



Kingsgate

Consolidated Limited

ABN 42 000 837 472

27 January 2004

ASX Release

FOR PUBLIC RELEASE

The Manager
Announcements
Company Announcements Office
Australian Stock Exchange Limited

Dear Sir/Madam

Quarterly Report Ended 31 December 2003

We enclose the Quarterly Report on activities for three (3) months to 31 December 2003 and Media Release on further exploration success.

KINGSGATE CONSOLIDATED LIMITED

Steve Reid
Managing Director and CEO



Kingsgate

Consolidated Limited

Report on Activities

For the Quarter ended 31 December 2003

SUMMARY OF ACTIVITIES FOR THE QUARTER

PRODUCTION

- Gold production at Kingsgate's Chatree Gold Mine in Thailand for the December quarter was **34,126 ounces** compared with 28,335 ounces in the September quarter: an increase of 20%;
 - Total cash cost of production was **US\$117 per ounce**.
- Mining continued in the Tawan and Chantra pits and also in the recently discovered extension to the H orebody.
- Chatree plant expansion to 1.8 Mtpa is effectively complete:
 - The project began commissioning one month ahead of schedule on 22 December 2003;
 - Throughput of 1.8 Mtpa is now being maintained while operational refinements continue;
 - Expenditure on the expansion will be less than the budget of US\$8.1 million.

EXPLORATION

- New discoveries close to the Chatree Mine site continue to yield positive results:
 - Extension to C trend mineralization remains open to the north along strike from the existing Tawan Pit;
 - Further high-grade intersections were encountered at depth to the east of Prospect A;
 - Drilling on Prospect K indicates two zones of mineralization trending NE-SW and NW-SE and preliminary resource estimates will be compiled in the March quarter;
 - An ongoing detailed ground resistivity survey of the mine has revealed a number of anomalies which will require drill testing.
- The accelerated exploration program has been fully implemented:
 - New geological and support staff have been employed and all the necessary resources put in place to enable the exploration effort;
 - Regional sampling surveys have resulted in delineation of gold anomalies confirming the prospectivity of the area;
 - A major, large-scale, geological mapping programme coupled with detailed studies of the mineralization at the Chatree Mine has lead to a much greater understanding of the prospectivity of the region.

CORPORATE

- The company finalised a new financing facility for US\$32 million to replace the existing project facility. It is a secured 3-year revolving credit facility with four banks participating.

Steve Reid
Managing Director & CEO
27 January 2004

PRODUCTION

Despite the construction and commissioning activities associated with the plant expansion, gold production at Chatree for the December quarter was an improvement on the September quarter as a result of the treatment of higher-grade ore.

Chatree Mine	Units	Dec. 2003 Quarter	Sep. 2003 Quarter
Waste mined	BCM	1,153,783	836,212
Ore mined	BCM	193,621	225,856
Waste:ore ratio		6.0	3.7
Ore mined	Tonnes	477,513	541,465
Ore treated	Tonnes	338,651	372,863
Head grade	Au g/t	3.5	2.8
	Ag g/t	19	13
Gold recovery	%	91.2	88.9
Gold poured	Ounces	34,126	28,335
Silver poured	Ounces	108,780	81,258

During the quarter, ore was again sourced from both the Tawan and Chantra pits.

Mining continued in the newly discovered extension to the H orebody, which continues to have a positive impact on the annual results by providing previously unscheduled, near-surface ore feed.

The gold processing plant continued to perform at significantly greater than the nameplate capacity and following completion of the upgrade in December, the plant now has capacity to treat in excess of 1.8 million tonnes per year.

PRODUCTION COSTS

Cost Category *	Dec. 2003 Quarter US\$/oz Gold Produced	Sep. 2003 Quarter US\$/oz Gold Produced
Direct mining expense	120	124
Refining and transport	2	2
By product credit	(15)	(12)
Cash Operating Cost	107	114
Royalty	10	9
Total Cash Cost	117	123
Depreciation/Amortisation	54	56
Total Production Cost	171	179

* Gold Institute Revised Standard for Reporting Production Costs.

