



Kingsgate

Consolidated Ltd

ABN 42 000 837 472

Quarterly Report on Activities for

Three Months to 31 December 2002

Chatree Mine expansion approved.

Chatree production for quarter = 37,294 oz gold.

Chatree cash costs for quarter = USD74

Kingsgate can deliver all gold to spot market until March 2004.

Chatree resources and reserves increased.

The wholly owned Chatree Gold Mine in Thailand, continued its very good production record.

Kingsgate, on present indications, should exceed its forecast profit, after tax, of USD25 million for the year to 30 June, 2003.

A maiden dividend of AUD0.15 per share was paid in October, 2002.

Mr Niall Lenahan, currently Chief Financial Officer of AurionGold will join Kingsgate as CFO on 3 February, 2003.

Under Kingsgate's hedge book, all gold production to March 2004 can be delivered to the spot market, thereby reaping the benefits of the current higher gold price.

PRODUCTION. Chatree Mine Thailand.

Gold production: 37,294 ozs.

Silver production: 136,102 ozs.

Total Cash Cost per ounce: USD74 per oz.

Average gold price received: USD326 per oz.

Forecast
Year to 30 June 2003
Approximately as follows;

Gold production	160,000 oz
Cash cost	USD80 per oz
After tax Profit	USD25million

FINANCE.

Revenue for the quarter was USD12.7 million.

Cash on hand at 31 December was USD16.0 million

EXPLORATION.

Total Chatree resources at 30 September, 2002 were increased by 176,000 ounces to 1,897,000 ounces of gold and 14,228,000 ounces of silver. Total reserves were increased by 125,000 ounces of gold to 738,000 ounces of gold and 3,210,000 ounces of silver.

An 11,000 metre drill program at Prospect A is scheduled for completed at the end of February, 2003, allowing an updated resource estimate and a first reserve estimate to be completed in late March and mid April.

For further information, please contact:

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SAFETY.

Chatree Mine's outstanding safety record continued, with no lost time injuries during the quarter, bringing the number of man hours without lost time injury to more than 2 million. In January, 2003 one lost time injury occurred when minor damage was caused to a contract driller's toe.

PRODUCTION Chatree Mine Thailand

Production in the December, quarter was:

Operation	Units	Dec 2002 Quarter	Sept 2002 Quarter
Waste mined	Tonnes	741,766	615,580
Ore mined	Tonnes	369,790	274,367
Waste:ore ratio	BCM	2.0:1	2.2:1
Ore Grade	Au g/t	3.5	3.7
Closing stockpile	Au g/t	14	30
Stockpile grade	Tonnes	153,839	111,508
Ore treated	Au g/t	1.2	1.3
Head grade	Au g/t	6	9
	Tonnes	309,202	294,583
Gold poured	Au g/t	4.20	4.4
Silver poured	Au g/t	24	29
Gold recovery	Ounces	37,294	39,777
	Ounces	129,354	136,102
	%	88.5	89.7

During the quarter, ore was sourced from the Tawan Pit until late in December, when the first ore mined from Chantra Pit, located 600 metres east of the crusher, was fed into the plant.

Plant throughput has increased since the end of the wet season in late October and the forecast of 1.25 million tonnes for the year to 30 June, 2003 should be met.

Mining for the rest of the financial year will be carried out in both the Tawan and Chantra Pits with day shift mining of ore and waste and one night shift mining waste only. Mining volumes will increase significantly late in the 2003 calendar year in preparation for the scheduled large production increase at that time.

The CIL gold processing plant performed well with three new CIL tanks being commissioned in mid December. The increased tankage is expected to improve gold and silver recovery at the higher

2003 subject to board approval of the capital expenditure in late February. Construction will consist of 2 additional CIL tanks, an additional SAG (grinding) mill and ancillary equipment. The expansion is expected to be funded from cash flow.

PRODUCTION COSTS Chatree Mine Thailand. (Unaudited)

Gold Institute Revised Standard for Reporting Production Costs:

Cost Category	March Quarter US\$/oz of Au Produced	YTD 9 Months US\$/oz of Au Produced
Direct mining expense	74	83
Refining and transport	2	3
By product credit	(12)	(16)
Cash Operating Cost	64	70
Royalty	10	10
Total Cash Cost	74	80
Depreciation/Amortisation	49	51
Total Production Cost	123	131

Silver is accounted for as a by-product at Chatree Mine whereby revenues from silver are deducted from operating costs in the calculation of cash costs per ounce. If the Company had accounted for silver production as a co-product, whereby costs were allocated separately to gold and silver based on their proportion of revenues, the following costs per ounce would be reported:

Total cash Costs gold USD83 silver USD1.15
Noncash costs gold USD47 silver USD0.65 Gold USD130 silver USD1.8

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

FINANCE.

Kingsgate Group

throughputs.

CHATREE MINE EXPANSION.

A major plant upgrade from the current 1.2 million tonnes per year throughput to a nameplate capacity of 1.8 million tonnes per year, was approved in December. Engineering design and final capital estimates are in progress and it is anticipated that the construction program will commence in March,

A maiden dividend of AUD0.15 per share for the financial year to 30 June, 2002 was paid to shareholders on 28 October, 2002. The dividend was paid out of an after tax profit of AUD33 million for the same period.

