

Production Highlights

Gold Produced	
30 September 2006	21,019 oz
30 June 2006	35,531 oz
30 September 2005	34,011 oz
Cash Operating Cost	
30 September 2006	US\$393 /oz
30 June 2006	US\$228 /oz
30 September 2005	US\$175 /oz
Average Gold Price Received	
30 September 2006	US\$413 /oz
30 June 2006	US\$325 /oz
30 September 2005	US\$355 /oz
Average Spot Gold Price	
30 September 2006	US\$621 /oz
30 June 2006	US\$618 /oz
30 September 2005	US\$439 /oz

Securities

As at 30 September 2006	
Ordinary shares	90,259,492
Unlisted options	3,660,000



Gavin Thomas

Gavin Thomas, CEO

27 October 2006

Kingsgate Consolidated Limited

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Key Points

- ◆ **Business as usual in Thailand. No operational impact from the Coup.**
- ◆ **Quarterly Gold Production 21,019 ozs.**
- ◆ **Quarterly Cash Costs @ US\$393/oz gold due to reduced gold production.**
- ◆ **Mining costs similar to previous Quarter**
- ◆ **High grade gold drill intercepts continue.**

Overview

Chatree Gold Mine

- ◆ Cash costs for the Quarter were forced up to US\$393 per oz as result of lower than predicted head grades in high grade/low grade transition ore zones. Underlying mining costs were similar to the June Quarter 2006.
- ◆ Widespread flooding in Thailand was managed at the mine, although reduced pit access to high grade zones severely limited the flexibility in mine scheduling to replace low grade ore.
- ◆ Gold production was 21,019 ounces in the Quarter.
- ◆ Treatment plant throughput rates continue to exceed design, with the plant operating at an annualized rate of 2.4 Mtpa for the Quarter.
- ◆ The coup had no impact on the mine with business continuing as usual in Thailand.

Development

- ◆ Ausenco has provided a lump sum estimate to expand the operation to 300,000 ounces of gold and 2,000,000 ounces of silver. Mine personnel are reviewing the estimate to identify further cost improvements and design modifications, on which an EPC contract will be entered into.
- ◆ The expansion is planned to be funded by a debt/equity package as part of the selldown of equity to Thai investors.

Mining Leases

- ◆ The Environmental Impact Assessment for the Chatree North mining leases is in the final stages of the approval process. Once approved, it will be a key milestone in the granting process which will then be dominantly procedural.

Exploration

- ◆ The remaining 51 exploration licences (SPL's) are currently with the Mineral Act Committee and are expected to be approved in the coming month.
- ◆ High grade intercepts continue at A Pit, including the previously reported 30 metres at 16.3g/t gold from 147 metres in A East.

Corporate

- ◆ Total cash on hand A\$8.6million (US\$6.4 million), with borrowing facilities drawn down by A\$10 million during the Quarter.
- ◆ Only 43,000 ounces remain to be delivered into hedges with the Company becoming unhedged by June 2007.

Chatree Gold Mine

PRODUCTION COSTS

Cash costs for the Quarter were US\$393 per ounce gold with total production costs of US\$457 per ounce.

The increase in cash costs to US\$393 per ounce for the September Quarter was a direct result of gold grade decreasing to 1.2 g/tonne. Underlying mining costs were similar to the June Quarter.

The decrease in gold grade was not anticipated. The Company's reserve model overestimated the grade in the Quarter. The ore zones that were mined are a transition area between high and low grade ore which is difficult to model accurately for grade.

The Company has been unable to reschedule mine plans as the grade issue became apparent due to limited access to the remaining Chatree South reserves. The problem was further exacerbated by higher grade ore zones remaining under water due to wet season flooding in the main pit and the fact that mining also commenced on the Quartz Leases containing initial lower grade ore.

Once Chatree North mining leases become available, more flexible mine scheduling can overcome any short term grade issues.

Grade reconciliation issues between reserves model predictions and "as mined" grade are not uncommon occurrences and the current issue is not considered to be a systemic problem. Reconciliation of ore reserves to gold ounces produced from project outset has been good at 93% with reconciliation of gold grades at 97%.

In absolute terms, production costs have remained on target with the availability of grid power, minimal expatriate workforce and "Buy Thai" materials sourcing policy still providing a comparative cost advantage.

OPERATIONAL PERFORMANCE

Production at Chatree for the Quarter was 21,019 ounces due to a head grade of 1.2 g/t compared to a target of 2.0 g/t.

The September Quarter mill throughput was 610,000 tonnes, an annual rate of 2.4 million tonnes per annum. Gold recoveries were slightly lower in the September Quarter than target due to the low head grade.

At Chatree North, mining continued during the Quarter on the hill of A Pit, within the new mining lease granted last September. Tonnages have remained low but have provided some softer oxide ore to the mill feed.