Chatree continues to be one of the world's lowest cost producers of gold with Total Cash Costs of only US\$117 per ounce produced.

Kingsgate reports unit costs in accordance with the Gold Institute Standard. Silver is accounted for as a by-product at Chatree whereby revenues from silver are deducted from operating costs in the calculation of cash costs per ounce.

The Total Cash Cost of future production at Chatree will fluctuate due to changing grade, throughput and recovery outcomes.

SAFETY AND ENVIRONMENT

The company's excellent safety and environmental record continued during the December quarter with no lost time injuries incurred at the Chatree operation nor in the exploration division, and there were no environmental incidents.

CHATREE PROCESS PLANT EXPANSION

The Chatree process plant expansion was completed one month ahead of schedule and under budget. The Stage II expansion project, designed to increase throughput to a nameplate capacity of 1.8 million tonnes per year, was successfully commissioned during December 2003.

The initial phase of the expansion was successfully completed during September with the commissioning of two additional CIL tanks (now 12 in total). The remaining key component of the expansion project was the additional SAG (grinding) mill, which began commissioning on 22 December 2003. The plant has since performed consistently at the higher throughput level as operational refinements continue.

EXPLORATION

Exploration in the vicinity of the Chatree Mine has yielded promising results with implications for upgrading the current resource and for the discovery of further mineralization close to the existing infrastructure.

Regional exploration has proved the prospectivity of the belt for mineralized systems similar to that at Chatree, as well as other types of gold mineralization.

H EXTENSION

Exploration on the SW extension of the H orebody has revealed further mineralization extending for at least 500 metres beyond the limits of the original Tawan Pit and beyond that included in recent Reserve revisions.

Significant intersections encountered on this trend during the quarter include:

Hole Number	From (m)	To (m)	Interval* (m)	Gold (g/t)
1373	13	18	5	8.82
1368	13	24	13	3.42
1456	44	56	12	2.31
1445	9	13	4	7.90

Drill testing of mineralization beyond the limits of the currently planned mining is ongoing.

C NORTH EXTENSION

Exploration of the C Pit mineralization to the north of the current Tawan Pit has returned encouraging intersections with particularly high grades for this zone. This drilling is expected to upgrade the overall resource and a preliminary resource estimate will be calculated during the March quarter.

Significant intersections for the current exploration programme on the extension of the C trend include:

Hole Number	From (m)	To (m)	Interval * (m)	Gold (g/t)
1474	101	112	11	15.59
1482	64	73	9	5.25
1483	80	99	19	3.32
1465	114	128	14	2.26

PROSPECT K

Drilling in the Prospect K area has confirmed the presence of at least two zones of mineralization representing the northerly extensions of the two areas of Ore Reserves currently being mined in the Chantra and Tawan pits.

- One zone extends some 400 metres NE from the current limits of mining in the Tawan Pit with reduced continuity characteristics.
- A second zone to the east extends for some 500 metres NW from the northern termination of the Chantra Pit.

Exploration has indicated that in places the mineralization is of sufficient tenor and continuity to be economic and a preliminary resource estimate for both zones is expected in the March quarter.

Significant intersections encountered in Prospect K during this quarter include:

Hole Number	From (m)	To (m)	Interval * (m)	Gold (g/t)
2054	5	17	12	6.88
2063	38	43	5	7.17
2038	64	68	4	5.70
2047	56	58	2	8.80
2132	3	16	13	1.51
2173	21	31	10	1.68

PROSPECT A DOWN DIP ("A East")

Further exploration to the east of the Prospect A mineralization has revealed the presence of a series of mineralized lenses with relatively high grades of mineralization albeit at greater depths than any so far encountered on the mine leases. Work is ongoing on this mineralization to test continuity and the potential to add economic resources to the mineral inventory.