At 31 December, 2002, debt was USD17.5 million. Cash on hand at 31 December, was USD16.0 million. (The utilisation of cash is subject to the terms of the syndicated Chatree funding facility).

Under the terms of the Company's gold hedging, all gold produced in the 15 months to March, 2004 may be delivered to the spot gold market. In the event



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Chatree Mine

Category	Units	December 2002 Quarter	Sept 2002 Quarter
Average spot gold for quarter, London close	USD/oz	322	314
Average gold price received	USD/oz	326	314
Gold sold	Ounce	37,156	40,879
Silver sold	Ounce	128,771	130,449
Revenue from metal sales	USD	12,646,335	13,440,049

that the strong gold price continues, Kingsgate's forecast after tax profit of USD25 million to 30 June, 2003 is likely to be exceeded. Any strengthening of the Australian dollar against the US dollar could have an adverse impact on the profit in Australian dollars. Mr Niall Lenahan, has accepted the newly created position of Chief Financial Officer, Kingsgate Consolidated Ltd. Mr Lenahan has had extensive experience in the mining industry as the CFO of Goldfields Limited and AurionGold Limited and will add considerable strength to the administration of the Company. He will commence duties on 3 February, 2003.

Exploration expenditure in the December quarter was USD176,000 at Prospect A and USD47,000 on mine development drilling in the Chatree leases.

PROJECT BACKGROUND.

Chatree Gold Mine is 280 km by bitumen highway north of Bangkok.

Total Measured, Indicated and Inferred Resources at 30 September, 2002 were 30.7 million tonnes at 1.9 g/t Au and 14 g/t Ag. (0.7-0.8 g/t Au cutoff) containing 1,897,000 oz Au and 14,228,000 oz Ag.

Open cut Proven and Probable Reserves at 30 September, 2002 were 8.6 million tonnes at 2.7 g/t Au and 12 g/t Ag (0.8 g/t Au cutoff at US\$300/oz) containing 738,000 oz Au and 3,210,000 oz Ag.

The mine currently operates the Tawan Pit and the Chantra Pit. Gold and silver extraction is by Carbon in Leach processing at about 1.25 million tonnes per year, with destruction of cyanide to low levels prior to delivery to the tailings storage facility.

The Royal Thai Board of Investment approved a long tax holiday and other benefits to Akara Mining Ltd the owner of the Chatree Mine.

EXPLORATION.

Prospect A. 1 km north of Chatree Mine.

A program of 11,000 metres of RC and core drilling is underway at Prospect A as resource definition drilling and step out drilling.

The program is scheduled to be completed at the end of February, 2003. An updated resource estimate will be completed in March, 2003 and first reserve estimate will be completed in April, 2003.

Metallurgical and other test-work is underway on samples from Prospect A.

Mining leases have been applied for and an Environmental Impact Assessment is in progress.

The first list of drill intercepts from the program on Prospect A during the quarter is attached. Assays for a number of holes and part holes are awaited.

HEDGE POSITION at 31 December, 2002

The Kingsgate Group had no foreign exchange currency hedging in place at the date of this report.

Kingsgate has full exposure to the current higher gold prices because all gold produced through to March, 2004 can be delivered to the spot market. In the event that the gold price drops below USD300 or AUD580 a proportion of the gold can be delivered to USD and or AUD puts, at these levels, as shown in the following table.

The gold hedge position at 31 December, 2002 is detailed in the following table.



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Exploration expenditure in the December quarter was USD176,000 at Prospect A and USD47,000 on mine development drilling in the Chatree leases.

PROJECT BACKGROUND.

Chatree Gold Mine is 280 km by bitumen highway north of Bangkok.

Total Measured, Indicated and Inferred Resources at 30 September, 2002 were 30.7 million tonnes at 1.9 g/t Au and 14 g/t Ag. (0.7-0.8 g/t Au cutoff) containing 1,897,000 oz Au and 14,228,000 oz Ag.

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The Royal Thai Board of Investment approved a long tax holiday and other benefits to Akara Mining Ltd the owner of the Chatree Mine.

EXPLORATION.

Prospect A. 1 km north of Chatree Mine.

A program of 11,000 metres of RC and core drilling is underway at Prospect A as resource definition drilling and step out drilling.

The program is scheduled to be completed at the end of February, 2003. An updated resource estimate will be completed in March, 2003 and first reserve estimate will be completed in April, 2003.

Metallurgical and other test-work is underway on samples from Prospect A.

Mining leases have been applied for and an Environmental Impact Assessment is in progress.

The first list of drill intercepts from the program on Prospect A during the quarter is attached. Assays for a number of holes and part holes are awaited.

HEDGE POSITION at 31 December, 2002

The Kingsgate Group had no foreign exchange currency hedging in place at the date of this report.

Kingsgate has full exposure to the current higher gold prices because all gold produced through to March, 2004 can be delivered to the spot market. In the event that the gold price drops below USD300 or AUD580 a proportion of the gold can be delivered to USD and or AUD puts, at these levels, as shown in the following table.

