



Kingsgate Consolidated NL

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31 January, 2002

The Manager

Announcements

Company Announcements Office

FOR PUBLIC RELEASE

Australian Stock Exchange Limited

Dear Sir,

QUARTERLY REPORT for the PERIOD ENDING 31 DECEMBER, 2001

CHATREE GOLD MINE THAILAND.

- MINE IN COMMERCIAL PRODUCTION
- MINE OPENED BY THAI PRIME MINISTER
- EXPLORATION IN PROGRESS
- PROJECT LOAN INTEREST RATE FIX
- SUCCESSFUL RIGHTS ISSUE COMPLETED

CHATREE GOLD MINE. THAILAND. 100% Kingsgate

In late October the construction of Kingsgate's, wholly owned Chatree Gold Mine in Thailand was completed

In November the project was successfully commissioned, under budget and ahead of schedule.

In December the plant passed its plant performance test, was opened by the Thai Prime Minister and by the end of December, commercial operation was ahead of schedule.

1. COMPLETION of CONSTRUCTION

Process plant commissioning was completed on 24 November, 2001 when the first commercial gold pour took place. A number of pours had taken place from 15 November 2001 for the purpose of commissioning and staff training in the gold stripping, electrowinning and gold room areas.

2. COMPLETION of PLANT PERFORMANCE TRIAL.

The Chatree Mine was handed over to Kingsgate following the successful completion of a 10 day plant performance trial and sign-off by an independent engineer on 18 December 2001.

The purpose of the trial was to ensure that the operation of the processing plant and tailings system met the performance guarantees given by the design engineers, Ausenco Ltd of Australia.

During the trial the plant throughput was slightly greater than the design capacity of 1,000,000 tonnes of ore per year while achieving predicted metallurgical gold recovery.

Considering that this trial commenced only 2 weeks after the first commercial gold pour at Chatree, the result is very positive and is a testament to the thoroughness of the work done by all those involved in the feasibility, design, construction and operation of the project.

3. CHATREE GOLD MINE OPENED BY PRIME MINISTER

On 12 December, 2001, the Prime Minister of Thailand, Mr Thaksin, opened the Chatree Gold Mine. The ceremony took place before an audience including Chatree staff, the Minister of Industry, the Deputy

Minister of Industry, the Governors from adjacent provinces, the Australian Ambassador to Thailand, a large number of foreign and Thai guests and in excess of 10,000 local Thai villagers

A 9 kilogram bar of gold and a 9 kilogram bar of silver were given to the Prime Minister for presentation to His Majesty, King Bhumibol Adulyadej as a celebration of the King's 74th birthday.

Mr Thaksin in welcoming the project said that it was an excellent example of foreign investment combined with an obvious commitment to environmental standards and local community issues.

4. CHATREE PRODUCTION

December 2001 was the first full calendar month of production and the Chatree Mine performed above forecast in December as follows:

Tonnes milled : 88,025 tonnes.

Head grade : 4.58 Au g/t.

Gold recovery: 94.0%.

Production 8,920 ounces of gold and 38,393 ounces of silver were poured as dore bars (in addition, 3,265 ounces of gold and 12,549 ounces of silver were added to inventory as gold-in-circuit)

The mine achieved nameplate capacity of 1 million tonnes per year, one month ahead of schedule.

Because of the successful commissioning, plant performance test and December production, it is reasonable to predict that the Chatree Mine will at least meet forecast production in the March quarter.

5. CHATREE FINANCIAL PERFORMANCE

The operating period at Chatree commenced on 1 December, 2001. Prior to that date, operating costs and revenue were taken up as capital. Minor capital expenditures will continue to 31 March, 2002.

The capital cost of the mine is forecast to be USD32 million

Gold sold in December, 2001 was delivered against our hedge position and realised an average price of USD306.34 compared to an average London a.m. fix price for December of USD276.05

Net cash costs and total production costs were in line with expectations for December but being the first

commercial production month, they may have been distorted due to the cross-over from construction to operations.

6. SAFETY

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. At the end of December the number stood at over 1.2 million man hours.

Kingsgate's policy is to apply equally high industry standards to all areas of the project including engineering, safety, environment and community relations.

7. EXPLORATION

A program of 2000 metres of infill RC drilling commenced on A Prospect, 1 kilometre north of Chatree, on 19 January, 2002. The program will be completed in mid February.

The purpose of the program is to test the continuity of mineralisation intersected to date and to refine the geological model.

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.

8. PROJECT LOAN INTEREST RATE FIX

As announced on 31 October, 2001, USD30 million of the Chatree project loan of USD35 million was changed from a floating rate to a fixed rate to take advantage of the currently historically low USD interest rates. This locked in a rate below 5% which was significantly under the project financial model rate.