Significant intersections obtained at A East include:

Hole Number	From (m)	To (m)	Interval * (m)	Gold (g/t)
2025	186	192	6	13.60
2049	95	109	14	2.99
2120	108	114	6	5.74
2105	177	189	12	2.32
2106	186	193	7	4.69

All of the significant intersections, in each of these areas, are listed in the Supplemental Information attached.

* Intersections may not be true thickness.

GEOPHYSICS

A major ground resistivity survey of the mine area was commenced in the December quarter. Preliminary results of this survey are highly encouraging. Mineralized zones are clearly discernable in the dataset and there are numerous indications of similar resistivity signatures elsewhere in the vicinity of the mine that are untested.

REGIONAL EXPLORATION

Regional exploration programmes have outlined a number of areas of extensive gold geochemical anomalism in soil and rock chip sampling. Preliminary investigations suggest the presence of several mineralized systems similar in character to that being mined at Chatree although the potential for these prospects to produce economic deposits is unknown at this time.

Major airborne magnetic, radiometric and electro-magnetic geophysical surveys will be undertaken during the March quarter.

CORPORATE

FINANCE

The company finalised a new financing facility for US\$32 million to replace the existing project facility. It is a secured 3-year revolving credit facility with 4 banks participating.

Approval to implement a Dividend Reinvestment Plan was received at the Annual General Meeting in October 2003 and election forms are being issued to shareholders.

A Free Trade Agreement negotiated between Australia and Thailand included provision for Australian companies to own up to 60% of mining ventures. It is not possible to predict at this stage if this will have any positive impact upon Kingsgate's current Board of Investment approvals.

At 31 December 2003, group debt was US\$6.0 million and cash on hand was US\$42.3 million equivalent (including A\$41.4 million).

Category	Units	Dec. 2003 Quarter	Sep. 2003 Quarter
Average prevailing spot gold price	US\$/oz	395	369
Average gold price received	US\$/oz	401	366
Gold sold	Ounces	34,641	27,237
Silver sold	Ounces	108,780	81,258
Revenue from metal sales	US\$M	14.5	10.4

GOLD HEDGE POSITION

The average gold price received by Kingsgate for the December quarter was US\$401 per ounce, compared with an average spot price of US\$395 per ounce.

Hedge commitments outstanding at 31 December 2003 were 345,300 ounces compared with 344,100 ounces at 30 September 2003.

The strike price on US\$ call positions in 2003/04 was increased from US\$310 to US\$331 per ounce as part of a restructure during the quarter. The attached table reflects those positions. The Kingsgate Group had no foreign exchange currency hedging in place at the date of this report.

There was a negative mark to market valuation of US\$27 million for the hedge book based on a spot price of US\$416.87 and an exchange rate of US\$0.7503 on 31 December 2003.

The Group is not exposed to any margin calls from hedge counterparties. In the event that the spot gold price is below US\$300 or AU\$570, a proportion of production can be delivered to US\$ and AU\$ puts. The company is constantly reviewing the hedge book with a view to reducing commitments, while preserving a degree of price protection.

For further information contact the undersigned or visit our website at www.kingsgate.com.au.

Steve Reid

Managing Director & CEO
Kingsgate Consolidated Limited

Information in this report that relates to geology, drilling and mineralisation is based on information compiled by Marcus Tomkinson, Ron James and Mike Garman, employees of the Kingsgate Group, who are Competent Persons under the meaning of the JORC Code with respect to the mineralisation being reported on. All have given their consent to the Public Reporting of these statements concerning geology, drilling and mineralization.