SAFETY AND ENVIRONMENT

Chatree is the safest gold mine in the world, by Kingsgate's assessment based on publicly available data. The world-class safety and environmental record continued with almost 8 million hours worked at Chatree with only one Lost Time Incident (LTI) covering the period of the initial construction of the mine and nearly 5 years of mining operations. Since the one LTI was recorded, nearly 6 million hours have been worked over 3.5 years. In addition, there have been no reportable environmental incidents during the life of the mine and it remains in compliance.



Chatree Mine	Units	Sep 06 Quarter	Jun 06 Quarter	Sep 05 Quarter
Waste Mined	bcm	1,010,712	1,053,973	1,300,432
Ore Mined	bcm	168,126	175,517	197,582
Waste to Ore Ratio		6.0	6.0	6.6
Ore Mined	tonnes	424,081	466,486	524,337
Ore Treated	tonnes	609,668	582,679	413,660
Head Grade	Au g/t	1.2	2.1	2.8
	Ag g/t	7.8	10.1	19.0
Gold Recovery	%	88.8	88.3	91.2
Gold Poured	ounces	21,019	35,531	34,011
Silver Poured	ounces	69,412	93,871	118,691

Cost Category *	Sep 06 Qtr US\$/oz Gold	Jun 06 Qtr US\$/oz Gold	Sep 05 Qtr US\$/oz Gold
Direct Mining Expense	408	240	182
Refining and Transport	2	2	2
By-product Credit	(35)	(28)	(19)
Cash Operating Cost	375	214	165
Royalty	18	14	10
Total Cash Cost	393	228	175
Depreciation/Amortisation	64	43	55
Total Production Cost	457	271	230

* Gold Institute Revised Standard for Reporting Production Costs.
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.

Chatree Mine	Units	FY 2005-6
Ore treated	tonnes	2,000,064
Waste to Ore Ratio	n/a	7.0
Head Grade - Gold	Au g/t	2.4
Head Grade - Silver	Ag g/t	14.0
Gold Recovery	%	90.2
Gold Poured	ounces	140,071
Silver Poured	ounces	459,701
Cash Operating Cost	US\$/oz	206
Total Production Cost	US\$/oz	247



Kingsgate's subsidiary, Akara Mining, was awarded the 'Business of the Year 2006' and 'Environmental Excellence Award 2006' by AusCham Thailand.

The Chatree Gold Mine was awarded the National Occupational Health and Safety and Environment Award - 2005 by the Labour Minister of Thailand, Somsak Thepsuthin, as part of the National Safety Competition for All Industries in Thailand. The mine also received royal recognition from Princess Ubolratana for its Drug and Alcohol Policy "to be Number One". The mine has a zero tolerance policy for non-prescription drug use matched with random testing.

FORECAST

Production for the financial year to end June 2007 is anticipated to reduce from the forecast 140,000 ounces but it remains too early to give specific guidance principally due to the uncertainty of when the Chatree North mine lease will be granted.

Production targets have been based on the final granting of the new mining leases at Chatree North occurring in early 2007.

A study into the underground extraction of ore from C North Pit has shown it to be economically viable. There is potential to extract 170,000 tonnes at 5.8g/t gold for around 30,000 ounces, based on the initial evaluation. A study is also underway for underground mining at C South. The extraction will be subject to Thai approval of a change in mine plan and has not been included in the FY 2007 forecast.

Chatree North Development Project

Ausenco have provided a lump sum estimate to expand the operation to 300,000 ounces of gold and 2,000,000 ounces of silver. Chatree personnel are reviewing the base lump sum cost to identify further cost improvements and design modifications. Following the review, the Company will be in a position to enter into an EPC contract with Ausenco, subject to approval of the Chatree North mining leases.

The current resources industry boom has placed severe pressure on lead times for major plant. In particular grinding mills have now an 85 week lead time which is growing. The Company has pre-ordered the grinding mills (with a deposit) to ensure the proposed expansion can be commissioned in the shortest possible time frame. Based on a grant of the mining leases in early 2007, it is expected that the new treatment plant can be commissioned in the December Quarter 2008.

