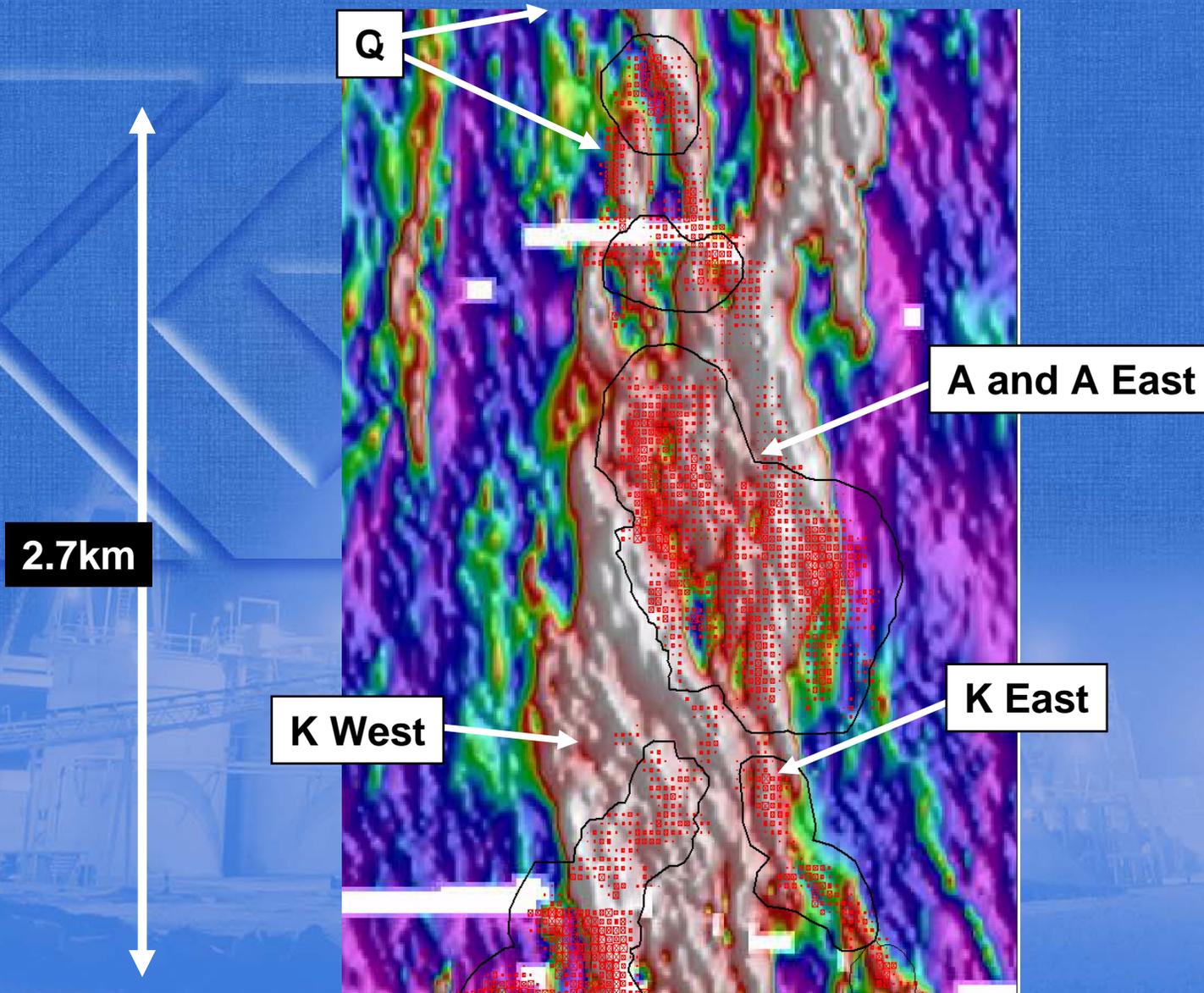
Resistivity Anomalies

Stars:
>0.02 ppm Au in bedrock contact
AC/RC drillholes

600m



Chatree Nth - Resource Growth





Chatree Targets

Q – Resource drill out 2005

Q East – Drill test 2005

M – Drill test 2005

A - East resource first pass estimate
Completed January 2005

J – Drill test 2005

K East – Resource estimate
upgraded January 2005

3 km

R – Drill test

N - Drill test

Greenfields:

39 new regional Au prospects discovered

Discoveries based on:

Regional mapping

Stream sediment geochemistry

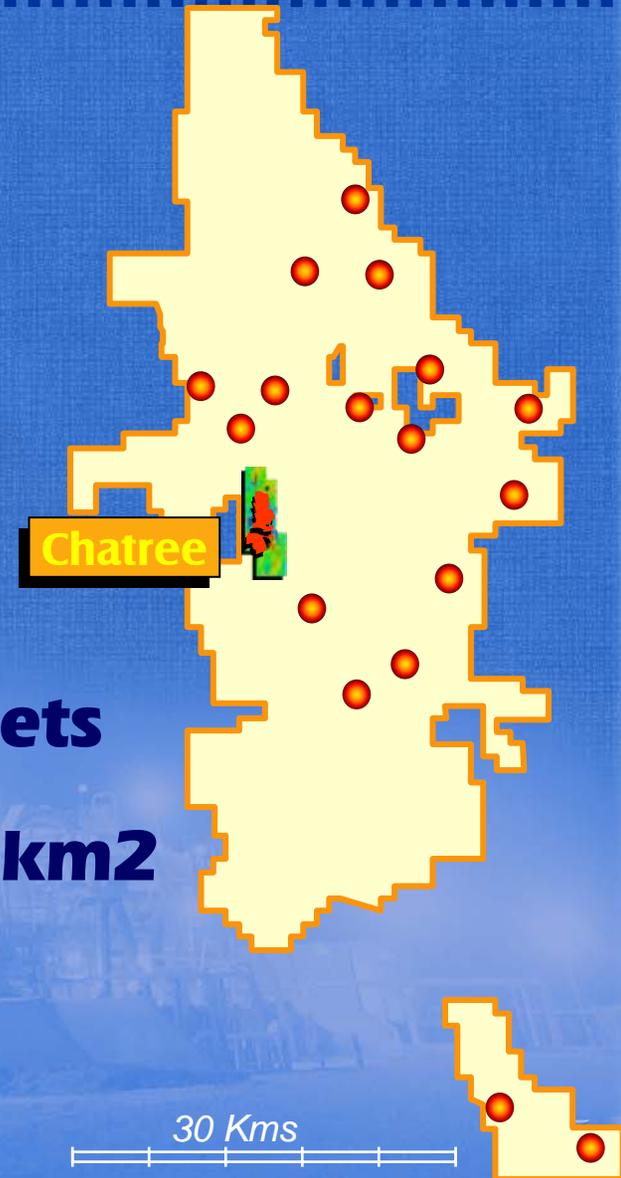
Airborne TEM

Aeromagnetics

Soil sampling

Regional Prospects

- **Discovered potential new world-class gold province**
- **39 prospective targets within economic distance of current gold processing plant**
- **Includes 10 high priority targets**
- **101 lease applications ~1500km²**





Selldown - under Kingsgate Control

↳ Favourable Investment Incentives:

- ↳ 100% ownership for 5 years**

 - ↳ (applied for 3 yr extension)**

- ↳ 8 year tax holiday plus 5 years half tax**

- ↳ 51% "Thai Ownership" by November 2006**

↳ Thai-Australian Free Trade Agreement

- ↳ 60% Australian ownership allowed post Jan 2005**

↳ Selldown will be a Commercial Transaction

- ↳ Fair Value expected for Selldown portion**

↳ Currently Negotiating Outcome





Selldown - Current Incentives

Investment Incentive Timetable

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
100% Ownership				49-100% Ownership				49 - 60% Ownership					
ZERO Tax								15% Tax				30% Tax	
Initial B.O.I. Incentives				Selldown of Thai Entity				Selldown of Thai Entity COMPLETE				No B.O.I. Incentives	





New Mining Lease & Expansion

Chatree North Mine Lease

- Application well advanced; all documents submitted

Major Drive on Increasing Reserves/Resources

- Large potential to increase near-mine reserves/resources
- Gold mineralisation identified for > 25 km

