



Kingsgate

Consolidated Ltd

ABN 42 000 837 472

Quarterly Report on Activities for

Three Months to 31 March 2003

- **The wholly owned Chatree Gold Mine in Thailand continued its strong production record:**
 - **Production for quarter = 39,286 oz gold.**
 - **Total cash costs for quarter = US\$102/oz.**
 - **Chatree process expansion approved by the Board.**
 - **Steve Reid appointed as Managing Director.**
 - **Niall Lenahan appointed as Chief Financial Officer.**
 - **An interim dividend of 12.5 cents per share was paid on 17 April 2003.**
 - **Exploration drilling continues on Prospect A.**
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- The estimated production for the year has been revised to a range of 150,000-155,000 ounces of gold. While costs are slightly higher, Kingsgate, on present indications, should achieve its forecast profit after tax of at least US\$25 million for the year to 30 June 2003.
 - Chatree operation received ISO 9001 Quality Management System accreditation.
 - 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 favourable gold price.

PRODUCTION.

March Quarter 2003

Gold production:	39,286 ozs.
Silver production:	104,671 ozs.
Total Cash Cost:	US\$102 per oz.
Average gold price received:	US\$348 per oz.

FINANCE.

Revenue for the quarter was US\$14.8 million.

Cash at 31 March was US\$20.6 million.

Bank Loan outstanding was US\$15.0 million.

EXPLORATION.

A comprehensive drill program at Prospect A is scheduled for completion during April 2003, allowing an updated resource estimate and a first reserve estimate to be completed in late May.

For further information, please contact:

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SAFETY AND ENVIRONMENT.

Following an outstanding safety record on the project to date the operation experienced its first lost time injury in January 2003 when a contract driller injured his foot.

In a separate incident, tragically, an exploration drilling contractor, working at Prospect A, fell from a tree and subsequently died from his injuries. The accident was not work-related.

There were no environmental incidents during the March quarter.

Chatree recently received ISO 9001 accreditation of its Quality Management Systems and throughout 2003 will be pursuing ISO 14001 certification for its Environmental Management System and OHSAS 18001 certification for its Occupational Health and Safety Management System.

PRODUCTION.

Production in the March quarter was:

Chatree	Units	March 2003 Quarter	YTD 9 Months
Waste mined	BCM	572,627	1,149,032
Ore mined	BCM	199,596	462,106
Waste:ore ratio		2.8:1	2.5:1
Ore Mined	Tonnes	442,944	1,115,592
Ore treated	Tonnes	351,725	955,510
Head grade	Au g/t	3.8	4.1
	Ag g/t	17	23
Gold recovery	%	91.2	89.7
Gold poured	Ounces	39,286	116,356
Silver poured	Ounces	104,671	370,127

During the quarter, ore was sourced from both the Tawan Pit and the new Chantra Pit. Plant throughput has increased as a result of treating softer ore from the upper levels of the Chantra Pit and the forecast of 1.25 million tonnes throughput for the year to 30 June 2003 should be achieved.

Mining for the remainder of the financial year will be carried out in both the Tawan and Chantra Pits with day shift mining of ore and waste and on night shift mining waste only. Mining volumes have increased and will continue to increase throughout the 2003 calendar year in preparation for the scheduled process expansion early in 2004.

Total cash costs increased as larger volumes of material were mined at a higher waste:ore strip ratio.

The CIL gold processing plant performed at above-budget throughput. The three new CIL tanks that were commissioned in December are performing to expectations providing improved gold and silver recovery at these higher throughput levels.

CHATREE PROCESS EXPANSION.

A major plant expansion, from the current 1.2 million tonnes per year throughput to a nameplate capacity of 1.8 million tonnes per year, was approved by the Board in February. The expansion will cost US\$8 million and is scheduled to be commissioned during January 2004. Construction will consist of an additional SAG (grinding) mill, 2 additional CIL tanks and ancillary equipment. The expansion will be funded from cash flow.

PRODUCTION COSTS

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	101	90
Refining and transport	2	2
By product credit	(12)	(13)
Cash Operating Cost	91	79
Royalty	11	10
Total Cash Cost	102	89
Depreciation/Amortisation	49	48
Total Production Cost	151	137

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.

Chatree Mine

Category	Units	March 2003 Quarter	YTD 9 Months
Average prevailing spot gold price	US\$/oz	345	328
Average gold price received	US\$/oz	348	329
Gold sold	Ounces	41,049	119,084
Silver sold	Ounces	109,747	368,967
Revenue from metal sales	US\$M	14.8	40.8

FINANCE.

Kingsgate Group

The company reported a net profit after tax of A\$24.1 million for the half year ended 31 December 2002. This equates to an earnings per share of 33.5 cents compared with 6.0 cents in the 2001 half year. An interim dividend of 12.5 cents per share was declared for the half year and was paid to shareholders on 17 April 2003.