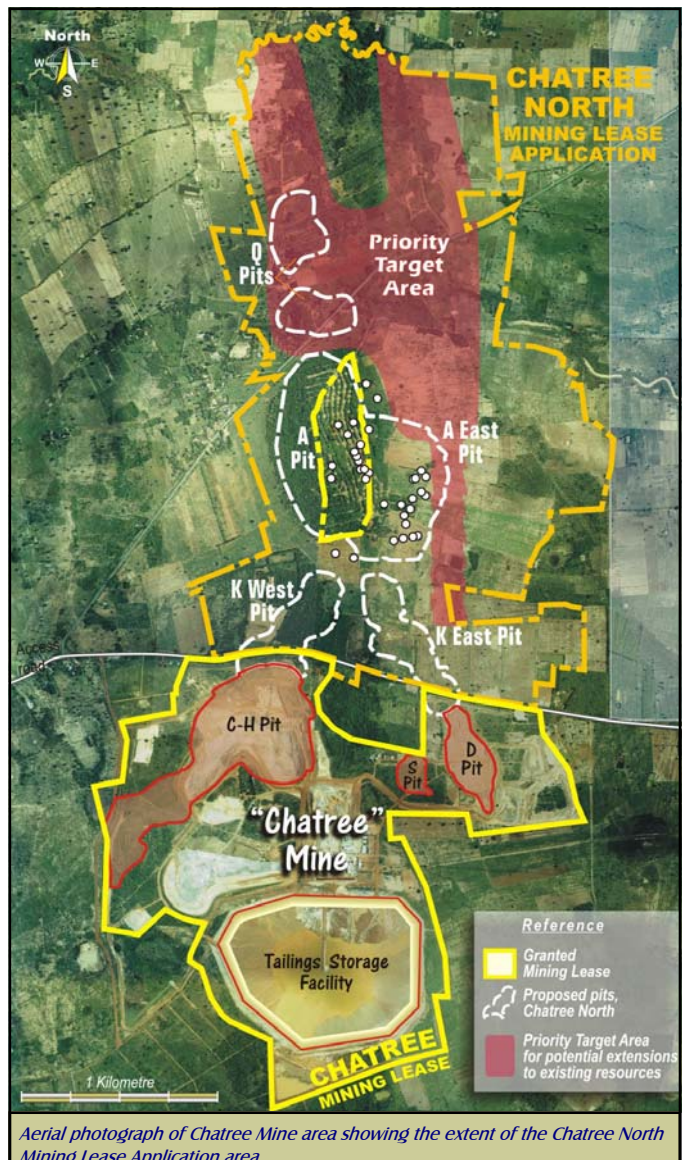
The expansion is planned to be fully financed by a debt/equity package associated with the sell-down of equity in the Thai operations to Thai investors.

It is believed that the Environmental Impact Assessment for Chatree North is in the final stages of approval. The awaited approval of the Environmental Impact Assessment is a vital stage in the approval of the mining leases. Prior to the final approval of the mining leases by the Thai Minister of Industry, a number of procedural issues need to be resolved including approval by the Forestry commission to allow mining on some forestry land which only comprises a minimal area of the mining leases

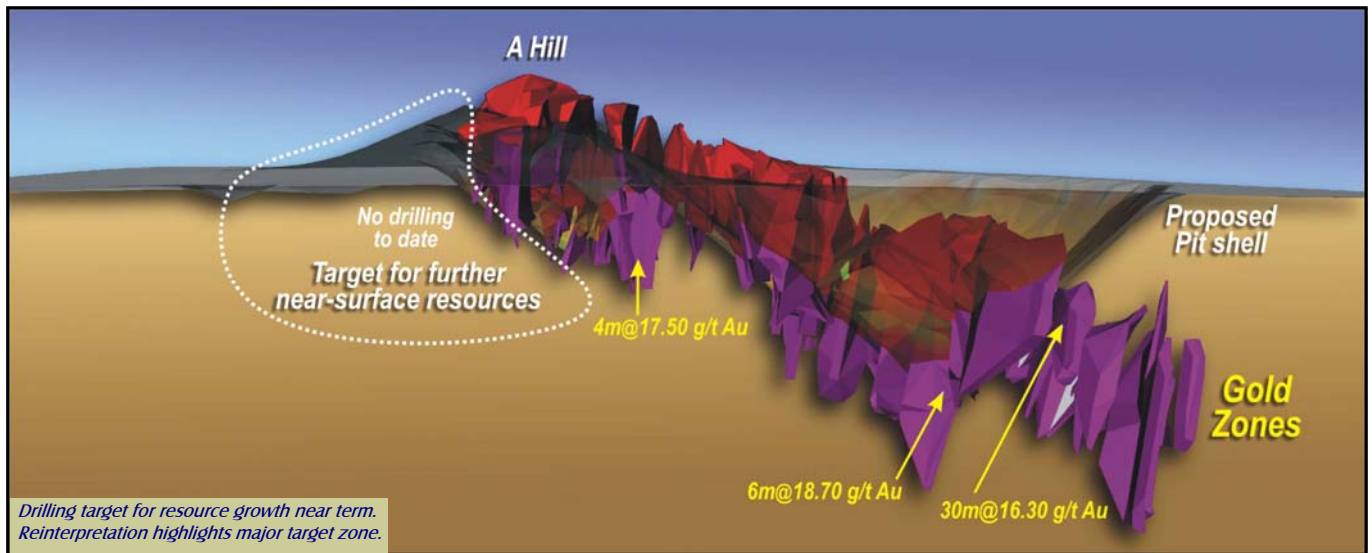
Our advisers anticipate that all procedural issues can be resolved by early in the new year.



