



Kingsgate

Consolidated Limited

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KINGSGATE LODGES BIDDER'S STATEMENT FOR ANDEAN

Kingsgate Consolidated Limited (Kingsgate), through its wholly-owned subsidiary Kingsgate South America Pty Ltd, today lodged its Bidder's Statement with the Australian Securities and Investments Commission and Australian Stock Exchange (ASX) for its off-market takeover offer (Offer) for all the shares in Andean Resources Limited (Andean).

Under Kingsgate's Offer, Andean shareholders will receive 1 Kingsgate share for every 15 Andean shares held. In addition, Andean shareholders will be entitled to receive the Kingsgate interim dividend of 5 cents per Kingsgate share provided that the offer is successful and they are Kingsgate shareholders by the record date of 21 April 2006.

A copy of the Bidder's Statement is expected to be mailed to Andean shareholders by mid-March. The Bidder's Statement will also be available on the ASX website or Kingsgate's website (www.kingsgate.com.au).

Kingsgate believes the offer provides material benefits to the shareholders of Andean including:

- The opportunity to realise an attractive premium for their shares. Based on the closing price of Kingsgate shares on 21 February 2006 (the trading day prior to the announcement of the Offer) the Offer values each Andean share at \$0.391 which represents a premium of:
 - 22% to the closing price of Andean shares on the same date; and
 - 25% to the volume weighted average price of Andean shares for the three months prior to the announcement of the Offer;
- The combination of Kingsgate's technical expertise, financial strength, commercial experience and proven track record means it is well placed to accelerate the exploration and potential development of the Cerro Negro project;
- By accepting Kingsgate's Offer, Andean shareholders will become shareholders in a larger, well financed company which offers:
 - Increased market presence through inclusion in the S&P/ASX 200 Index;
 - Strong management with a successful track record in developing and operating a major gold mine outside of Australia;
 - An enhanced cashflow profile, a strong balance sheet with no debt, and greater access to development finance;

- A strong platform for growth provided by the cashflow generated by the low cost operations at the Chatree gold mine and the company's portfolio of prospective mining development and exploration projects;
 - Identified ore reserves of 1.84 million ounces of gold and mineral resources of 3.2 million ounces of gold; and
 - The ability to participate in future dividends on Kingsgate shares. Over the past three and a half years, Kingsgate has declared or paid approximately \$58 million in dividends to its shareholders;
- The combination of the assets of Kingsgate and Andean will diversify the gold exposure of Andean shareholders to a company which has a portfolio of assets including an operating mine in Thailand generating strong cashflows as well as a number of highly attractive exploration prospects. This has the potential to substantially improve the investment risk profile for Andean shareholders.

Andean shareholders are encouraged to read Kingsgate's Bidder's Statement for further detail in relation to these benefits as well as how to accept the Kingsgate Offer.

Kingsgate sees clear benefits from merging the two companies into a larger, more diverse gold mining company. The acquisition will represent a material growth step for Kingsgate and add a second major asset with medium-term development potential to its portfolio.

Kingsgate Chairman, Ross Smyth-Kirk, said today: "We reiterate to Andean shareholders that Kingsgate is committed to delivering value from the prospective Cerro Negro project early as possible, in addition to continuing its growth through exploration and development of its existing assets."

For further information contact:

Kingsgate Offer

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