



Kingsgate
Consolidated
Limited

QUARTERLY REPORT

for the three months ended
30 SEPTEMBER 2008

PRODUCTION HIGHLIGHTS

Gold Produced

30 Sep 2008	4,203 oz
30 Jun 2008	15,597 oz
30 Sep 2007	17,285 oz

Cash Operating Cost

30 Sep 2008	US\$1,499/oz
30 Jun 2008	US\$484/oz
30 Sep 2007	US\$451/oz

Average Gold Price Received

30 Sep 2008	US\$893/oz
30 Jun 2008	US\$898/oz
30 Sep 2007	US\$681/oz

SECURITIES

As at 30 September 2008

Ordinary shares	92,960,392
Unlisted options	9,111,000



Ongoing rehabilitation

Gavin Thomas
Gavin Thomas, MD & CEO
31 October 2008

Kingsgate Consolidated Limited

ABN 42 000 837 472
Suite 801, Level 8, 14 Martin Place
Sydney NSW 2000 Australia
Telephone: 61 2 8256 4800
Facsimile: 61 2 8256 4810
Email: info@kingsgate.com.au
Website: www.kingsgate.com.au

KEY POINTS

- ◆ Developing pits within new mining leases
- ◆ Transition mining phase during Sep-Dec'08 quarters
- ◆ Development underway at C North
- ◆ Quarterly Gold Production: 4,203 ounces
- ◆ Significant results from drilling program positive for future uplift in reserves

OVERVIEW

Chatree Gold Mine

- ◇ As indicated in earlier announcements, this quarter has been focused on finalising the grant of the Chatree North mining leases, consequent mine permitting and, more importantly, grade control and reserve and resource definition drilling. This concentration on development activities should be reflected in normal gold production in 2009.
- ◇ Because of the delays in the granting of the Chatree North mining leases, access to ore during the mining transition phase from Chatree to Chatree North was limited and as a consequence, the quarterly production was only 4,203 ounces. This limited production produced an abnormally high cash cost of US\$1,499 per ounce for the quarter.
- ◇ The current, unrepresentative cash costs per ounce are planned to decrease sharply in December due to increased production and grade and are expected to average less than US\$350 per ounce during the first half of 2009 when gold production returns to full capacity.
- ◇ Ore feed to the plant averaged only 0.8 grams/tonne gold for the quarter as older pits were completed and the mining transitioned to new areas. Grades will improve to around 2 grams/tonne for the remainder of the fiscal year as the new areas are developed.
- ◇ Four pits are being developed at Chatree North and planned for full operation during the March quarter. Mining at Chatree North has been limited during this transition phase and normal mining lease formalities are completed including the issue of blasting licences.
- ◇ Production commenced at C North late in this quarter, with ore feed from this source increasing from December 2008.
- ◇ A new, larger fleet of mining equipment has arrived on site and is currently being utilised by the mining contractor, Lotus Hall.

Development

- ◇ The Company is reviewing the expansion decision with the view to de-risking the project to the fullest extent possible prior to seeking funding. It is not expected that the Company will be in a position to implement a 5 million tonne per annum expansion until the first half of 2009.

Exploration

- ◇ An aggressive resource definition drill program is underway on extensions to known mineralisation within Chatree North with very encouraging results from the outset.
- ◇ Resource development drilling at Chatree North, testing extensions between the planned A Pit and Q Pits has returned high grade gold intersections such as 30 metres @ 5 grams/tonne gold, including 9 metres @ 10 grams/tonne gold.
- ◇ Key regional targets will be tested during the December quarter.

Corporate

- ◇ Total cash on hand was A\$22 million at the end of September 2008, with no debt.



Chatree North mine development

CHATREE GOLD MINE

OPERATIONAL PERFORMANCE

Gold production at Chatree for the quarter was 4,203 ounces at an average grade of only 0.8g/t (grams/tonne) gold, with 9,136 ounces silver. Limited, low grade mill feed of 0.8g/t was predominantly ore mined from the H cutback on the main pit (now completed), with minor feed from marginal grade stockpiles.

Recent heavy rains made access to new areas difficult due to poor traction in soft oxidised material. Ore grades are expected to improve to around 2g/t during the March quarter from near-surface mining in more developed open pits and drier weather.