On behalf of Kingsgate, Chatree Mine Manager, Phil MacIntyre, accepts the "White Factory Policy" award from Princess Ubolratana.



Aerial photograph of Chatree Mine area showing the extent of the Chatree North Mining Lease Application area.



Exploration

CHATREE NORTH

A – A East Pit

Drill testing of the central and eastern zones of A Prospect in Chatree North continued during the Quarter. High grade intersections confirmed the underground potential in the east and extended the central zone between A and A East at depth. The objective of the drilling was to:

- ◆ Extend limits of the current A Pit particularly in the central zone where the impact on the waste to ore strip ratio is likely to remain low,
- ◆ Confirm the potential for underground mineralization in the central and eastern zones of the A - A East Pit,
- ◆ Focus on the deeper and generally higher grade A mineralisation.

With the exception of the highlighted intersection in the table at left, these results have not been previously reported and include significant intersections from A and A East drilling.

The new high grade zone that was delineated in the central zone of the A Pit during the last Quarter has been confirmed to continue at depth.

T Prospect

Drilling in T Prospect to the south of D Pit identified the potential for a shallow resource.

Significant intersections from T Prospect drilling include:

A PROSPECT HIGHLIGHT DRILL RESULTS				
Hole No	From (m)	To (m)	Interval (m) *	Au (g/t)
3455RC	60.00	65.00	5.00	3.91
incl.	60.00	62.00	2.00	7.8
3418RC	54.00	59.00	5.00	3.28

* Intersections may not be true width

A PROSPECT HIGHLIGHT DRILL RESULTS

Hole No	From (m)	To (m)	Interval (m) *	Au (g/t)
5056RD	95.00	102.00	7.00	3.55
3350RC	127.00	159.00	32.00	2.67
incl.	127.00	138.00	11.00	3.82
incl.	154.00	159.00	5.00	5.05
3353RC	64.00	73.00	9.00	6.29
3355RC	88.00	91.00	3.00	8.84
3364RD	265.80	276.80	11.00	2.93
3363RD	147.00	177.00	30.00	16.30
3267RD	250.00	266.00	16.00	2.03
3370RD	96.00	141.00	45.00	1.72
	221.00	237.00	16.00	1.87
2562RDext	233.00	267.00	34.00	3.55
2561RDext	200.00	234.00	34.25	3.57
3371RD	214.60	220.60	6.00	18.70
3376RD	167.00	169.00	2.00	43.80
3385RD	76.00	84.00	8.00	3.35
3386RC	161.00	165.00	4.00	17.50
incl.	161.00	163.00	2.00	31.60
3388RC	85.00	89.00	4.00	10.30
3380RC	219.00	229.00	10.00	4.09
3379RD	289.50	305.00	15.50	2.45

* Intersections may not be true width

CHATREE MINE INTERIM MINERAL RESOURCES & ORE RESERVES AT 31 MAY 2006

During the Quarter the Company released its Interim Mineral Resource and Ore Reserve Statements as at 31 May 2006. These disclose Ore Reserves containing 29.7 million tonnes at a grade of 1.8 g/t Au for 1.7 million ounces of gold with 16 million ounces of silver. This is within a Mineral Resource of over 74 million tonnes at 1.6 g/t Au for 3.8 million ounces of gold with 32 million ounces silver. The details are contained in Appendix B.

These estimates represent interim reserve/resource calculations, using information as at 31 May 2006, as part of a large, on-going exploration drilling program. In calculating the reserves, assumptions were made as to the future mining costs at Chatree North, using US\$1.45/t, based on higher energy costs and longer haul distances to the mill, which are significantly higher than current costs and would represent a step-change increase. However, a gold price of US\$450/oz was used for Chatree North based on the average gold price for the past three years. Resources marginal to the proposed pits may be included in future calculations as the pits are anticipated to expand with more drilling. US\$600/oz was used in the main pit at Chatree as it is anticipated to be mined in the near term.

REGIONAL EXPLORATION – THAILAND

As previously reported, the Minister of Industry approved 50 Special Prospecting Licences (SPL's) on the 10th of August. The remaining 51 Special Prospecting Licence Applications (SPLA's) are currently being reviewed by the Mineral Act Committee and are expected to be approved in the coming month.

This contiguous block of exploration licenses covers the key prospective areas within the newly identified Central Thailand Gold Province that Kingsgate believes has potential for several new gold mines. The granting of these SPL's allowed the Company to commence exploration which is now in progress. Land access negotiations are underway to enable access to already defined drill targets.

Ground geophysics equipment was purchased during the Quarter in order to provide in-house capacity to conduct regional surveys. The surveys to date have been instrumental in the discovery of new mineralization in the Chatree region.

