



**SUMMARY OF ACTIVITIES FOR THE QUARTER**

**PRODUCTION**

- Gold production at the Chatree Gold Mine in Thailand for the September quarter was in line with forecast at **28,335 ounces**.
  - Total cash cost was **US\$123 per ounce**.
- Mining commenced in the recently discovered Prospect H-extension:
  - A new Ore Reserve of 875,750 tonnes at 2.09 g/t gold and 12 g/t silver, containing **60,000 ounces** of gold has been calculated;
  - Incorporation of mining from the H-extension is expected to add 5,000 ounces to this year's production;
  - 2003/04 annual production is now forecast to be approximately **130,000 ounces** of gold at a cash cost of **US\$140 per ounce**.
- Chatree plant expansion to 1.8 Mtpa is on schedule for January 2004 commissioning:
  - The two new CIL tanks were commissioned during September;
  - Major components of the new SAG mill are now arriving at the site;
  - Expenditure is on budget for US\$8.1 million.

**EXPLORATION**

- The accelerated exploration program has been implemented:
  - For 2003/04, US\$5 million has been projected for exploration across the company's significant land position;
  - The management of the exploration group has been restructured to facilitate the flow-through of projects from discovery to mining;
  - Additional geological staff have been hired;
  - Regional exploration continues to confirm the prospectivity of the area.
- New discoveries continue to yield positive results:
  - Extension to Prospect H orebody remains open;
  - A new high-grade zone of mineralisation has been identified to the east of Prospect A;
  - Drilling on Prospect K indicates that mineralisation continues to the north.

**CORPORATE**

- A Share Placement and Share Purchase Plan raised A\$42 million to be used for:
  - Accelerated exploration and land access;
  - Infrastructure associated with development of new, near-mine reserves;
  - Hedgebook restructuring.
- A Free Trade Agreement negotiated between Australia and Thailand included provision for Australian companies to own up to 60% of mining ventures. It is not possible to predict at this stage if this will have any positive impact upon Kingsgate's current Board of Investment approvals.

Steve Reid, Managing Director & CEO  
29 October 2003

## PRODUCTION

Gold production at Chatree for the September quarter was in line with forecast and is illustrated in the following table.

Chatree Mine	Units	2003 September Quarter	2003 June Quarter
Waste mined	BCM	836,212	608,891
Ore mined	BCM	225,856	176,069
Waste:ore ratio		3.7	3.5
Ore Mined	Tonnes	541,465	395,437
Ore treated	Tonnes	372,863	368,547
Head grade	Au g/t	2.8	3.5
	Ag g/t	13	19
Gold recovery	%	88.9	91.5
<b>Gold poured</b>	<b>Ounces</b>	<b>28,335</b>	<b>38,128</b>
Silver poured	Ounces	81,258	114,043

During the quarter, ore was again sourced from both the Tawan and Chantra pits.

Mining commenced in the newly discovered extension to the H orebody, which is expected to have a positive impact on the annual results by providing previously unscheduled, near-surface ore feed at a lower than average stripping ratio.

The gold processing plant continued to perform at significantly greater than the nameplate capacity of 1 million tonnes per year.

## PRODUCTION COSTS

Cost Category *	2003 Sept. Quarter US\$/oz Gold Produced	2003 June Quarter US\$/oz Gold Produced
Direct mining expense	124	109
Refining and transport	2	2
By product credit	(12)	(12)
<b>Cash Operating Cost</b>	<b>114</b>	<b>99</b>
Royalty	9	10
<b>Total Cash Cost</b>	<b>123</b>	<b>109</b>
Depreciation/Amortisation	56	52
<b>Total Production Cost</b>	<b>179</b>	<b>161</b>

\* 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 Cost of future production at Chatree will fluctuate due to changing grade, throughput and recovery outcomes.*

## ADDITIONAL RESERVES

Geological and Mine Planning work on the Prospect H extension has established that the additional Ore Reserves defined by the current drilling are 875,753 tonnes at 2.09 g/t gold and 11.72 g/t silver, containing 60,000 ounces of gold.

These Reserves are additional to the 987,000 ounces quoted at 30 June 2003.

