Kingsgate
Consolidated Limited
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KINGSGATE ANNOUNCES OFF-MARKET TAKEOVER OFFER FOR ANDEAN

Kingsgate Consolidated Limited (ASX:KCN, "Kingsgate") today announced an off-market takeover offer for 100% of the shares in Andean Resources Limited (ASX:AND, "Andean"). Under the terms of the offer, Kingsgate is offering Andean shareholders 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.

Andean is a gold exploration company listed on the ASX whose principal asset is the Cerro Negro exploration project located in Argentina.

The Board of Kingsgate believes that the acquisition of the Cerro Negro project would provide an excellent addition to Kingsgate's growing exploration and development portfolio. In particular it will allow Kingsgate to utilise its skill base in developing offshore epithermal gold deposits to create value for its shareholders.

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 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 this announcement;
- 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.

Kingsgate Chairman, Ross Smyth-Kirk, said the offer to Andean shareholders is the next positive step in Kingsgate's stated strategy to become a preferred gold mining company that delivers shareholder value through profitability and growth.

"Kingsgate will be committed to delivering value from the prospective Cerro Negro project as early as possible, in addition to continuing its growth through exploration and development of its existing assets", he said.

Offer Terms

By accepting the offer and subject to the conditions of the offer being satisfied, Andean shareholders will receive 1 Kingsgate share for every 15 Andean shares held. In addition, Andean shareholders will also be entitled to receive the Kingsgate 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. The offer will be made by a wholly owned subsidiary of Kingsgate.

Kingsgate's offer is subject to certain conditions including:

– Kingsgate obtaining acceptances to provide it with relevant interests in more than 50% of Andean shares;
– FIRB and all other regulatory approvals are obtained and there are no materially adverse regulatory actions taken to restrain, prohibit or impede the offer;
– no "prescribed occurrences" under section 652C of the Corporations Act occurring; and
– no material adverse changes or other material events occurring in relation to Andean.

Further details in relation to the offer conditions are outlined in Attachment A.

Rationale for the 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 has operated in South America for a number of years and recognises the prospectivity of the region. Kingsgate currently has site offices and exploration staff working in Peru, Argentina and Chile. Kingsgate considers that the Cerro Negro project is similar to its Chatree deposit, where Kingsgate has gained considerable expertise in exploration and mine development. Together with its access to financial resources, Kingsgate believes it is best placed to accelerate the potential development of the Cerro Negro project to maximise value for all shareholders.

Process and Timing

Kingsgate expects that the Bidder's Statement will be lodged with ASIC later this month and sent to shareholders in March. Following the dispatch of the Bidder's Statement the offer will remain open for at least one month.

Macquarie Bank Limited is acting as financial adviser and Allens Arthur Robinson as legal adviser to Kingsgate.

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About Kingsgate

Kingsgate is a highly successful Australian gold and silver mining and exploration company. Kingsgate is listed on the ASX with a market capitalisation of approximately $500 million, which positions it as one of Australia's Top 200 ASX listed companies.

Kingsgate owns and operates the low-cost Chatree gold mine in central Thailand through a subsidiary, Akara Mining Limited, using world's best practice for safe, environmental and socially responsible operations. Chatree is the largest gold mine in Thailand and, since its commissioning in 2001, the mine has produced approximately 600,000 ounces of gold and 1.5 million ounces of silver at cash costs which continue to rank Chatree as one of the lowest cost gold operations in the world. In the year to 30 June 2005, Kingsgate produced 126,550 ounces of gold at a cash cost of US$212 per ounce and is on track to produce 145,000 to 150,000 ounces of gold at US$200 to US$220 per ounce in the 2005/06 financial year.

About Andean

Andean is an Australian listed public company focused on the exploration and development of gold projects in Patagonia, Argentina. The Company's major asset is the 100% owned Cerro Negro epithermal gold deposit, located in the southern Argentinean province of Santa Cruz at an elevation of approximately 800m above sea level.

ATTACHMENT A – CONDITIONS OF THE OFFER

The takeover offers (**Offers**) to be made by Kingsgate's wholly owned subsidiary (**Bidder**) for ordinary shares in Andean (**Andean Shares**) will be subject to conditions substantially as set out below.

(a) Minimum acceptance

During, or at the end of, the period for which Bidder's Offers remain open (**Offer Period**), Bidder and its associates together have relevant interests in at least 50% of the Andean Shares.

(b) Foreign investment condition

The Treasurer of the Commonwealth of Australia, before the expiry date of the Offer, advises Bidder in writing that there is no objection under the Commonwealth Government's foreign investment policy or under the Foreign Acquisitions and Takeovers Act 1975 (Cth) to the acquisition of Andean Shares by Bidder, or the Treasurer ceases to be entitled to make an order under Part II of that legislation or that such an acquisition does not otherwise breach that legislation.

(c) Other regulatory approvals

Before the end of the Offer Period, Bidder receives all regulatory approvals or consents (other than those referred to in section (b) above):

(i) that are necessary to permit the Offers to be lawfully made to, and accepted by, Andean Shareholders; or

(ii) that are required as a result of the Offers or the successful acquisition of Andean Shares and are necessary for the continued operation of the business of Andean and its subsidiaries, or of Kingsgate and its subsidiaries,

in each case on an unconditional basis or on the basis of conditions that impose only non-material requirements incidental to the approval or consent, and, at the end of the Offer Period, all of those approvals or consents remain in full force and effect in all respects and are not subject to any notice or indication of intention to revoke, suspend, restrict, modify or not renew those approvals or consents.