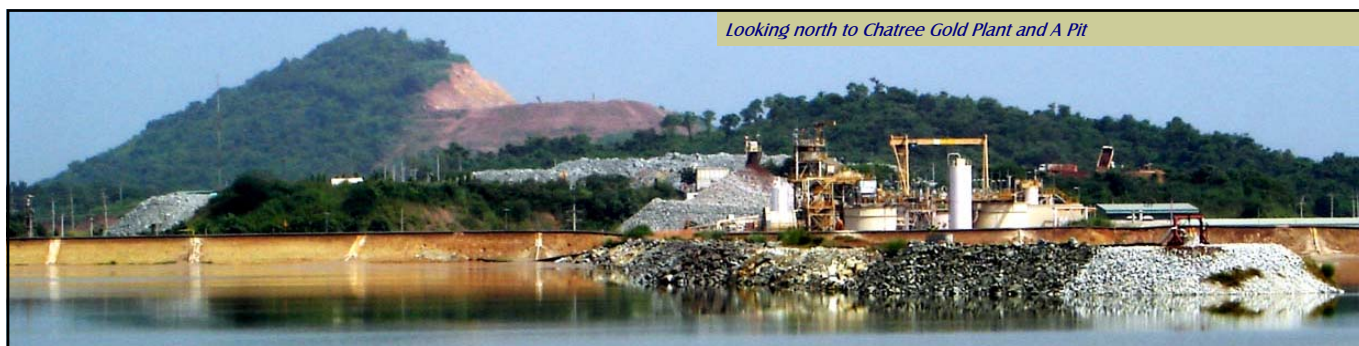


EXPLORATION – SOUTH AMERICA

Exploration in South America was temporarily suspended pending the outcome of an independent review. The existing Kingsgate SA properties will be maintained in good standing for potential joint venture and farm-in agreements.

The initial takeover bid for Andean Resources Ltd. was concluded in July with Kingsgate achieving a 22.38% holding. Kingsgate continues to believe in the potential of the Cerro Negro deposit in Argentina, having, as it does, similar characteristics to your Company's own Chatree deposit. Kingsgate has offered both technical and financial support to Andean, all of which have been rebuffed by the company. Although portrayed as such, Kingsgate has never considered its approach to be hostile to the interests of Andean shareholders and is most disappointed the Andean Board has recently decided to ignore its major shareholder and, indeed its shareholders who supported it in the takeover, and make a placement to selected Australian institutions.

Kingsgate will keep its options open on future progress on the matter.



Corporate

FINANCE

At 30 September 2006, the group had net cash on hand of A\$8.6 million (US\$6.4 million), of which US\$1.5 million is denominated in Australian dollars. The Company also has in place a revolving credit facility for US\$16 million, with four participating banks. During the Quarter A\$10 million was drawn from the facility.

No shares were bought back by the Company during the Quarter.

GOLD HEDGE POSITION

Kingsgate continued to deliver into its gold hedge positions during the September Quarter to increase the Company's exposure to the future spot gold price.

Hedge commitments outstanding at 30 September 2006 were 43,000 ounces of gold. The entire hedge delivery schedule which eliminates commitments by 30 June 2007 is outlined as follows:

Category	Units
Spot deferred	972 oz @ US\$317 per oz
December Quarter 2006	16,250 oz @ US\$317 per oz
March Quarter 2006	13,000 oz @ US\$318 per oz
June Quarter 2006	13,000 oz @ US\$318 per oz

The average cash price received by Kingsgate for gold sales in the September Quarter was US\$413/oz, compared with an average spot price of US\$622/oz. The lower realized price was impacted by pre-delivery of gold sales into out-of-the-money hedge positions.

The Kingsgate Group had no foreign exchange currency hedging in place at the date of this report and is not exposed to any margin calls from hedge counterparties.

There was a negative mark to market valuation of \$16.9 million for the hedge book based on a spot price of US\$602/oz and an exchange rate of US\$0.74 on 30 September 2006.

All remaining positions are deemed to be "effective hedges" and are therefore reflected dominantly in provisions in the Company's balance sheet. The Company continues to aggressively deliver into its hedge book via quarterly deliveries with a view to eliminating commitments by 30 June 2007.

DIVIDEND

A final dividend of five cents per share was declared on the 11 August 2006 and paid on 3 October 2006.

A summary of the Company's gold and silver sales is tabulated below:

Category	Units	Sep 06 Quarter	Jun 06 Quarter	Sep 05 Quarter
Average Prevailing Spot Gold Price	US\$/oz	621	618	439
Av. Cash Price received (on Gold Production)	US\$/oz	413	325	355
Gold sold	Ounces	22,338	34,653	30,594
Silver sold	Ounces	69,976	91,942	106,171
Revenue from Metal Production	US\$M	10.0	12.4	11.6

SELLOWN / DIVESTMENT

Kingsgate is in the final stages of completing the initial sell-down of 51% of its Thai operating asset, Akara Mining, by the end of November 2006 to Thai nationals.