Plant Expansion Decision

- Scoping Study complete to double plant production 5mtpa
- Plant upgrade expected 2006; governed by lease granting
- Feasibility study to be completed end March Qtr 2006





Timely Opportunities - Goldstar

↳ Rationale

- ↳ Low cost option to review emerging gold producer
 - ↳ A\$2.4m for key 19.7% shareholding
- ↳ Walhalla - High grade gold veins
 - ↳ 0.5 – 1 oz/t historically
- ↳ Similar low discovery cost/oz to Chatree

↳ Benefits

- ↳ Potential for low capex, high margin operation
- ↳ Diversify Kingsgate's perceived geopolitical risk

Opportunities & acquisitions continually assessed



South America - Exploration

- Chatree-style Gold Targets
- Paleocene & Miocene Belts in Chile, Peru & Argentina; Jurassic in Argentina
- Land acquisition & evaluation
- Field mapping & geochemical sampling
- Utilize local expertise





Kingsgate



Ross Smyth-Kirk
Chairman

Proposed Takeover

Andean Resources Limited





Summary of Takeover

- **Off-market, 100% scrip takeover offer for Andean**
- **Offer: 1 Kingsgate share for 15 Andean shares held + dividend if KCN shares held by record date**
- **Values Andean at \$0.391/share, a 22% premium to Andean closing price on announcement 22 Feb'06**
- **Rationale**
 - **Epithermal mineralisation similar to Chatree and KCN can see potential at an early stage**
 - **Ability to accelerate exploration & potential development of their project, Cerro Negro**
 - **Diversification of single mine exposure**
 - **Prospective region in South America where Kingsgate has significant expertise**
 - **Ability to apply skill base & proven track record in developing epithermal gold deposits**



Strategic Fit

Company Strategy

- Profitability, production and growth
- Organic growth: greenfields exploration & brownfield expansions
- Objective: to be a preferred mid-tier gold producer

Acquisition Strategy

- Quality, early stage gold assets + upside
- Leverage exploration & development expertise
- Apply Chatree experience to develop similar epithermal gold deposits

Opportunities & acquisitions continually assessed

Overview of Andean

Focus: Exploration & development of Cerro Negro project in Patagonia, Argentina

Cerro Negro project:

Low sulphidation epithermal gold

~4,300m drilled over past 2 years

Significant mineralisation drilled in '05

Tenements cover ~25,000 hectares

Andean also holds 3 option agreements over prospects outside the project area

In a gold district near the Cerro Vanguardia mine (~200,000 oz/yr gold)



