

**Kingsgate Consolidated NL**

ACN 000 837 472

31 July, 2001

The Manager
Announcements
Company Announcements Office
Australian Stock Exchange Limited

FOR PUBLIC RELEASE

Dear Sir,

QUARTERLY REPORT for the PERIOD ENDING 30 JUNE, 2001

<p style="text-align: center;">CHATREE GOLD PROJECT THAILAND.</p> <p>CONSTRUCTION ON SCHEDULE CONSTRUCTION ON BUDGET EXPLORATION DRILLING PROGRAM COMPLETED</p>

CHATREE GOLD PROJECT THAILAND

Kingsgate, through its wholly owned Thai subsidiary, Akara Mining Ltd, is building Thailand's first gold mine.

1. CONSTRUCTION PROGRESS

The construction of the Chatree Gold Mine is on schedule and on budget for practical completion to occur in late October and the first commercial gold pour to occur at the end of November 2001.

The full range of construction activities are now in progress and the total onsite workforce is almost 600.

Mining continues in overburden to supply materials for the general civil works and for the tailings storage facility (TSF). The TSF will be completed within 2 weeks. Ore mining will commence in mid August to build up adequate operational and commissioning stockpiles by mid October. Final RC grade control drilling for the first few months of ore mining is almost complete.

Equipment is now arriving in Thai ports from all parts of the world and the task of ensuring that it moves through the Board of Investment and customs quickly has been large and complex. Only two of the 35 shipments processed to date have had some import duty levied, on the basis that similar items are manufactured in Thailand. There have been no consequential project delays.

In the processing plant area, the crushing, conveyor and reclaim system has been largely installed, 4 of the 7 CIL tanks are to full height and the SAG mill foundations are ready for the Nordburg SAG mill assembly team.

The water supply bore fields are being fitted out and connected.

Construction of the electrical substation to take power from the Thai national grid 1.5 km to the project is progressing well.

Most of the site buildings, such as offices, laboratory, workshops and stores are well advanced.

The expatriate operating team is now largely in place and the Thai workforce is building quickly.

Chatree Project is being built to a very high level of environmental compliance, with the tailings storage facility being designed and its construction supervised, by Knight Piesold, to Nevada USA standard.

Environmental monitoring is taking place and a number of research programs are in progress.

Safety implementation and training remains paramount and since commencement no lost time injuries have been recorded, with over 500,000 man hours having been worked.

2. EXPLORATION DRILLING RESULTS. "A" PROSPECT

"A" Prospect is located 1.0 kilometre north of the Tawan Pit and is not yet to resource status.

Since 1995, four drill programs have been completed at A Prospect for a total of 44 cored and reverse circulation holes for 3,935 metres.

This fourth program was completed on 28May01 and consisted of 12 holes for 1,079 metres of core and RC drilling. Two holes were short cored extensions of previously drilled holes.

Mineralisation at A Prospect consists of low sulphidation epithermal quartz, carbonate stockworks and breccias within a silicified andesitic host sequence and is similar to that to be mined at Chatree. The mineralisation is located within a wide structural zone over a length of about 1,300 metres.

The best results obtained in this last program from north to south were;

Hole Number	Collar Coordinate mN mE		Azimuth (grid deg.)	Depression (deg.)	From (m)	To (m)	Interval (m)	Gold (g/t)
RCD702	20,288	5,026	290	55	14.00	22.00	8.00	1.6
					32.00	48.00	16.00	2.2
					68.00	74.00	6.00	5.1
					87.00	88.50	1.50	8.8
RCD703	20,283	5,004	270	45	4.00	32.00	28.00	1.5
					63.45	80.00	16.55	3.8
DDH704	20,255	5,005	270	55	69.70	78.50	8.80	2.2
RCD705	20,200	5,018	270	50	58.00	74.00	16.00	5.6
RCD706	20,053	5,000	270	55	16.00	22.00	6.00	3.0
					44.00	62.00	18.00	1.4
RC708	19,750	4,971	270	55	14.00	34.00	20.00	2.3

This program of drilling has added significantly to our understanding of the mineralisation model at A Prospect and the gold intersections obtained when combined with previous results lead us to believe that A Prospect will make an important contribution to the Chatree Mine in the future.

3. PROJECT BACKGROUND

Chatree Gold Project is located on the eastern edge of the main rice growing Chao Phraya Basin in gently undulating farmland 280 km by bitumen highway north of Bangkok.