The preferred approach for completing the final stage of this sell-down is by an IPO on the Thai Stock Exchange in 2-3 years time, during or after construction of the expanded plant. Kingsgate would aim to hold both direct and indirect interests to maintain control. In the interim period, Kingsgate intends to initiate a debt/equity structure that will meet the Thai Board of Investment requirements for Thai ownership and provide sufficient funding for the proposed expansion to 300,000 ozs per annum.

POLITICAL REVIEW

Thailand has formed a new cabinet and initiated an interim constitution recently after a bloodless military coup on 19 September 2006 while the then prime minister was visiting the USA.

Behind the new Prime Minister, retired General Surayud Chulanont, is an experienced cabinet, many of whom have held positions in previous governments with an experienced Legislative Assembly. The two Deputy Prime Ministers possess strong financial backgrounds and are familiar with the needs of a strong economy. Deputy Prime Minister Pridiyathorn Devakula was formerly the Central Bank Governor and Deputy Prime Minister Kosit Panpiemras (now the Minister for Industry) was the chairman of Bangkok Bank.

The new government is fully empowered to make decisions and write legislation and has stated that it is keen to re-establish Thailand's former growth aspirations. All of our advisers expect that Kingsgate's situation is likely to be improved by the recent political changes.

Kingsgate Consolidated Limited

Board of Directors

Ross Smyth-Kirk
Chairman

John Falconer
Non-Executive Director

Peter McAleer
Non-Executive Director

Company Secretary

John Falconer

Senior Management Team

Gavin Thomas
Chief Executive Officer

Ron James
General Manager, Exploration & Resources Development

Phil MacIntyre,
Chief Operating Officer & General Manager, Akara Mining Limited

Stephen Promnitz,
Corporate Development Manager

Peter Warren
Chief Financial Officer

Registered Office

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Sydney NSW 2000, Australia
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Facsimile: (61 2) 8256 4810
Email: info@kingsgate.com.au
Website: www.kingsgate.com.au

Issued Share Capital

Kingsgate has 90,259,492 ordinary shares on issue at the end of September 2006.

There are 3,660,000 unlisted options issued to employees.

Quarterly Share Price Activity

Kingsgate Consolidated (ASX:KCN) is part of the S&P/ASX 200 Index.

Quarter	High	Low	Last
September 2003	\$4.00	\$2.70	\$3.88
December 2003	\$4.25	\$3.38	\$3.84
March 2004	\$3.98	\$3.25	\$3.76
Jun 2004	\$3.90	\$3.25	\$3.76
September 2004	\$3.59	\$2.92	\$3.00
December 2004	\$3.40	\$2.35	\$2.45
March 2005	\$2.75	\$2.05	\$2.26
June 2005	\$2.98	\$2.02	\$2.84
September 2005	\$3.75	\$3.08	\$3.72
December 2005	\$4.67	\$3.55	\$4.60
March 2006	\$6.45	\$4.55	\$6.44
June 2006	\$6.80	\$3.74	\$5.14
September 2006	\$5.39	\$4.15	\$4.59

Share Registry

Security Transfer Registrars Pty Ltd

770 Canning Highway,

Applecross WA 6953.

PO Box 535,

Applecross WA 6953.

Phone: (61 8) 9315 2333.

Facsimile: (61 8) 9315 2233.

Email: registrar@securitytransfer.com.au

All direct shareholding enquiries to the share registry, please.



Kingsgate Chairman, Ross Smyth-Kirk and strategic adviser, Khun Charumas Ruangawan overlooking the Chatree main pit.

APPENDIX - A

A - A EAST PROSPECTS DRILLING RESULTS - (Intercepts with Au assays > 10g.metres)