## FORECAST

Mine planning has been carried out to include the Prospect H extension (discovered during the June 2003 quarter) into the current year's production plan. Incorporating this newly discovered zone is expected to add approximately 5,000 ounces to the annual production, which is now forecast to be approximately 130,000 ounces at a cash cost of US\$140 per ounce.

## SAFETY AND ENVIRONMENT

The company's excellent safety environmental and environmental record continued during the September quarter:

- ✦ There were no lost time injuries incurred at the Chatree operation nor in the exploration division;
- ✦ There were no environmental incidents.

## CHATREE PROCESS PLANT EXPANSION

The US\$8.1 million expansion project, which aims to increase throughput to a nameplate capacity of 1.8 million tonnes per year, remains on budget and on schedule for commissioning during January 2004.

The first phase of the 50% process plant expansion was successfully completed during September with the commissioning of two additional CIL tanks (now 12 in total). The remaining key component of the expansion project is the additional SAG (grinding) mill and the primary components for this part of the work have begun to arrive at the site.

## EXPLORATION

To facilitate exploration of the company's expanding land position, Kingsgate is projecting expenditure of approximately US\$5 million for exploration in 2003/2004 and is restructuring the exploration group to assist in the flow through of projects from discovery to mining.

Kingsgate's exploration program continues to yield very positive results both inside the existing mining lease and in the prospective areas immediately adjacent to it.

### Prospect H

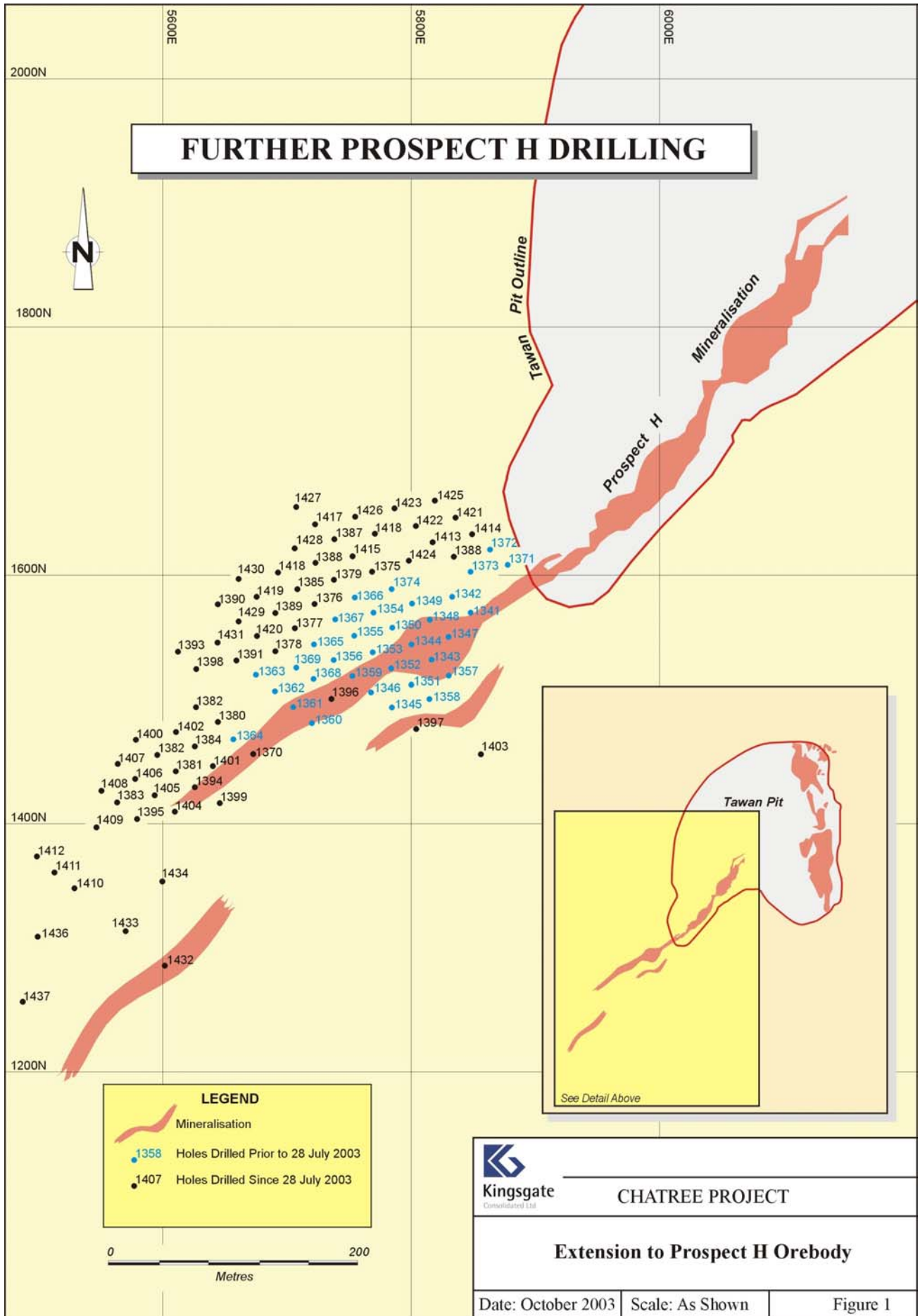
Following on from the June discovery of this orebody extension, further drilling has tested the along strike and down-dip components of the mineralisation in order to facilitate calculation of a mining Reserve for mine planning purposes.