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Gold Hedge Disclosure		June 2003	June 2004	June 2005	June 2006	After June 2006	Total
Put Options Purchased							
USD denominated	oz	26,000	46,800	59,800	71,500	160,500	364,600
ENRP (average) ⁽¹⁾	USD/oz	300.0	300.0	300.7	301.0	307.7	303.7
AUD denominated	oz	14,000	25,200	32,200	38,500	59,500	169,400
ENRP (average) ⁽¹⁾	AUD/oz	580.0	584.4	591.3	592.9	596.0	591.4
Call Options Sold (no barriers)							
USD denominated	oz		20,800	20,800		50,000	91,600
Strike price (average)	USD/oz		315.0	315.0		346.1	332.0
AUD denominated	oz		11,200	11,200			22,400
Strike price (average)	AUD/oz		618.0	618.0			618.0
Call Options Sold (with barriers)							
USD denominated	oz			39,000	71,500	84,500	195,000
Strike price (average)	USD/oz			315.0	315.9	317.6	316.5
Barriers (average) ⁽²⁾	USD/oz			300	300.4	302.2	301.1
AUD denominated	oz			21,000	38,500	45,500	105,000
Strike price (average)	AUD/oz			620	620.9	623.2	621.7
Barriers (average) ⁽²⁾	AUD/oz			550.0	552.1	558.1	554.3
Total Hedged (as bought puts)	oz	534,000					
Total Committed (no barriers)	oz	114,000					
Total Committed (with barriers) ⁽²⁾	oz	300,000					
Grand Total Committed) ⁽³⁾	oz	414,000					

(1) ENRP (Estimate Net Realised Price) is after making allowance for gold lease fees. Gold lease fees for 504,000 oz are fixed funded out to late 2003 and thereafter floating gold lease fees are prepaid at 1.1% on the amortised face value of the put options. 50,000 oz at floating gold lease fees are prepaid at 1.5%.

(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 will reduce to zero.

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

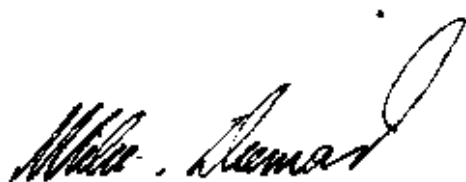
There was a mark to market of negative USD16.1 million for the hedge book based on the spot price of USD344.5 on 31 December, 2002.

Information in this report which relates to resources and reserves was previously reported to ASX with permission of the nominated Competent Persons.

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

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

Yours faithfully
Kingsgate Consolidated Ltd



Mike Diemar
Managing Director

Attachments



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Chatree Gold Mine. Thailand

Prospect A Drill Intersection Greater than 10 gram metres

Hole No.	Northing (mN)	Easting (mE)	Grid Azimuth	Dip (degrees)	Hole Depth (m)	From (m)	To (m)	Interval (m)	Au (g/t)
RCD859	20,340	5,213	270	-55	178.30	37.00	40.00	3.0	9.5
DDH Assays to come									
RCD857	20,340	5,066	270	-55	154.10	8.00	11.00	3.0	12.0
						49.00	51.00	2.0	14.9
						56.00	64.00	8.0	23.6
						91.00	97.00	6.0	9.2
DDH Assays to come									
RCD851	20,256	5,152	270	-55	148.30	116.00	128.00	12.0	4.6
RCD843	20,150	5,127	270	-55	151.27	7.00	17.00	10.0	1.8
						111.20	113.00	1.8	99.2
RCD838	20,050	5,180	270	-55	141.55	20.00	22.00	2.0	5.5
						51.00	54.00	3.0	3.5
RCD837	20,050	5,132	270	-55	130.10	24.00	31.00	7.0	5.0
RC830	19,800	5,168	270	-55	84.00	67.00	71.00	4.0	3.0
						77.00	84.00	7.0	1.7
RCD831	19,800	5,220	270	-55	133.40	54.00	72.00	18.0	1.6
RCD829	19,750	5,243	270	-55	110.20	55.60	63.40	7.8	2.5
						76.90	82.00	5.1	3.0
RCD826	19,725	5,185	90	-76	140.60	18.00	19.00	1.0	1.8
						26.00	38.00	12.0	1.2
						89.00	105.00	16.0	5.1
RCD827	19,725	5,265	270	-55	139.20	50.00	61.20	11.2	2.2
RCD824	19,700	5,236	270	-55	110.00	60.00	65.00	5.0	4.2
RC820	19,650	5,186	0	-90	111.00	12.00	26.00	14.0	8.3
						50.00	62.00	12.0	2.3
						71.00	83.00	12.0	9.5
RCD817	19,600	5,222	270	-55	91.00	49.00	61.00	12.0	1.6
						80.50	85.20	4.7	2.6
RCD818	19,600	5,282	270	-55	130.55	93.80	95.55	1.8	10.0
RCD814	19,550	5,225	270	-55	105.45	65.00	71.90	6.9	3.9

Gram metres = length of intersection in metres times gold grade

Intersections may not be true thickness. Collar coordinates are local grid.