SUPPLEMENTARY INFORMATION

Drill intersections greater than 10 gram metres obtained during the December quarter included:

H EXTENSION										
Hole No.	Northing (mN)	Easting (mE)	RL	Grid Azim	Dip (deg.)	Depth (m)	Intersection			Au (g/t)
							From	To	Interval	
1371	1609	5881	88	130	-60	39	12	31	19	2.10
1373	1603	5849	88	130	-60	52	13	18	5	8.82
1374	1590	5785	88	130	-60	66	26	32	6	1.71
1368	1513	5722	88	130	-60	48	13	24	13	3.42
1369	1526	5706	88	130	-60	45	36	43	7	2.86
1444	1321	5600	82	130	-60	35	22	28	6	1.68
1456	1347	5568	82	130	-60	61	44	56	12	2.31
1445	1283	5567	82	130	-60	30	9	13	4	7.90
1453	1308	5537	81	130	-60	55	36	42	6	1.72
1446	1295	5514	80	130	-60	55	39	49	10	1.40
1450	1270	5505	80	130	-60	52	35	38	3	3.62
1437	1257	5487	88	130	-60	67	37	47	10	1.44
1448	1218	5488	80	130	-60	37	19	25	6	1.82
1463	1220	5486	80	130	-60	63	29	39	10	2.75
							55	58	3	
1449	1185	5489	80	130	-60	25	1	7	6	2.70
1464	1190	5483	80	130	-60	36	18	29	11	1.28

C NORTH EXTENSION										
Hole No.	Northing (mN)	Easting (mE)	RL	Grid Azim	Dip (deg.)	Depth (m)	Intersection			Au (g/t)
							From	To	Interval	
1484	2310	6247	98	90	-60	114	45	50	5	2.89
1483	2287	6196	97	90	-60	144	80	99	19	3.32
1486	2290	6150	96	90	-65	162	97	105	8	1.55
1466	2265	6208	97	90	-60	139	93	103	10	2.10
1467	2215	6183	96	90	-60	133	110	115	5	2.75
1465	2164	6191	96	90	-60	167	114	128	14	2.26
1476	1890	6290	72	90	-90	90	62	67	5	2.91
1482	1840	6305	72	90	-90	92	64	73	9	5.25
1475	1815	6249	77	90	-60	150	98	102	4	3.98
1474	1790	6280	77	90	-70	138	101	112	11	15.59

PROSPECT K									
Hole No.	Northing (mN)	Easting (mE)	Grid Azimut h	Dip (deg.)	Hole Depth (m)	From (m)	To (m)	Interval (m)	Au (g/t)
2062	1802683	676582	90	55	60	26	30	4	3.03
2063	1802683	676532	90	55	84	38	43	5	7.17
2178	1802583	676693	90	55	18	4	7	3	4.23
2038	1802533	676453	90	55	90	64	68	4	5.70
2047	1802508	676427	90	55	114	56	58	2	8.80
2045	1802506	676482	90	55	78	6	10	4	2.53
2046	1802505	676456	90	55	90	23	27	4	2.49
						36	38	2	9.90
2132	1802680	676858	270	55	66	3	16	13	1.51
2173	1802637	676873	270	55	48	21	31	10	1.68
2091	1802633	676899	270	55	84	44	49	5	2.92
2054	1802580	676866	90	55	120	5	17	12	6.88
2121	1802213	677200	270	55	96	50	55	5	2.54

PROSPECT A: Down-dip ("A East")									
Hole No.	Northing (mN)	Easting (mE)	Grid Azimuth	Dip (deg.)	Hole Depth (m)	From (m)	To (m)	Interval (m)	Au (g/t)
2086	20300	5380	270	55	240	63	66	3	3.71
2087	20100	5400	270	55	240	77	80	3	3.13
2049	19701	5375	90	60	251.3	95.05	109.75	14.7	2.99
2120	19700	5325	90	60	217.9	96	100	4	2.65
						108	114	6	5.74
2105	19600	5505	270	55	263.10	91	93	2	18.60
						177.05	189	11.95	2.32
						244.6	254.2	9.6	1.25
944	19599	5435	270	55	210.00	151.95	156	4.05	3.18
						162.35	167.9	5.55	2.21
2106	19550	5435	270	55	210.00	186	193	7	4.69
2025	19500	5600	270	55	250.00	186	192	6	13.60

Gram metres = length of intersection in metres, multiplied by gold grade in grams/tonne.
Grades are uncut.
Intersections may not be true thickness.
Collar co-ordinates may be local grid.