The extent of drilling in the September quarter is illustrated on the attached diagram.

The drill results have confirmed the continuity of this section of the mineralization, which have particularly good gold grades immediately south of the existing Tawan pit. The significant intersections included:

Hole Number	From (m)	To (m)	Interval * (m)	Gold (g/t)
1413	38	50	12	4.16
1417	66	72	6	11.25
1376	58	62	4	13.88
1420	60	69	9	8.00

A new zone of mineralisation identified to the southeast of this area is currently being investigated with further drilling.



### Prospect A Down-dip

Approximately 250 metres east of the present Reserves at Prospect A, further drilling has been carried out to follow up on the 19 metres at 6.33 g/t encountered during June. Recent holes in this area confirm the presence of mineralisation over significant vertical intervals and over a strike length in excess of 300 metres. This mineralisation appears to represent a new mineralised lens, separate from the main area of Prospect A.

The significant intersections in this new zone included:

Hole Number	From (m)	To (m)	Interval * (m)	Gold (g/t)
937	189	206	17	7.17
987	82	120	38	2.42
959	55	106	51	2.11
998	180	201	21	2.82

### Prospect K

Drilling in the western part of Prospect K has confirmed the continuation of mineralisation under the road, which currently represents the northern limit of the mining lease. A near surface resource is indicated, but further drilling is required in the northern section of this mineralisation before a resource estimate can be calculated.

The significant intersections in the western part of Prospect K included:

Hole Number	From (m)	To (m)	Interval * (m)	Gold (g/t)
957	53	58	5	10.40
962	92	99	7	6.99
964	55	57	2	30.80

Additional drilling is currently being undertaken in the eastern part of Prospect K, which represents the northern extension of the Chantra Pit (Prospect D) mineralisation.

All of the significant intersections, in each of these areas, are listed in the Supplemental Information attached.

\* *Intersections may not be true thickness.*

## CORPORATE

### FINANCE

A final dividend of 12.5 cents per share was declared for financial year to June 2003 and was paid to shareholders on 1 October 2003.

At 30 September 2003, group debt was US\$10.0 million and cash on hand was US\$42.7 million equivalent (including A\$42.4 million).

Kingsgate reported a net profit after tax of A\$47.3m for the year ended 30 June 2003.

Category	Units	2003 September Quarter	2003 June Quarter
Average prevailing spot gold price	US\$/oz	369	345
Average gold price received	US\$/oz	366	353
Gold sold	Ounces	27,237	38,294
Silver sold	Ounces	81,258	112,260
Revenue from metal sales	US\$M	10.4	14.0

### **GOLD HEDGE POSITION**

The average gold price received by Kingsgate for the September quarter was US\$366 per ounce, compared with an average spot price of US\$369 per ounce.