At 31 March 2003, debt was US\$15.0 million and cash on hand was US\$20.6 million.

Under the terms of the Company's gold hedging programme, all gold produced in the 12 months to March 2004 may be delivered to the spot gold market.

In the event that the strong gold price continues, Kingsgate's forecast after tax profit of US\$25 million to 30 June 2003 is likely to be achieved. Any strengthening of the Australian dollar against the US dollar could have an adverse impact on the profit in Australian dollar terms.

Mr Niall Lenahan was appointed to the newly created position of Chief Financial Officer and commenced duties on 3 February 2003.

Exploration expenditure in the March quarter was US\$374,000 at Prospect A and US\$326,000 on mine development drilling within the Chatree leases.

EXPLORATION.

Prospect A is located 1 km north of the Chatree operation. The current resource definition drilling program at Prospect A has been extended by 3,000 metres to 14,000 metres due to continuing positive results and the need to provide sufficient infill

drilling for the updated Resource estimate and first Reserve estimate to be completed in late May. The mineralisation consists of low sulphidation epithermal quartz carbonate stockworks and fault breccia fill similar to that at Chatree. Metallurgical test-work is in progress on drill samples from Prospect A.

Mining Leases have been applied for and an Environmental Impact Assessment, groundwater, geotechnical and other studies are underway. A list of the mineralized drill intersections, individually greater than 10 gram metres gold, received since the December quarterly report, released on 24 January 2003, is attached.

HEDGE POSITION at 31 March 2003.

The average gold price received by Kingsgate for the March quarter was US\$348 per ounce, compared with an average spot price of US\$345 per ounce.

The total hedge position at 31 March was 514,000 ounces of put positions and represents a reduction on the 534,000 ounces at 31 December 2002. Approximately 68% of hedge positions are denominated in US\$.

Total commitments through calls options sold are 414,000 ounces and remain unchanged from 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 spot gold prices through to March 2004. In the event that the spot gold price drops below US\$300 or AU\$580 a proportion of production can be delivered to US\$ and AU\$ puts.

The gold hedge position at 31 March 2003 is detailed in the following table.

Gold Hedging Disclosure As at 31 March 2003		3 months to June 2003	2003/04	2004/05	2005/06	2006/07	After June 2007	Total
Put Options Purchased								
US\$ denominated	'000 oz	13.0	46.8	59.8	71.5	58.5	102.0	351.6
ENRP (average) ⁽¹⁾	US\$/oz	300	300	301	301	302	309	303
AU\$ denominated	'000 oz	7.0	25.2	32.2	38.5	31.5	28.0	162.4
ENRP (average) ⁽¹⁾	AU\$/oz	580	585	591	593	595	599	592
Call Options Sold (no barriers)								
US\$ denominated	'000 oz		20.8	20.8			50.0	91.6
Strike price (average)	US\$/oz		315	315			346	332
AU\$ denominated	'000 oz		11.2	11.2				22.4
Strike price (average)	AU\$/oz		618	618				618
Call Options Sold (with barriers)								
US\$ denominated	'000 oz			39.0	71.5	58.5	26.0	195.0
Strike price (average)	US\$/oz			315	316	317	318	317
Barriers (average) ⁽²⁾	US\$/oz			300	301	302	303	301
AU\$ denominated	'000 oz			21.0	38.5	31.5	14.0	105.0
Strike price (average)	AU\$/oz			620	621	623	624	622
Barriers (average) ⁽²⁾	AU\$/oz			550	552	557	560	554
Total Hedged (as bought puts)								
	'000 oz		514.0					
Total Committed (no barriers)								
	'000 oz		114.0					
Total Committed (with barriers) ⁽²⁾								
	'000 oz		300.0					
Grand Total Committed) ⁽³⁾								
	'000 oz		414.0					

(1) ENRP (Estimate Net Realised Price) is after making allowance for gold lease fees. Gold lease fees for 464,000 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 ounces.

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

There was a negative mark to market valuation of US\$8.0 million for the hedge book based on a spot price of US\$335.5 on 31 March 2003.

Information in this report that 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, an employee of the Kingsgate Group, who is a Competent Person under the meaning of the JORC Code with respect to the mineralisation being reported on. He has given his 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.