9. RIGHTS ISSUE COMPLETED

As announced on 31 October, 2001, a fully underwritten 1 for 6, renounceable rights issue was successfully completed on 30th October, 2001 by the issue of 10,205,550 ordinary shares at AUD0.65 per share which

increased the issued capital of Kingsgate to 71,438,854 shares.

The purpose of the issue was, to repay a corporate cash advance of USD2 million to Macquarie Bank Limited, acquire control of land in the vicinity of the Chatree Gold Mine considered prospective for gold mineralisation; and to explore the controlled lands.

10. ANNUAL MEETING

The Company's annual meeting was held on 28 November 2001 and a number of matters were approved as follows;

Issue of options to directors. A total of 450,000 options were approved for issued to a number of directors. As announced on that day, the options were issued at an exercise price of \$1.48, being 125% above the closing price on the previous day.

Establishment of the Kingsgate employees and contractors share option plan. As announced on that day, the necessary approvals for the issue of up to 2,500,000 options to employees and staff contractors of the Company and subsidiaries was given. The options will be issued at an exercise price of 10% above the mark price. It is an incentive plan to encourage greater contributions to the success of the Company by employees and staff contractors. No options have been issued under the plan to date.

11. GOLD HEDGING.

At 31 December, 2001, Kingsgate has a total of 399,290 ounces of gold hedged as flat forwards at a forward price of USD306.5 per ounce, with deliveries from January 2002 to September, 2007 and 40,000 ounces of gold hedged at USD290 on a spot deferred basis.

12. 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.

13. PROJECT BACKGROUND

Chatree Gold Mine is 280 km by bitumen highway north of Bangkok.

The project represents a greenfields discovery of, shallow gold mineralisation in a logically 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 is expected to 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 Royal Thai Board of Investment approved a tax holiday and other benefits to the Chatree Mine.

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



Mike Diemar

Managing Director

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

KINGSGATE CONSOLIDATED NL

ACN or ARBN

000 837 472

Quarter ended (“current quarter”)

31 DECEMBER 2001

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	4,772	4,772
1.2	Payments for	(a) exploration and evaluation	(106)
		(b) development	(14,814)
		(c) production	(564)
		(d) administration	(728)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	32	39
1.5	Interest and other costs of finance paid	-	-

1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(11,302)	(30,276)
	Cash flows related to investing activities		
1.8	Payment for purchases of:	-	-
	(a)prospects	-	-
		(b)equity investments	(3) (20)
		(c) other fixed assets	
1.9	Proceeds from sale of:	-	-
	(a)prospects	-	-
		(b)equity investments	-
		(c)other fixed assets	
1.10	Loans to other entities	-	(44)
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(3)	(64)
1.13	Total operating and investing cash flows (carried forward)	(11,305)	(30,340)

1.13	Total operating and investing cash flows (brought forward)	(11,305)	(30,340)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	6,260	6,260
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	20,864	37,885
1.17	Repayment of borrowings	(3,926)	(3,926)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
Net financing cash flows			
		23,198	40,219
Net increase (decrease) in cash held		11,893	9,879
1.20	Cash at beginning of quarter/year to date	4,265	6,279
1.21	Exchange rate adjustments to item 1.20	-	-
1.22 Cash at end of quarter		16,158	16,158

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	91
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

NONE

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NONE

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NONE

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities Facility for mine developmentUSD35m	68,426	63,582
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	300
4.2 Development	600
Total	900

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank		798	130
5.2 Deposits at call		15,360	4,135
5.3 Bank overdraft		-	-
5.4 Other (provide details)		-	-
Total: cash at end of quarter (item 1.22)		16,158	4,265

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	N/A			
6.2 Interests in mining tenements acquired or increased	N/A			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter	-	-	-	-
(a) Increases through issues				
(b) Decreases				

	through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	71,438,855	71,438,855	-	-
7.4	Changes during quarter				
	(a) Increases through issues	10,205,550	10,205,550	65	65
	(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5	+Convertible debt securities (description)	-	-	-	-
7.6	Changes during quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through securities matured, converted	-	-	-	-
7.7	Options 1 FOR 1 EMPLOYEE OPTIONS	213,000	-	<i>Exercise price</i>	<i>Expiry date</i>
	DIRECTORS OPTIONS	40,000	-	81 CENTS	22 December 2002
		450,000	-	69 CENTS	22 June 2003
				148 CENTS	28 November 2004
7.8	Issued during quarter – Director Options	450,000	-	148 CENTS	28 November 2004
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures (totals only)	-	-		
7.12	Unsecured notes (totals only)	-	-		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).

2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.



31 January 2002

Director / Company Secretary

Date

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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Kingsgate Consolidated N.L

Quarterly Report December 2001