Kingsgate completed a restructure of the hedge book on July 8, 2003 reducing hedge commitments by 14%, from 414,000 ounces to 356,400 ounces and the attached table reflects the restructure. The Kingsgate Group had no foreign exchange currency hedging in place at the date of this report.

The Group is not exposed to any margin calls from hedge counterparties. In the event that the spot gold price is below US\$300 or AU\$570, a proportion of production can be delivered to US\$ and AU\$ puts. The company is constantly reviewing the hedge book with a view to reducing commitments, while preserving a degree of price protection.

There was a negative mark to market valuation of US\$19 million for the hedge book based on a spot price of US\$382.90 and an exchange rate of US\$0.6804 on 30 September 2003.

For further information contact the undersigned or visit our website at [www.kingsgate.com.au](http://www.kingsgate.com.au).

### **Steve Reid**

Managing Director & CEO  
Kingsgate Consolidated Ltd

*Information in this report that relates to geology, drilling and mineralisation is based on information compiled by Marcus Tomkinson, Ron James and Mike Garman, employees of the Kingsgate Group, who are Competent Persons under the meaning of the JORC Code with respect to the mineralisation being reported on. Both have given their consent to the Public Reporting of these statements concerning geology, drilling and mineralisation.*

## SUPPLEMENTARY INFORMATION

### Drill Intersections greater than 10 gram metres

Drilling results obtained during the September quarter included:

<b>Prospect A : Down Dip</b>									
Hole No.	Northing (mN)	Easting (mE)	Grid Azimuth	Dip (degrees)	Hole Depth (m)	From (m)	To (m)	Interval (m)	Au (g/t)
RCD937	20,005	5,423	270	55	211.40	178	181	3	3.62
						189	206	17	7.17
RC987	19,750	5,485	270	55	156.00 incl	82	120	38	2.42
						111	120	9	5.18
						132	141	9	1.58
RC959	19,701	5,465	270	55	113.00 incl incl	55	106	51	2.11
						55	69	14	4.05
						83	90	7	3.65
RC988	19,700	5,448	270	55	153.00	122	128	6	2.37
RC998	19,700	5,507	270	55	222.00 incl incl	140	147	7	1.62
						180	201	21	2.82
						180	188	8	5.28
						197	201	4	2.62
RC999	19,700	5,619	270	55	271.00	179	185	6	2.53
RC989	19,650	5,455	270	55	152.00	140	143	3	3.15
RC958	19,600	5,417	270	55	135.00	75	81	6	1.68
RC995	19,400	5,450	270	55	204.00	126	128	2	6.50

<b>Prospect K</b>									
Hole No.	Northing (mN)	Easting (mE)	Grid Azimuth	Dip (degrees)	Hole Depth (m)	From (m)	To (m)	Interval (m)	Au (g/t)
RC960	1,802,665	676,785	90	55	60	7	8	1	17.50
RC957	1,802,565	676,500	90	55	84	53	58	5	10.40
						76	82	6	4.06
RC962	1,802,565	676,475	90	55	114	92	99	7	6.99
RC969	1,802,565	676,525	90	55	114	97	106	9	1.45
RC2038	1,802,515	676,426	90	55	90	64	68	4	5.70
RC2045	1,802,490	676,450	90	55	78	6	10	4	2.53
RC2046	1,802,490	676,425	90	55	90	23	27	4	2.49
						36	38	2	9.90
RC964	1,802,465	676,388	90	55	60	55	57	2	30.80
RC2039	1,802,440	676,415	90	55	42	20	25	5	1.79
RC2040	1,802,440	676,390	90	55	66	47	54	7	1.23
RC956	1,802,415	676,390	90	55	84	30	37	7	1.34
RC2036	1,802,415	676,440	90	55	96	90	95	5	2.50
RC2033	1,802,397	676,418	90	55	48	0	8	8	1.68
RC2034	1,802,397	676,390	90	55	84	14	18	4	3.66
RC993	1,802,390	676,935	90	55	120	82	88	6	2.07