Cash costs for the quarter were US\$1,499 per ounce gold due to limited ore feed during the transition from previously mined areas to new areas being developed at Chatree North. Cash costs per ounce are planned to decrease sharply in December due to increased production and grade and are expected to average less than US\$350 per ounce during the first half of 2009 when gold production returns to full capacity.

During the quarter, site activities included preparation of areas for mining operations, haul road development, and extensive grade control drilling. In addition, new environmental regulations were complied with including a three metre wide bund around mining operations, a sedimentation and water catchment pond and monitoring stations. Approval to access Forestry areas is nearing finalisation and final clearance to remove all vegetation is expected shortly as all commercial trees have now been removed by Forestry employees. A new explosives storage magazine complex was also built for the new mining areas.

Ore feed was limited mainly to the H Cutback which is now completed and the C-H Pit closed. New ore feed sources at C North are being developed and increased material is being supplied during the December quarter at grades around 2.5g/t gold, and will be the primary ore supply until the end of the financial year. New sources of ore feed are also being developed at the A Pit and at K East with full scale mining commencing as soon as blasting licences are issued and lease formalities completed.

A new, larger fleet of mining equipment has arrived on site and is being utilised by the mining contractor, Lotus Hall, on C North and mine development on the Chatree North leases.

Chatree Mine	Units	Sep 2008 Quarter	Jun 2008 Quarter	Sep 2007 Quarter
Waste Mined	bcm	324,069	144,803	1,222,055
Ore Mined	bcm	83,061	190,855	29,056
Waste to Ore Ratio		3.9	0.8	42.1
Ore Mined	tonnes	215,659	507,799	69,063
Ore Treated	tonnes	159,135	544,252	636,132
Head Grade	Au g/t	0.8	1.0	1.0
	Ag g/t	3.5	5.0	6.1
Gold Recovery	%	89.1%	90.2%	90.1%
Gold Poured	ounces	4,203	15,597	17,285
Silver Poured	ounces	9,136	41,032	49,457

Cost Category *	Sep 2008 Quarter US\$/oz Gold	Jun 2008 Quarter US\$/oz Gold	Sep 2007 Quarter US\$/oz Gold
Direct Mining Expense	1,461	486	465
Refining and Transport	4	2	2
By-product Credit	(56)	(50)	(32)
Cash Operating Cost	1,409	438	435
Royalty	90	46	16
Total Cash Cost	1,499	484	451
Depreciation/Amortisation	141	125	89
Total Production Cost	1,640	609	540

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

SAFETY AND ENVIRONMENT

Chatree continues its world's best safety record for a gold mine with over 9.7 million hours worked since the last and only Lost Time Injury (LTI). In addition, there have been no reportable environmental incidents during the life of the mine and it remains in compliance with all environmental regulations.

FORECAST

Production forecast for the financial year to end June 2009 remains in the range of 100,000 to 140,000 ounces gold.

CHATREE NORTH DEVELOPMENT PROJECT

CHATREE NORTH EXPANSION PROJECT

The Company continues to progress its plans to expand the operation to 5 MTPA (million tonnes per annum) of ore treated. Given the tight credit markets being experienced globally, the Company is reviewing the expansion decision with the view to de-risking the project to the fullest extent possible prior to seeking funding. In particular, the Company has embarked on a resource development drilling program at Chatree North that is expected to increase mineral resources and ore reserves and ensure that the expansion economics are even more robust. The Company has, during the quarter, continued engineering design work for the expansion in order to refine the expansion's cost estimate to a +/- 10% level in order to minimize the likelihood of any capital cost overruns. However, it is expected that the Company will not be in a position to implement a 5MTPA expansion until the first half of 2009.



Pracha Laophet and Nueng Kanthong collecting diamond drill core samples

EXPLORATION - THAILAND

CHATREE NORTH RESOURCE DEVELOPMENT

A Pit to Q Pits

An aggressive resource development drilling program is underway on extensions to known ore bodies at Chatree North, although the commencement was delayed due to heavy rain during the quarter. The focus this year is on the north and western side of the A Pit and several areas of the Q Pits, where access has been restricted previously and where intersections remain open at depth. A significant increase in mineral resources and ore reserves is expected over the next 6 -18 months as a result of this program.

