



Kingsgate Consolidated NL

ACN 000 837 472

31 October, 2001

The Manager
Announcements
Company Announcements Office
Australian Stock Exchange Limited

FOR PUBLIC RELEASE

Dear Sir,

QUARTERLY REPORT for the PERIOD ENDING 30 SEPTEMBER, 2001



CHATREE GOLD MINE THAILAND. 100% Kingsgate

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

1. CONSTRUCTION PROGRESS

The Chatree Mine has reached practical completion on schedule and on budget and the commissioning phase is in progress. The first commercial gold pour is expected in late November.

To date, the electrical supply and distribution system, crusher, conveyors, crushed ore reclaim system and the water supply bores have been commissioned.

Ore was fed to the processing plant yesterday, 30 October, 2001. Tawan Pit has been supplying ore throughout October and commissioning stockpiles of the ore with the correct grade and physical properties for commissioning are ready. Over the next 3 weeks, the processing plant and tailings system will become progressively operational.

A major and gratifying milestone was reached during October when 1,000,000 man hours without a lost time injury, was achieved by the Chatree construction teams. Kingsgate's objective is to apply equally high standards to all areas of the project including engineering, environmental and community relations.

Due to the conservative approach by Kingsgate and its engineers in the design of the Chatree processing plant, projections of future production by project staff indicate the possibility of higher than the nameplate, 1,000,000 tonnes per year, capacity being achieved. In this event, the currently planned annual gold and silver production will be exceeded and discussions have commenced with the Thai Board of Investment with respect to any taxation implications there may be to this increased production.

2. THAI PRIME MINISTER TO OPEN CHATREE

Mr Taksin Shinnawatr, Prime Minister of Thailand, has advised that he will preside over the opening of the Chatree Gold

Mine, tentatively scheduled for mid December, 2001. Akara Mining Limited will present a 9 kilogram bar of gold and a 9 kilogram bar of silver refined from commissioning pours to His Majesty, King Bhumibol Adulyadej, in celebration of his 74th birthday.

3. EXPLORATION

Correction of announced results. "A" Prospect is located 1.0 kilometre north of the Tawan Pit and results for a drilling program completed in May, 2001 were reported in the June, 2001 quarterly report.

Based on sample standards submitted, a laboratory error was found, which required the re-assay of the samples from the program, resulting in an average 7% higher gold content as shown below.

Hole Number	Collar Coordinate		Azimuth (grid deg.)	Depression (deg.)	From (m)	To (m)	Interval (m)	Gold (g/t)
	mN	mE						
RCD702	20,288	5,026	290	55	14.00	22.00	8.00	1.7
					32.00	48.00	16.00	2.5
					68.00	74.00	6.00	5.5
					87.00	88.50	1.50	8.9
RCD703	20,283	5,004	270	45	4.00	32.00	28.00	1.5
					63.45	80.00	16.55	4.0
DDH704	20,255	5,005	270	55	69.70	78.50	8.80	2.3
RCD705	20,200	5,018	270	50	58.00	74.00	16.00	6.0
RCD706	20,053	5,000	270	55	16.00	22.00	6.00	3.3
					44.00	62.00	18.00	1.4
RC708	19,750	4,971	270	55	14.00	34.00	20.00	2.6

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 being mined at Chatree. The mineralisation is located within a wide structural zone over a length of about 1,300 metres.

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.

Exploration to recommence. Exploration by drilling will be carried out on A Prospect and other mineralised areas of potential near Chatree from mid January, 2002.

4. PROJECT LOAN INTEREST RATE FIX

USD30 million of the Chatree project loan of USD35 million has been changed from a floating rate to a fixed rate to take advantage of the currently historically low USD interest rates. This has locked in a rate below 5% which is significantly under the project financial model rate.