Hole No.	Easting (mE) Local_A	Northing (mN) Local_A	Azimuth Local_A	Dip (degrees)	Hole Depth (m)	From (m)	To (m)	Interval (m)	Au (g/t)
5056RD	5216	20424	270	-55	200.00	75.50	81.00	5.50	2.12
						95.00	102.00	7.00	3.55
3348RC	5199	20125	270	-55	230.00	88.00	92.00	4.00	2.89
3350RC	5194	20075	270	-55	201.00	44.00	50.00	6.00	2.57
						127.00	159.00	32.00	2.67
						incl. 127.00	138.00	11.00	3.82
						incl. 154.00	159.00	5.00	5.08
3353RC	5168	20075	270	-55	150.00	64.00	73.00	9.00	6.29
						incl. 68.00	72.00	4.00	11.90
5068RD	5181	19931	90	-55	293.45	131.00	132.50	1.50	8.79
						187.00	193.00	6.00	2.40
						212.40	213.85	1.45	17.80
3355RC	5202	19927	270	-55	160.00	88.00	91.00	3.00	8.84
3356RC	5412	19926	90	-55	210.00	134.00	150.00	16.00	1.14
3347RC	5515	19748	90	-63	194.00	165.00	168.00	3.00	4.04
3231RD	5404	19623	90	-60	340.40	212.90	219.20	6.30	2.97
3359RC	5025	19575	270	-55	150.00	1.00	3.00	2.00	6.40
3377RC	5267	20451	270	-57	240.00	160.00	164.00	4.00	3.34
3367RD	5178	19926	90	-65	340.40	42.00	44.00	2.00	5.91
						250.00	266.00	16.00	2.03
						284.50	286.80	2.30	9.82
3364RD	5159	19876	90	-59	331.20	226.20	231.00	4.80	2.03
						240.10	245.10	5.00	2.01
						265.80	276.80	11.00	2.93
3366RD	5170	19851	90	-62	254.00	288.55	290.05	1.50	28.20
						366.30	368.80	2.50	4.35
2559RDext	5488	19774	270	-55	251.40	169.30	171.00	1.70	28.90
3370RD	5429	19775	90	-60	340.50	96.00	141.00	45.00	1.72
						174.00	182.00	8.00	1.50
						221.00	237.00	16.00	1.87
						242.00	247.80	5.80	1.92
2562RDext	5521	19747	270	-55	370.70	188.20	194.00	5.80	4.43
						233.00	267.00	34.00	3.55
						incl. 243.30	247.00	3.70	19.00
2561RDext	5507	19724	270	-55	360.10	200.00	234.25	34.25	3.57
3363RD	5435	19726	90	-60	360.00	147.00	177.00	30.00	16.30
						incl. 165.00	166.00	1.00	324.00
						incl. 166.00	177.00	11.00	12.10
						298.50	303.50	5.00	2.35
						307.90	319.00	11.10	1.27
3368RD	5264	19701	90	-62	320.40	225.00	227.90	2.90	7.91
						273.50	278.00	4.50	4.88
3371RD	5247	19623	90	-63	310.80	125.00	131.00	6.00	2.76
						214.60	220.60	6.00	18.70
3376RD	5442	19626	90	-58	330.00	153.00	155.00	2.00	5.90
						167.00	169.00	2.00	43.80
3385RD	5213	20074	270	-55	250.40	76.00	84.00	8.00	3.35
						173.00	177.00	4.00	2.43
3386RC	5221	20022	270	-55	240.00	161.00	165.00	4.00	17.50
						incl. 161.00	163.00	2.00	31.60
3388RC	5235	19853	270	-55	147.00	85.00	89.00	4.00	10.30
						96.00	102.00	6.00	1.51
3380RC	5477	19775	90	-58	279.00	219.00	229.00	10.00	4.09
						incl. 219.00	222.00	3.00	8.84
3390RD	5244	19727	90	-60	320.30	258.40	264.00	5.60	2.13
						271.00	281.00	10.00	1.56
3379RD	5474	19700	90	-63	349.80	164.00	172.00	8.00	2.01
						202.70	204.00	1.30	38.40
						275.00	279.50	4.50	2.27
						289.50	305.00	15.50	2.45
						incl. 291.15	293.75	2.60	8.37
3371RD	5247	19623	90	-63	310.80	125.00	131.00	6.00	2.76
						214.60	220.60	6.00	18.70
3376RD	5442	19626	90	-58	330.00	153.00	155.00	2.00	5.90
						167.00	169.00	2.00	43.80
3391RD	5220	19626	90	-63	315.40	94.00	98.00	4.00	5.65
3392RC	5226	19601	90	-55	255.00	200.00	205.00	5.00	4.76
3394RC	5228	19576	90	-57	255.00	216.00	219.00	3.00	3.29
3395RC	5243	19525	90	-60	181.00	155.00	165.00	10.00	2.49

T PROSPECT DRILL RESULTS - (intercepts with Au assays > 10gram.metres)

Hole No.	Easting (mE) Local_C	Northing (mN) Local_C	Azimuth Local	Dip (degrees)	Hole Depth (m)	From (m)	To (m)	Interval (m)	Au (g/t)
3455RC	7640	1145	90	-60	120.00 incl.	60.00 60.00	65.00 62.00	5.00 2.00	3.91 7.80
3418RC	7163	944	90	-60	150.00 incl.	54.00 54.00	59.00 55.00	5.00 1.00	3.28 12.70

Appendix B

MINERAL RESOURCES AND ORE RESERVES AS AT 31 MAY 2006

CHATREE GOLD MINE INTERIM MINERAL RESOURCE

(As at 31 May 2006 at a 0.6g/t gold cut-off grade)