(d) No regulatory actions

Between the date of this announcement (**Announcement Date**) and the end of the Offer Period (each inclusive):

(i) there is not in effect any preliminary or final decision, order or decree issued by any government or governmental, semi-governmental, statutory or judicial entity or authority, or any minister, department, office or delegate of any government (including any self-regulatory organisation established under statute or any stock exchange), whether in Australia or elsewhere (**Public Authority**);

(ii) no action or investigation is announced, commenced or threatened by any Public Authority; and

(iii) no application is made to any Public Authority (other than by Bidder or any of its associates), in consequence of or in connection with the Offers (other than an application to, or a decision or order of, the Australian Securities and Investments Commission (**ASIC**) or the Takeovers Panel for the purpose, or in exercise, of the powers and discretions conferred on it by the Corporations Act) which restrains or prohibits or impedes, or threatens to restrain, prohibit or impede, the making of the Offers or the acquisition of Andean Shares under the Offers or seeks to require the divestiture by Bidder of any Andean Shares, or the divestiture of any material assets of Andean or its subsidiaries or Kingsgate or its subsidiaries.

(e) No material adverse change

Before the end of the Offer Period, no event, change or condition occurs, is announced or becomes known to Bidder (whether or not it becomes public) where that event, change or condition has had, or could reasonably be expected to have, either individually or in aggregate with all such events, changes or conditions, a material adverse effect:

(i) on the business, assets, liabilities, financial or trading position, profitability or prospects of Andean and its subsidiaries, taken as a whole; or

(ii) on the status or terms of arrangements entered into by Andean and its subsidiaries, or on the status or terms of any approvals, licences or permits from Public Authorities applicable to Andean and its subsidiaries,

except to the extent that such events, changes and conditions have been publicly announced by Andean or otherwise disclosed in public filings by Andean or any of its subsidiaries prior to the Announcement Date.

(f) No material defect in Andean public filings

Bidder does not become aware, during the period from the Announcement Date to the end of the Offer Period (each inclusive), that any document filed by or on behalf of Andean, or by or on behalf of any person in relation to Andean, with ASX or ASIC contains a statement which is incorrect or misleading in any material particular or from which there is a material omission.

(g) No material acquisitions, disposals or new commitments

Except for any proposed transaction publicly announced by Andean before the Announcement Date, none of the following events occurs during the period from the Announcement Date to the end of the Offer Period (each inclusive):

(i) Andean or any subsidiary of Andean acquires, offers to acquire, enters into an option to acquire or agrees to acquire one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount in aggregate greater than $1 million, or announces an intention to enter into such an acquisition, offer, option or agreement;

(ii) Andean or any subsidiary of Andean disposes of, offers to dispose of, enters into an option to dispose of or agrees to dispose of any interest in any mining tenement, exploration licence, project, deposit or other mining right located at or around the Cerro Negro project, or any subsidiary with an interest in such an asset, or announces an intention to enter into such a disposition, offer, option or agreement; or

(iii) Andean or any subsidiary of Andean enters into, or offers to enter into or agrees to enter into, any agreement, joint venture or partnership which would require expenditure, or the foregoing of revenue, by Andean and its subsidiaries or would involve Andean or one of its subsidiaries incurring or committing to any liability (including with respect to indebtedness or capital expenditure) of an amount which is, in aggregate, more than $1 million, other than in the ordinary course of business, or announces an intention to make such an offer or enter into such an agreement.

(h) Non-existence of certain rights

That no person:

(i) has any right or obligation; or

(ii) before the end of the Offer Period is granted any right or obligation,

whether subject to conditions or not and including as a result of the Offers or acceptances under the Offers, to:

(iii) acquire from Andean or any Andean subsidiary any interest in any mining tenement, exploration licence, project, deposit or other mining right located at or around the Cerro Negro project, or any subsidiary with an interest in such an asset;

(iv) terminate or vary or exercise any right under any agreement with Andean or any Andean subsidiary which would result or would be reasonably likely to result in a material change in the business, assets, liabilities, financial or trading position, profitability or prospects of Andean and its subsidiaries, taken as a whole; or

(v) provide any financial accommodation to or for the account of Andean or any of its subsidiaries unless:

(A) such arrangements are capable of being terminated by Andean on not more than 3 months notice; and

(B) the total actual or contingent liability of the Andean Group arising in any way out of the termination of such arrangements (including any payment required to exercise the right of termination), other than the liability to repay any advances already made to it and interest accrued on the advances at no more than arms length commercial rates, would not and does not exceed $100,000,

except to the extent such a right or obligation has been disclosed by Andean in public filings prior to the Announcement Date and is not varied after that date.

(i) Dividends

Between the Announcement Date and the end of the Offer Period (each inclusive), Andean does not make or declare any distribution (whether by way of dividend or otherwise and whether in cash or in specie).

(j) No prescribed occurrences

During the period from the Announcement Date to the end of the Offer Period (each inclusive), none of the events listed in sections 652C(1)(a) to (h) inclusive and 652C(2)(a) to (e) occur (other than the issue of Andean Shares pursuant to the exercise or conversion of options or other securities which had been issued and notified to ASX prior to the Announcement Date).

The full text of these conditions will be set out in the Bidder's Statement. Bidder reserves the right to waive any or all of these conditions in accordance with the Corporations Act (other than the FIRB condition in paragraph (b) above).

ENDS