Significant drill program required to develop project

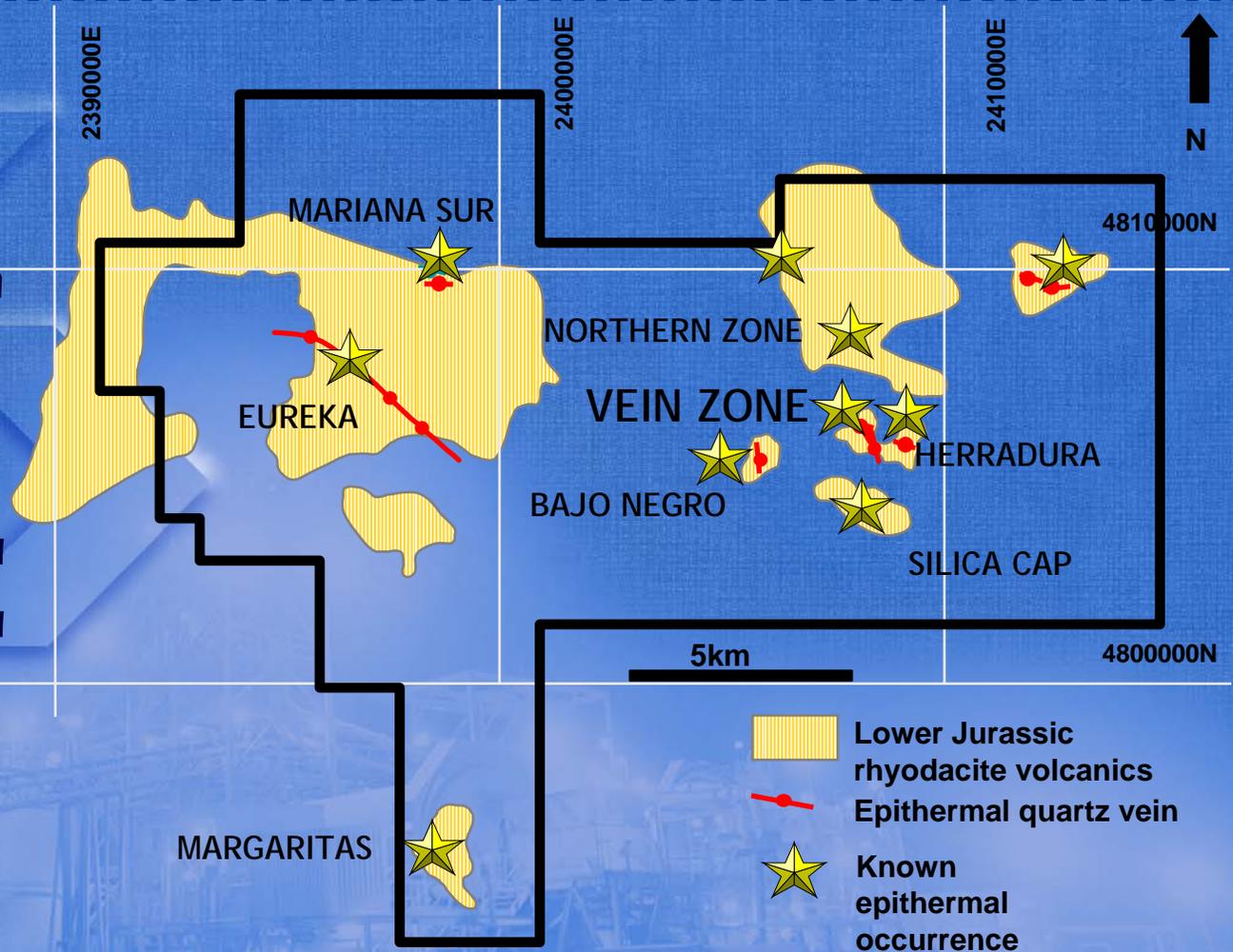
Overview of Andean

**Numerous zones
epithermal
mineralisation**

**Focus: establish a
JORC resource at
Vein Zone**

**Results include:
84m @ 6.2 g/t Au
22m @ 4.8 g/t Au**

**Other targets
poorly tested**



Focus – Vein Zone - for near term resource



Intentions with Andean

Kingsgate's Intentions

- Accelerate exploration – increase drill rigs on site**
- Scoping study ASAP**
- JORC Resource by late 2006**
- Pre-feasibility study by late 2006/early 2007**
- Objective to deliver a project initially producing a minimum of 100,000 oz/yr gold**

Current Timeline

- Bid announced: 22 Feb '06**
 - Bidder's Statement: 28 Feb '06**
 - Offer opens: Mid Mar '06**
 - Bid Close: Mid April (unless extended)**
- 