Current drilling is underway between the planned A and Q pits testing new areas that are outside the current planned pit limits.

Almost from the outset of drilling, very encouraging results were returned from the south of Q Pit including, in drillhole 3199RC, **30m@5.09g/t** gold (from 103 metres downhole) that included **9m@9.88g/t** gold in altered hydrothermal breccias. Additional intersections from ongoing, wide-spaced drilling in this area correlate closely with geophysical anomalies.

Best results from nearby drillholes show gold assays of **24m@1.48g/t**, **18m@1.65g/t**, **10m@4.28g/t** and **1m@10.30g/t**. Recent drillhole intercepts from this area are reported in the table below.

Q PROSPECT HIGHLIGHT DRILL RESULTS

Hole No.	From	To	Interval	Au
	(m)	(m)	(m)*	(g/t)
3909RC	95.00	114.00	19.00	1.70
3199RD	84.00	85.00	1.00	10.30
and	92.00	96.00	4.00	1.81
and	103.00	133.00	30.00	5.09
incl.	124.00	133.00	9.00	9.88
3696RC	55.00	58.00	3.00	8.52
and	73.00	91.00	18.00	1.65
3194RD	96.50	164.10	67.60	0.86
and	96.50	109.70	13.20	2.23
3198RC	69.00	125.00	56.00	0.76
3697RC	81.00	90.00	9.00	2.88
and	101.00	111.00	10.00	4.28
3698RC	109.00	133.00	24.00	1.48

* Intersections may not be true width

Drilling at the north end of A Prospect returned additional significant intersections including **9m@3.78g/t** gold from 2 metres depth and **4m@7.28g/t** gold from 166 metres depth. Resource development drilling at Q and A Prospects is ongoing with up to 4 RC rigs and one diamond drill rig operating seven days per week.

A PROSPECT HIGHLIGHT DRILL RESULTS

Hole No.	From	To	Interval	Au
	(m)	(m)	(m)*	(g/t)
6275RC	3.00	4.00	1.00	10.80
6276RC	166.00	170.00	4.00	7.28
6303RC	2.00	11.00	9.00	3.78

* Intersections may not be true width

CHATREE MINE AREA

Resource development drilling in the Chatree Mining Lease area was undertaken at C North and at the north part of S Prospect. C North returned high grade intersections from surface and this area is currently being mined following completion of the road diversion. S Pit drilling confirmed extensions to the high grade zone beyond the pit limits.

C North

Drilling at C North was designed to confirm geological interpretations prior to mining. Significant results include **7m@14.30g/t** gold from 1 metre depth, **19m@3.13g/t** gold from 1 metre depth and **10m@3.24g/t** gold from 56 metres depth.

C NORTH PROSPECT HIGHLIGHT DRILL RESULTS

Hole No.	From	To	Interval	Au
	(m)	(m)	(m)*	(g/t)
6261RC	1.00	8.00	7.00	14.30
6263RC	1.00	7.00	6.00	5.00
6266RC	1.00	20.00	19.00	3.13
and	28.00	32.00	4.00	4.37
6270RC	56.00	66.00	10.00	3.24

* Intersections may not be true width

S Pit

Drilling at S Pit was designed to confirm depth extensions and to infill between wider spaced drill holes. Significant results include **10m@4.34g/t** gold from 61 metres depth and **16m@4.10g/t** gold from 32 metres depth.

S PROSPECT HIGHLIGHT DRILL RESULTS

Hole No.	From	To	Interval	Au
	(m)	(m)	(m)*	(g/t)
6250DD	61.00	71.00	10.00	4.34
6251RD	32.00	48.00	16.00	4.10
6252RD	81.00	82.00	1.00	53.90