Steve Reid

Managing Director

Kingsgate Consolidated Ltd

Chatree Gold Mine. Thailand
Prospect A Drill Intersections 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)
	RCD892	20,370	5,063	270	-55	129.72	26.00	27.00	1.00	11.80
						DD core assays to come				
	RCD858*	20,340	5,157	270	-55	184.50	81.00	88.00	7.00	3.00
	RCD890	20,340	5,129	270	-60	192.77	138.35	143.00	4.65	2.15
							168.50	179.15	10.65	2.58
	RCD891*	20,340	5,181	270	-55	154.05	131.50	154.05	22.55	1.79
	RCD856*	20,312	5,164	270	-55	182.20	136.00	140.00	4.00	2.66
	RCD855*	20,312	5,110	270	-55	164.25	26.00	33.00	7.00	2.04
							60.00	63.00	3.00	26.70
							68.00	72.00	4.00	3.49
							99.00	102.00	3.00	3.51
	RC888	20,312	5,007	270	-55	65.00	16.00	34.00	18.00	2.15
	RCD889	20,312	5,137	270	-60	189.10	97.00	107.00	10.00	2.03
							138.00	149.00	11.00	2.38
							168.50	172.50	4.00	8.00
	RCD853*	20,284	5,083	270	-55	160.90	31.00	37.00	6.00	2.14
							68.00	74.00	6.00	3.14
							88.00	107.00	19.00	2.14
							127.90	135.50	7.60	1.49
	RCD854*	20,284	5,137	270	-60	180.20	160.20	163.90	3.70	7.96
	RCD887*	20,285	5,188	270	-55	200.00	68.00	71.00	3.00	4.18
							141.00	147.00	6.00	3.02
	RCD850*	20,256	5,099	270	-55	150.80	62.00	70.00	8.00	2.01
							78.00	101.00	23.00	2.17
	RCD884*	20,256	5,126	270	-55	204.75	48.00	61.00	13.00	2.14
							65.00	70.00	5.00	2.18
	RC881	20,228	4,977	270	-55	90.00	11.00	20.00	9.00	1.28
							27.00	39.00	12.00	1.80
	RCD882	20,228	5,094	270	-55	187.10	24.00	34.00	10.00	1.80
							62.00	88.00	26.00	4.35
							131.00	133.00	2.00	5.56
	RCD883*	20,228	5,119	270	-55	169.35	32.00	42.00	10.00	1.32
	RCD845*	20,200	5,060	270	-60	129.10	83.00	87.00	4.00	2.93
	RCD842*	20,150	5,060	270	-55	141.90	0.00	4.00	4.00	2.94
	RCD875	20,152	5,102	270	-55	130.23	84.00	94.00	10.00	1.72
	RCD876	20,150	5,155	270	-55	157.20	72.00	75.00	3.00	3.61
	RCD930#	20,154	5,033	270	-60	90.16	68.25	79.65	11.40	2.64
	RCD840*	20,100	4,988	90	-55	228.85	12.00	19.00	7.00	1.44
							64.00	73.00	9.00	2.23
							138.00	155.80	17.80	1.74
							207.50	222.35	14.85	5.41
	RCD871	20,050	5,157	270	-55	127.18	58.00	69.00	11.00	1.66
	RC915	20,050	4,963	270	-55	18.00	4.00	17.00	13.00	1.41
	RC862*	19,950	4,968	270	-60	42.00	0.00	19.00	19.00	1.77
	RC863*	19,950	5,049	270	-60	84.00	12.00	18.00	6.00	3.14
							24.00	29.00	5.00	3.93
	DDH929+	19,954	5,002	270	-60	60.00	10.00	41.50	31.50	2.68
							50.30	56.30	6.00	2.52

	Hole	Northing	Easting	Grid	Dip	Hole	From	To	Interval	Au
	No.	(mN)	(mE)	Azimuth	(degrees)	Depth (m)	(m)	(m)	(m)	(g/t)
	RC864*	19,850	4,998	270	-55	90.00	0.00	13.00	13.00	5.07
	RC867*	19,700	5,158	90	-60	46.00	38.00	46.00	8.00	2.21
	RCD816*	19,703	5,159	90	-60	130.80	39.00	52.00	13.00	1.15
	DDH927*#	19,652	5,186	0	-90	85.70	4.70	7.95	3.25	5.55
							13.80	25.50	11.70	7.15
							26.65	32.80	6.15	3.01
							49.05	57.00	7.95	2.11
							65.00	80.30	15.30	11.50
	RC896*	19,650	5,210	270	-55	90.00	48.00	54.00	6.00	2.90
	RC900*	19623	5,201	270	-55	90.00	0.00	32.00	32.00	3.15
	RCD866*	19,600	5,178	90	-58	137.37	4.00	23.00	19.00	3.25
	RC895*	19,599	5,193	270	-55	78.00	6.00	21.00	15.00	3.08
	RC894*	19,549	5,195	270	-55	72.00	17.00	28.00	11.00	4.61

Gram metres = length of intersection in metres times gold grade. Grades are uncut.

RC = reverse circulation drill hole. RCD = RC precollar with cored tail. DDH = cored hole.

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

* Indicates result previously announced during quarter.

Indicates due diligence twinned hole located 2m from a previously announced RC hole.

■ Results not previously released