Effect of the Offer

Balanced Portfolio of Assets

Exploration

Greenfield Exploration

- ▣ Thailand
- ▣ Chile, Peru, Argentina

Advanced Exploration

- ▣ Thailand near Chatree
- ▣ **Cerro Negro Project**
- ▣ Goldstar Resources NL

Feasibility / Development

- ▣ Chatree North
 - ▣ MLAs at advanced stage

Operating

- ▣ Chatree
 - ▣ 2005/06F 145-150,000 oz

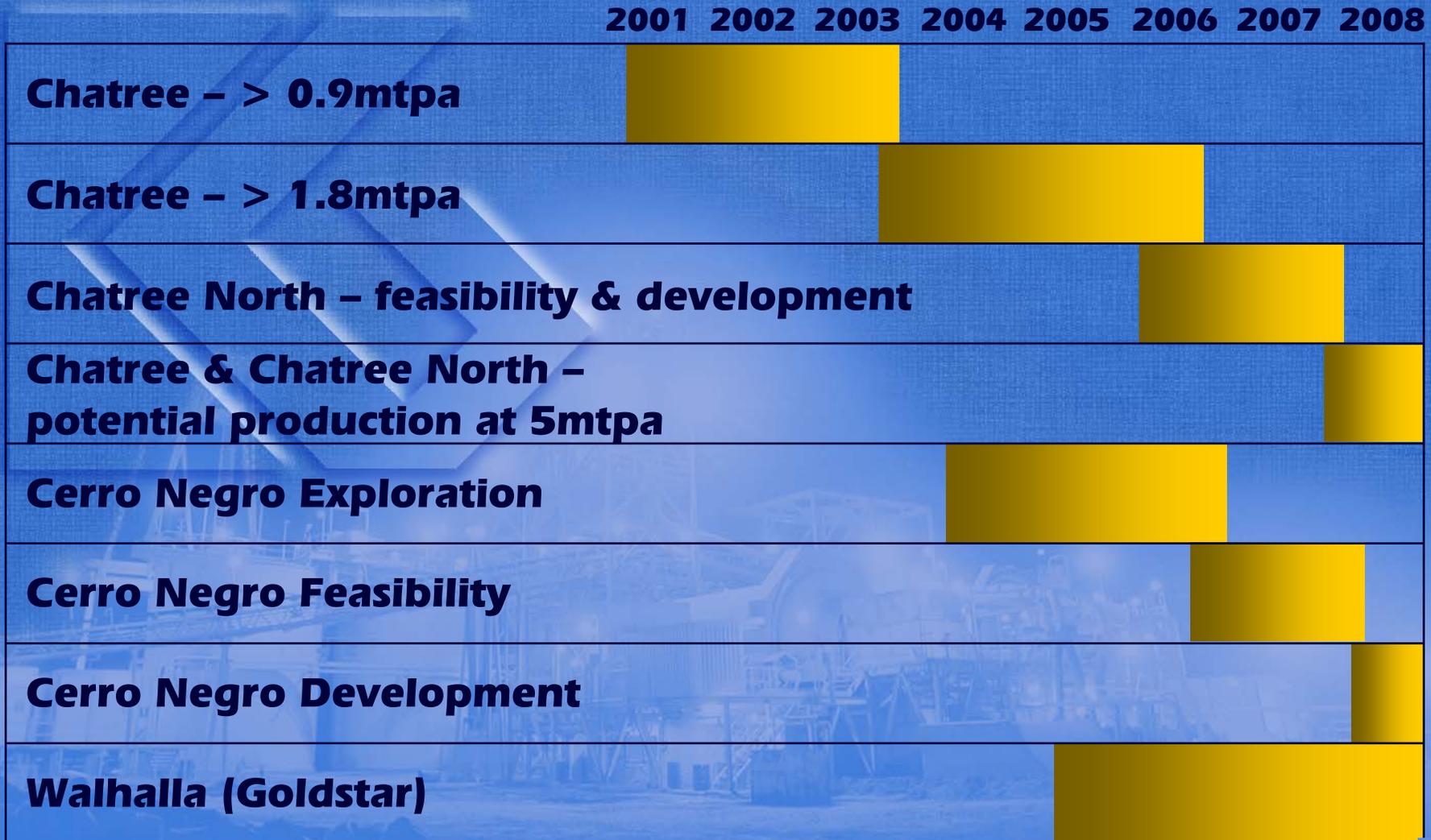
Production





Effect of the Offer

Pipeline of Potential Growth*



* Indicative only





Production, Profit & Growth

- **Reliable Gold Producer ~150,000 oz/yr**
 - Expansion - Mill Throughput to 2.35mtpa, up 25%, Mar Qtr06
 - **Low cash costs maintained <US\$220/oz**
 - **Rapid Resource/Reserve expansion**
 - >1 million oz/yr Resource growth @ \$US\$7/oz
 - Focus on Chatree mine reserves
 - **Strong Dividend commitment**
 - **Strong financial capacity; Cash & No Debt**
 - **Future expansion potential >300,000 oz/yr**
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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.

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This presentation does not replace or supplement the Bidder’s Statement, which will be lodged by Kingsgate with ASIC, ASX and Andean shortly.

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Kingsgate’s Offer will be made under the Bidder’s Statement that is expected to be sent to Andean Shareholders in March and will not be able to be accepted prior to that time. Andean Shareholders should read the Bidder’s Statement in full once they receive it and prior to making any decision to accept Kingsgate’s Offer.

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