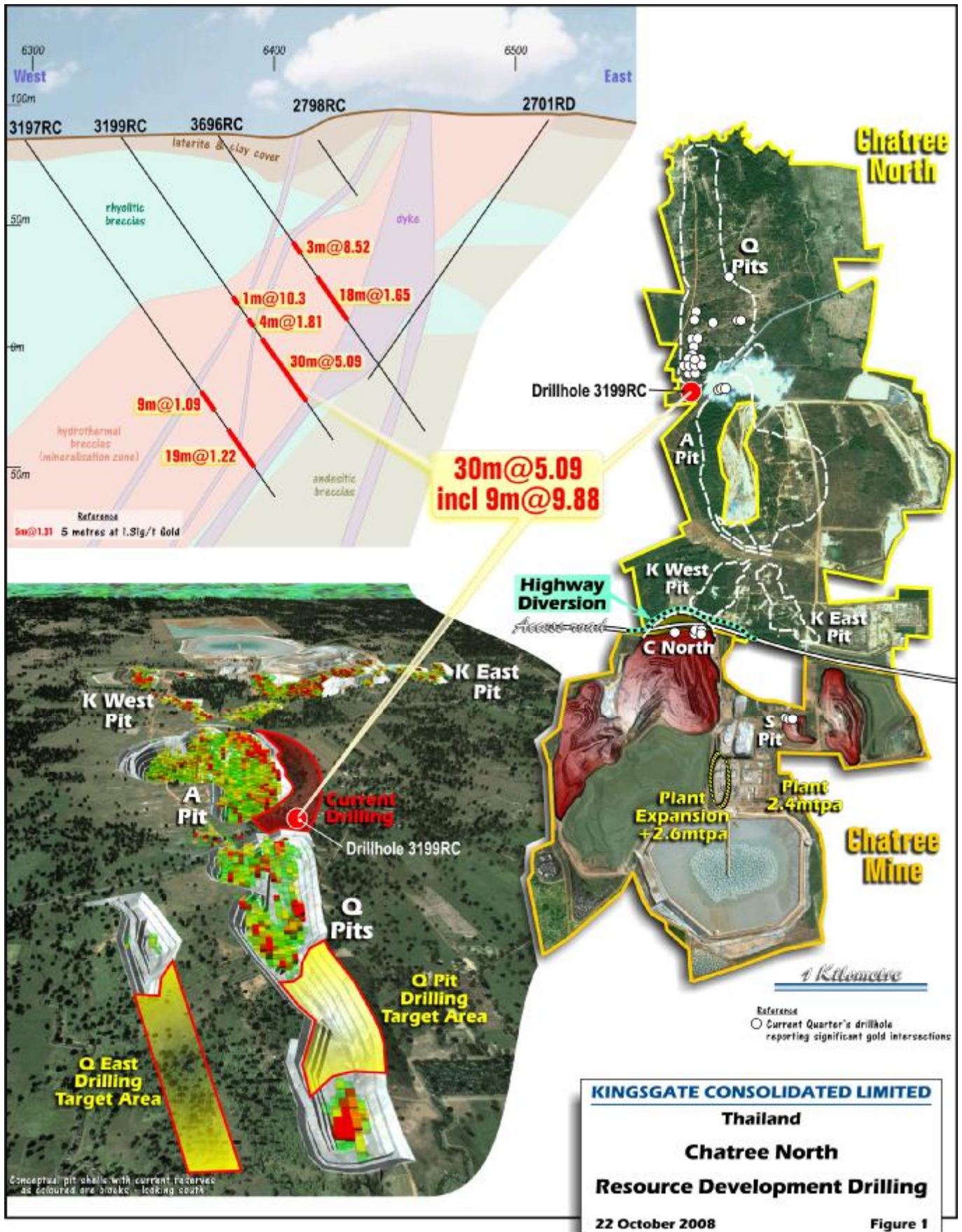
* Intersections may not be true width

See Figure 1, opposite, for drillhole collar locations and Appendix A for intersection details.

REGIONAL EXPLORATION - THAILAND

The grant of the Chatree North mining leases has co-incided with all approvals and land access for our most significant regional targets. The heavy rain during the September quarter has hampered access preparations but sites are now drill ready. During the December 2008 quarter, several regional targets will be drill tested. A significant, multi-drill rig exploration programme is planned on the key regional targets.

EXPLORATION - THAILAND (continued)



High grade drill results from a new area identified between A and Q Pits plus the locations of other reported drillholes

CORPORATE

BUSINESS DEVELOPMENT

Opportunities for involvement in early to advanced stage gold projects are reviewed regularly. Kingsgate recently signed an agreement to review a privately held gold project, in South Australia, which has a small high grade gold vein deposit potentially within a large low grade mineralised halo. Exploration activities are planned for later in the fiscal year.