Source	Category	Tonnes (Kt)	Grade		Contained Ounces	
			Gold (g/t)	Silver (g/t)	Gold (Oz)	Silver (Oz)
Chatree Mine Total ⁽¹⁾ on Current Lease	Measured	6,159	1.8	8	356,000	1,654,000
	Indicated	7,490	1.6	7	380,000	1,700,000
	Inferred	4,216	1.7	8	226,000	1,049,000
	Total	17,865	1.7	8	962,000	4,403,000
Chatree North Total ⁽²⁾	Measured	31,730	1.6	17	1,613,000	17,030,000
	Indicated	16,653	1.6	14	832,000	7,586,000
	Inferred	5,989	1.5	13	292,000	2,513,000
	Total	54,372	1.6	16	2,737,000	27,129,000
Stockpiles	Subtotal	1,161	1.0	5	38,000	187,000
Chatree Total	Total	74,559	1.6	13	3,775,000	31,906,000

Notes: (Some figures may not add correctly due to rounding errors.)

(1). Includes C, H, D, HS, HW, S and P Pits at Chatree cut to the May 2006 surface.

(2). Includes A, AE, Q, KW and KE at Chatree North.

Preliminary pit optimisations at US\$450/oz gold indicate a 0.6g/t gold cut-off is appropriate. The US\$450/oz gold price is an approximate 3 year average, prepared by Kingsgate from public data. The resource block model has been optimized to compensate for the smaller mining blocks based on the operational history of selective mining at Chatree. Using the Sept'05 cut-off grade of 0.7g/t, Resources are 3.5Moz gold @1.8g/t & 29Moz silver @15g/t.

CHATREE GOLD MINE INTERIM ORE RESERVE

(As at 31 May 2006 at a 0.7g/t gold cut-off grade)

Source	Category	Tonnes (Million)	Grade		Contained Ounces	
			Gold (g/t)	Silver (g/t)	Gold (Million Oz)	Silver (Million Oz)
Current Lease ^(1,3)	Proved	1.7	1.7	8	0.09	0.41
	Probable	2.3	2.1	8	0.17	0.60
	Sub-total	4.0	2.0	8	0.26	1.01
Chatree North ^(2,4)	Proved	19.4	1.8	19	1.10	12.00
	Probable	5.1	1.8	17	0.30	2.80
	Sub-total	24.5	1.8	19	1.40	14.80
Total from Pits	Proved	21.1	1.8	18	1.19	12.41
	Probable	7.4	1.9	14	0.47	3.50
	Sub-total	28.5	1.8	17	1.66	15.90
Stockpiles	Sub-total	1.2	1.0	5	0.04	0.20
	Total	29.7	1.8	17	1.70	16.10

Notes: (Some rounding of figures may cause numbers not to add correctly.)

(1). Includes C, H, D, HS, HW, S and P Pits at Chatree Mine cut to the May 2006 surface.

(2). Includes A, AE, Q, KW and KE at Chatree North.

(3). Chatree Mine Lease Notes: a. Based on a composite of the current design and 'H main' and 'C south' cut backs & the 'C North' underground. b. Based on a \$US600/oz gold price and \$US11/oz silver price, only at Chatree mine. c. Assumes the remaining contained gold can be forward sold in the medium term. d. Reserves exclude the highway 1301 corridor and some underground options. The September 2005 statement included open pit reserves in the highway corridor which have now been excluded. e. Mining costs on average have increased from \$US1.07/t to \$1.45/t based on updated assessments of long term fuel costs, consumables, mining contract costs (including drill and blast) and geotechnical services. f. Expected increases to mining & processing costs have been allowed for in the optimisation parameters.

(4). Chatree North Notes: a. Based on a three year average gold price of \$US450/oz and a silver price of \$US11/oz. b. Based on modified optimum pit shells including haul road allowance in the slopes, long term fuel, consumables, and mining contract prices. c. Reserves have been truncated at the highway 1301 corridor, which has resulted in a reduction of certain reserves contained within the 30th September 2005 announcement.

CHATREE GOLD MINE ORE RESERVE RECONCILIATION

Ore Reserves (oz gold) At 30 June 2005	Mined until 31 May 2006	Discoveries	Ore Reserves (oz gold) At 31 May 2006	Increase %
1 505 000	(136 000)	331 000	1 700 000	22

Information in this report that relates to geology, drilling, mineralization, Mineral Resource and Ore Reserve estimates is based on information compiled by Ron James, Rob Spiers and Mike Garman, employees of the Kingsgate Group who are Competent Persons under the meaning of the JORC Code with respect to the mineralization being reported on. These interim estimates are unaudited by an independent expert. All have given their consent to the Public Reporting of these statements concerning geology, drilling and mineralization.