5. RIGHTS ISSUE COMPLETED

A prospectus for a fully underwritten 1 for 6, renounceable rights issue was lodged with ASIC on 10 September, 2001 to raise approximately AUD6.2 million, net of costs. The issue was completed on 30th October, 2001 by the issue of 10,205,550 ordinary shares at AUD0.65 per share which will increase the issued capital of Kingsgate to 71,438,854.

The purpose of the issue was;

- (i) to repay Macquarie Bank Limited the amount of USD\$2 million by 31 December 2001, being a corporate cash

advance to Kingsgate from Macquarie dated 9 December 1999 for the purpose of completing feasibility studies and environmental impact studies;

(ii) acquire control of land in the vicinity of the Chatree Gold Mine considered prospective for gold mineralisation; and to

(iii) explore the controlled lands.

6. PROJECT BACKGROUND

Chatree Gold Mine is located on the eastern edge of Thailand's great central plain in gently undulating farmland 280 km by bitumen highway north of Bangkok.

The project represents a greenfields discovery of, shallow gold mineralisation in a logistically simple terrain with very good infrastructure.

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.

The mine will operate 2 open cut pits, Tawan Pit, and Chantra Pit. The ore has a high metallurgical recovery 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 is 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 about 5g/t gold equivalent.

A bitumen road passes the mine gate, grid power is connected and energised and water is being produced from on-site borefields.

Production in the first 3 years will average 134,000 ounces gold and 435,000 ounces of silver per year at an estimated cash cost for gold of about US\$100 per ounce, thus ensuring substantial cash flows to Kingsgate.

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. The approval was based on a project model with average annual production of approximately 131,000 ounces of gold and 460,000 ounces of silver per year.

As a promoted enterprise, Akara and the Chatree Project have been awarded a wide range of benefits including, an 8 year full corporate tax holiday commencing at first gold pour, followed by 5 years of half tax holiday ie 15% tax, exemption from withholding tax on dividends to Kingsgate for 8 years, exemption from import duties for imported plant and equipment not manufactured in Thailand for the construction program, exemption from import duty for consumables used at the mine for 5 years that are not manufactured in Thailand and a guarantee against nationalisation.

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 may be by sale or by floatation of Akara Mining Limited on the Stock Exchange of Thailand.

Due to the possibility of increased production from Chatree and of future development of other projects, discussions are being held with the BOI in an effort to understand the potential taxation implications of increased production at Chatree over the approved model and on the equity requirements for projects other than Chatree.

POTENTIAL. Two additional gold prospects within 3 km of Chatree and within company owned exploration tenements have been partly drilled and appear to contain similar gold mineralisation which will, if exploration continues to be successful, add considerably to mine life. Within the Chatree mining leases, additional resources are indicated along strike and down dip of the existing reserves.

MEDIA. The Chatree Mine development has led to wide press coverage in Thailand. In addition, a gold bearing mining lease owned by the Pichit Province council, located 10 kilometres west of Chatree at Khao Phanom Pha, has also been receiving press coverage because of the rich and coarse nature of the gold in some gravels and in small veins which led to a "gold rush" atmosphere in the period mid 1999 to mid 2001. Due to the unsafe manner of operating the diggings in this area, numerous deaths occurred. The press has sometimes confused these two gold areas in reports. Akara Mining Ltd has no business interest in, or other relationship with, the Khao Phanom Pha mining lease. There have been no unauthorised miners operating at Chatree and due to the super fine grained nature of the gold, the relative low grade and the general site security measures in place, there is no reason to think this will occur in the future.

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.

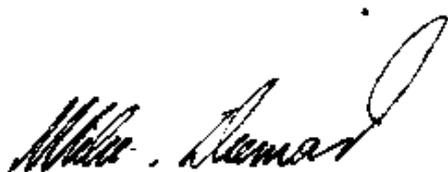
During the quarter, 40,000 ounces of gold were sold forward at USD290 and are being maintained on a spot deferred basis.

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 written in a cursive style with a large, looped final flourish.

Mike Diemar
Managing Director.