FINANCE

At the end of June 2008, the Company had net cash on hand of A\$22 million, with no debt. Cash reserves have reduced during the quarter due to land acquisition and mine development associated with the new leases, committed expenditure on the expansion and exploration together with operating losses incurred as a result of low ore availability during the mining transition phase to Chatree North. A debt facility of US\$30 million is available from Investec Bank (Australia) Ltd.

New mining areas being opened up at Chatree/Chatree North. A new mining fleet from the contract miner, Lotus Hall, is being utilised.



GOLD SALES

Kingsgate is an unhedged gold producer. The average cash price received by Kingsgate for gold sales in the quarter was US\$893/oz.

SUMMARY SALES - GOLD & SILVER				
Category	Units	Sep 2008 Quarter	Jun 2008 Quarter	Sep 2007 Quarter
Average Prevailing Spot Gold Price	US\$/oz	893	898	681
Average Cash Price Received (on gold production)	US\$/oz	893	898	681
Gold sold	ounces	6,909	16,323	16,893
Silver sold	ounces	16,311	49,136	47,767
Revenue from Metal Production	US\$M	6.4	15.5	12.1



APPENDIX A

Q PROSPECT DRILL RESULTS - (INTERCEPTS WITH AU ASSAYS GENERALLY >10GRAM.METRES)

Hole No.	Easting Local Grid	Northing Local Grid	Azimuth Local Grid	Dip (°)	Hole Depth (m)	From (m)	To (m)	Interval (m)*	Au (g/t)	
3192RC	6562	4605	90	-55	120.00	26.00	30.00	4.00	2.37	
3909RC	6347	4381	90	-55	144.00	95.00	114.00	19.00	1.70	
3906RC	6338	4329	90	-55	156.00	97.00	118.00	21.00	0.80	
6304RC	6615	4328	90	-55	56.00	6.00	23.00	17.00	1.18	
6313RC	6634	4328	90	-55	80.00	1.00	7.00	6.00	1.49	
3901RC	6459	4309	90	-55	140.00	99.00	103.00	4.00	2.53	
3902RC	6315	4207	90	-55	183.00	84.00	95.00	11.00	1.16	
3903RC	6355	4206	90	-55	180.00	101.00	107.00	6.00	2.65	
3039RD	6332	4157	90	-55	150.00	128.95	135.00	6.05	1.46	
3905RC	6318	4104	90	-55	180.00	82.00	87.00	5.00	3.75	
						101.00	121.00	20.00	0.74	
						136.00	149.00	13.00	0.86	
3197RC	6299	4082	90	-55	181.00	129.00	138.00	9.00	1.09	
						146.00	165.00	19.00	1.22	
3199RC	6339	4084	90	-55	153.00	84.00	85.00	1.00	10.30	
						92.00	96.00	4.00	1.81	
						103.00	133.00	30.00	5.09	
						124.00	133.00	9.00	9.88	
3696RC	6379	4080	90	-55	150.00	55.00	58.00	3.00	8.52	
						73.00	91.00	18.00	1.65	
3194RD	6309	4031	90	-55	181.00	96.50	164.10	67.60	0.86	
						incl.	96.50	109.70	13.20	2.23
						incl.	132.40	138.20	5.80	1.11
						incl.	158.20	164.10	5.90	1.10
3190RC	6268	4031	90	-55	109.00	57.00	62.00	5.00	6.13	
						and	87.00	89.00	2.00	3.73
						and	96.00	104.00	8.00	1.68
3196RC	6384	4034	90	-55	120.00	60.00	76.00	16.00	0.88	
3198RC	6350	4033	90	-55	135.00	69.00	125.00	56.00	0.76	
3697RC	6305	3981	90	-55	165.00	81.00	90.00	9.00	2.88	
						and	101.00	111.00	10.00	4.28
						incl.	110.00	111.00	1.00	26.60
3698RC	6345	3981	90	-55	141.00	109.00	133.00	24.00	1.48	

* Intersections may not be true width

A PROSPECT DRILL RESULTS (INTERCEPTS WITH AU ASSAYS GENERALLY >10GRAM.METRES)