The project represents a greenfields discovery of metallurgically clean, shallow gold mineralisation in a logistically simple

terrain with very good infrastructure.

RESOURCES/RESERVES. Total Measured, Indicated and Inferred Resources are 14.5 million tonnes at 2.6 g/t Au and 12 g/t Ag. (0.8 g/t Au cutoff) for 1.2 million ounces of Au and 5.4 million ounces of Ag.

Open cut Proven and Probable Reserves are 8.2 million tonnes at 3.1 g/t Au and 14 g/t Ag (0.8 g/t Au cutoff at US\$260/oz) for 807,000 oz Au and 3.8 million oz Ag.

OPERATION. The mine will operate 2 open cut pits, Tawan Pit, (Sun Pit) and Chantra Pit, (Moon Pit). The ore is metallurgically clean with gold and silver extraction by standard Carbon in Leach (CIL) processing with destruction of cyanide in the pulp to 20ppm prior to delivery to the tailings dam. All plant will be new.

Mine life is currently 6.5 years at 1 million tonnes per year for the first 2 years and 1.5 million tonnes per year thereafter. Life of mine waste to ore ratio is 2.9:1.

Ore grade in the first year is scheduled to be 5g/t gold equivalent.

Road access, grid power and water are all available on or adjacent to the site.

Production in the first 3 years will average 143,000 ounces gold equivalent at a cash cost of about US\$100 per ounce, thus ensuring substantial cash flows to Kingsgate.

BOI PROMOTION. In 2000, the Office of the Royal Thai Board of Investment of the Office of the Prime Minister approved an application by Akara Mining Ltd for Promotion of the Chatree Gold Mine.

As a promoted enterprise, Akara and the Chatree Project have been awarded the following benefits;

1. 8 year full corporate tax holiday commencing at first gold pour.
2. 5 years of half tax holiday following 1. above. ie 15% tax.
3. Exemption from withholding tax on dividends to Kingsgate for 8 years.
4. Exemption from import duties for imported plant and equipment, not manufactured in Thailand.
5. Exemption from import duty for consumables used at the mine for 5 years that are nor manufactured in Thailand.
6. Guarantee against nationalisation.
7. Permission to remit income from Thailand in foreign currencies.

A double taxation treaty exists between Thailand and Australia under which the Australian authorities recognise these benefits extended by Thailand and deem the taxes to have been paid for the purpose of Kingsgate's income tax.

As a promoted enterprise, Akara is required to divest 51% of its equity into Thai hands within 5 years of first gold production. This is to occur at fair market value. In the event that fair market value is not achievable, the BOI is empowered to extend the exemption period.

POTENTIAL. Two additional gold prospects within 3 km of the plant site and within company owned exploration tenements have been drilled and contain similar widespread gold mineralisation which will, with further exploration, add considerably to mine life. Within the mining leases, additional resources are indicated along strike and down dip of the existing reserves.

FUNDING. The Chatree Gold Project is being funded by Macquarie Bank Limited of Australia. Macquarie are providing USD35 million, being 100% of the project, on a pure debt basis.

The loan covers the project development cost as well as working capital, contingency, over-run facility and capitalised interest during the construction period.

GOLD HEDGING. In November, 2000 as a condition precedent for project finance, a total of 407,000 ounces of gold were hedged as flat forwards at a forward price of USD306.5 per ounce, with deliveries from December 2001 to September, 2007. This represents 56% of the project gold production.

COMMUNITY RELATIONS. To date a high level of community support has been forthcoming for the project in this

relatively poor area of Thailand. Considerable effort has been expended over the years in developing the local relationships and in making every effort to explain the project to the people of the district. Regular site visits are made during the construction period by local, provincial and central politicians, bureaucrats, councillors, village heads and villagers.

Project contributions to local sporting groups, temples and schools as well as village clean water supply facilities have been well received.

Information in this report which relates to mineralisation is based on information compiled by Michael Diemar who is a Corporate Member of The Australasian Institute of Mining and Metallurgy and who has relevant experience as a Competent Person as defined in the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves in relation to mineralisation being reported on.

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

Yours faithfully

Kingsgate Consolidated NL

A handwritten signature in black ink, appearing to read "Mike Diemar". The signature is fluid and cursive, with a large loop at the end.

Mike Diemar
Managing Director.