Information in this report that relates to geology, drilling and mineralisation is based on information compiled by Marcus Tomkinson, Ron James and Mike Garman, employees of the Kingsgate Group, who are Competent Persons under the meaning of the JORC Code with respect to the mineralisation being reported on. All have given their consent to the Public Reporting of these statements concerning geology, drilling and mineralisation.

SUPPLEMENTARY INFORMATION

Gold Hedging Positions as at 31 December 2003

		2003/04	2004/05	2005/06	2006/07	2007/08	Total
Put Options Purchased							
US\$ denominated	'000 oz	60	79	82.8	58.5		280.3
ENRP (average) ⁽¹⁾	US\$/oz	300	300	304	300		301
AU\$ denominated	'000 oz	11.2	32.2	38.5	31.5	14.0	127.4
ENRP (average) ⁽¹⁾	AU\$/oz	570	570	570	570	570	570
Call Options Sold (no barriers)							
US\$ denominated	'000 oz	30	30	11.3			71.3
Strike price (average)	US\$/oz	331	310	352			325
Call Options Sold (with barriers)							
US\$ denominated	'000 oz		39	71.5	58.5		169
Strike price (average)	US\$/oz		315	316	317		316
Barriers (average) ⁽²⁾	US\$/oz		300	301	302		301
AU\$ denominated	'000 oz		21	38.5	31.5	14	105
Strike price (average)	AU\$/oz		610	611	614	615	612
Barriers (average) ⁽²⁾	AU\$/oz		550	552	557	560	554
Total Hedged							
	'000 oz	407.7					
Total Committed (no barriers)							
	'000 oz	71.3					
Total Committed (with barriers) ⁽²⁾							
	'000 oz	274					
Grand Total Committed) ⁽³⁾							
	'000 oz	345.3					

(1) ENRP (Estimated Net Realisable Price) is after making allowance for gold lease fees. Gold lease fees for US\$ puts are fixed funded out to 31 December 2004 and for A\$ puts out to 31 March 2005. Thereafter floating gold lease fees are prepaid at 1.0% on the amortised face value of the put options.

(2) When active the barrier on the call option is triggered by a single trade at or below the respective barrier level, with all associated ounce commitments knocked out. If gold trades below all relevant barriers after 15 March 2005, all of the remaining call options with barriers will be cancelled and the committed ounces with barriers will reduce to zero.

(3) Put options are not committed ounces and do not form part of the Total Committed ounces.

(4) The company is not exposed to any margin calls by counterparty banks in times of higher spot gold prices.



Kingsgate

Consolidated Limited

ABN 42 000 837 472

MEDIA RELEASE

Tuesday, 27 January 2004

KINGSGATE'S CHATREE - PRODUCTION UP, CASH COSTS DOWN

Kingsgate Consolidated (ASX:KCN) produced 34,126 ounces of gold from its Chatree mine in Thailand during the December quarter, up 20% from the previous quarter. Cash costs fell 5% to US\$117 per ounce. This was prior to the plant expansion.

With higher gold grades treated, production was increased despite the construction and commissioning associated with the new plant expansion, which was commissioned one month ahead of schedule, late in the quarter.

Plant throughput has now increased 50% to more than 1.8 million tonnes per year.

Kingsgate's accelerated exploration program also continues to provide positive results with extensions to the mineralisation from the two existing pits identified in the Prospect K area. Further high-grade intersections were encountered at depth to the east of Prospect A and major airborne magnetic, radiometric and electro-magnetic geophysical surveys will be undertaken during the March quarter.

Kingsgate is well-positioned for growth with US\$42 million in cash and a recently completed US\$32 million revolving credit facility.

Media enquiries:
Suzanne Blake
PR for Kingsgate Consolidated Limited
Tel: 0414 233 500