Hole No.	Easting Local Grid	Northing Local Grid	Azimuth Local Grid	Dip (°)	Hole Depth (m)	From (m)	To (m)	Interval (m)*	Au (g/t)
6275RC	5086	20476	90	-55	180.00	3.00	4.00	1.00	10.80
6276RC	5065	20476	90	-55	180.00	166.00	170.00	4.00	7.28
6303RC	5046	20477	90	-55	160.00	2.00	11.00	9.00	3.78

* Intersections may not be true width

C NORTH PROSPECT DRILL RESULTS (INTERCEPTS WITH AU ASSAYS GENERALLY >10GRAM.METRES)

Hole No.	Easting Local Grid	Northing Local Grid	Azimuth Local Grid	Dip (°)	Hole Depth (m)	From (m)	To (m)	Interval (m)*	Au (g/t)
6261RC	6353	2315	90	-60	70.00	1.00	8.00	7.00	14.30
6263RC	6394	2318	90	-60	60.00	1.00	7.00	6.00	5.00
6264RC	6398	2335	90	-60	54.00	4.00	7.00	3.00	3.23
6266RC	6359	2338	90	-60	84.00	1.00	20.00	19.00	3.13
						28.00	32.00	4.00	4.37
6267RC	6361	2339	45	-60	90.00	40.00	43.00	3.00	3.49
6270RC	6238	2326	90	-60	90.00	56.00	66.00	10.00	3.24

* Intersections may not be true width

S PROSPECT DRILL RESULTS (INTERCEPTS WITH AU ASSAYS GENERALLY >10GRAM.METRES)

Hole No.	Easting Local Grid	Northing Local Grid	Azimuth Local Grid	Dip (°)	Hole Depth (m)	From (m)	To (m)	Interval (m)*	Au (g/t)
6249DD	7010	1772	90	-55	68.50	24.00	31.00	7.00	2.67
6250DD	6989	1773	90	-55	80.60	61.00	71.00	10.00	4.34
6251RD	6998	1784	90	-50	80.10	32.00	48.00	16.00	4.10
6252RD	6959	1782	90	-56	121.20	81.00	82.00	1.00	53.90

* Intersections may not be true width

KINGSGATE CONSOLIDATED LIMITED

BOARD OF DIRECTORS

Ross Smyth-Kirk
Chairman

Gavin Thomas
Managing Director and Chief Executive Officer

Craig Carracher
Non-Executive Director

John Falconer
Non-Executive Director

Peter McAleer
Non-Executive Director

COMPANY SECRETARY

Peter Warren

SENIOR MANAGEMENT TEAM

Peter Warren
Chief Financial Officer

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

Stephen Promnitz
Corporate Development Manager

Ron James
General Manager, Exploration & Resources Development

John McDougall
Operations Manager, Chatree Gold Mine

REGISTERED OFFICE

Kingsgate Consolidated Limited
Suite 801, Level 8, 14 Martin Place
Sydney NSW 2000, Australia
Phone: (61 2) 8256 4800 Facsimile: (61 2) 8256 4810
Email: info@kingsgate.com.au
Website: www.kingsgate.com.au

COMPETENT PERSONS STATEMENT

Information in this report that relates to Exploration Results, Mineral Resource and Ore Reserve estimates is based on information compiled by Ron James, Mike Garman and Guy Davies, who are employees of the Kingsgate Group and members of The Australasian Institute of Mining and Metallurgy. These people are Competent Persons under the meaning of the JORC Code with respect to Exploration Results, Mineral Resources and Ore Reserves being reported on. All have given their consent to the Public Reporting of these statements and are in agreement with the contents and format of this report.

ISSUED SHARE CAPITAL

Kingsgate has 92,960,392 ordinary shares on issue and 9,111,000 unlisted options at 30 September 2008.

QUARTERLY SHARE PRICE ACTIVITY

QUARTER	HIGH	LOW	LAST
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
December 2006	\$4.65	\$3.65	\$4.20
March 2007	\$4.94	\$3.47	\$4.75
June 2007	\$6.06	\$4.57	\$5.55
September 2007	\$5.70	\$4.06	\$5.37
December 2007	\$5.74	\$3.87	\$4.65
March 2008	\$5.41	\$3.34	\$4.40
June 2008	\$5.69	\$3.69	\$5.23
September 2008	\$6.30	\$3.78	\$4.64

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
Please direct all shareholding enquiries to the share registry.