PROSPECT H									
Hole No.	Northing (mN)	Easting (mE)	Grid Az	Dip (deg.)	Hole depth (m)	Intersection			Au (g/t)
						From	To	Interval	
1414	1,634	5,849	130	-60	55	39	45	6	3.42
1388	1,615	5,834	130	-60	48	27	31	4	7.89
1413	1,627	5,817	130	-60	63	38	50	12	4.16
1416	1,633	5,771	130	-60	91	69	77	8	4.36
1415	1,616	5,753	130	-60	87	62	73	11	3.33
1387	1,629	5,738	130	-60	96	70	74	4	4.02
1417	1,641	5,723	130	-60	100	66	72	6	11.25
1376	1,577	5,722	130	-60	75	49	54	5	5.04
"	"	"	"	"	"	58	62	4	13.88
1385	1,589	5,708	130	-60	88	66	73	7	3.53
1377	1,558	5,706	130	-60	84	49	61	12	1.27
1389	1,570	5,690	130	-60	94	65	72	7	2.33
1419	1,583	5,675	130	-60	115	75	87	12	1.12
1430	1,597	5,661	130	-60	100	70	77	7	1.91
1420	1,551	5,676	130	-60	95	60	69	9	8.00
1432	1,286	5,602	130	-60	30	0	6	6	1.72
1434	1,354	5,600	130	-60	49	37	45	8	2.31
1433	1,313	5,570	130	-60	43	27	36	9	3.13

Gram metres = length of intersection in metres, multiplied by gold grade in grams/tonne.

Grades are uncut.

Intersections may not be true thickness.

Collar co-ordinates are local grid.

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## SUPPLEMENTARY INFORMATION

### RESERVES/RESOURCES ESTIMATE: H EXTENSION

The following Mineral Resources have been estimated for the H Extension orebody by Hellman and Schofield:

Category	Cut-off Grade	Thousand Tonnes	Grade Au (g/t)	Grade Ag (g/t)	Contained Ounces Au	Contained Ounces Ag
Measured	0.7g/t Au	1,264	1.8	11	71,000	441,000
<b>Indicated</b>	0.7g/t Au	588	1.5	8	26,000	144,000
Inferred	0.7g/t Au	348	1.3	7	14,000	74,000
<b>Total</b>	<b>0.7g/t Au</b>	<b>2,201</b>	<b>1.6</b>	<b>9</b>	<b>111,000</b>	<b>660,000</b>

### ORE RESERVES ESTIMATE: H EXTENSION

The table below shows the Ore Reserves Estimate for the H Extension orebody that has been prepared in accordance with the 1999 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves".

The Ore Reserves are estimated at a 0.8 g/t gold cut-off for Oxide Ore, 0.9 g/t gold for Transition ore and 1.0 g/t for Primary ore types.

Category	Tonnes	Grade Au (g/t)	Grade Ag (g/t)	Contained Ounces Au	Contained Ounces Ag
Proved	730,000	2.2	13	52,000	310,000
Probable	140,000	1.7	7	8,000	32,000
<b>Total Ore Reserve</b>	<b>870,000</b>	<b>2.1</b>	<b>12</b>	<b>60,000</b>	<b>342,000</b>

- In addition to the Ore Reserve a further 40,000 tonnes of Inferred Resources are contained within the pit design;
- The reserves and resources quoted for the H Extension orebody all fall into the existing Mining Lease boundary of the Chatree Mine;
- This is the first Ore Reserves Statement produced for H Extension. It reflects the Resource Model and the mining, metallurgical, commercial and environmental factors relevant to the Project as at the 28<sup>th</sup> October 2003;
- Kingsgate Consolidated Ltd is not aware of any other matters of uncertainty, which are likely to materially affect the Reserves.

### COMPETENT PERSONS RESPONSIBLE

The table below lists the Competent Persons who contributed to the Mineral Resources and Ore Reserves estimates and the work for which they are responsible. Each of those listed has sufficient experience relevant to the style of mineralisation, the type of deposit and the activity undertaken to qualify as a Competent Person as defined in the 1999 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Each person has consented to the inclusion of their contribution to this Ore Reserves Statement.

Activity	Competent Person Responsible and Affiliation
Geological Database and QA-QC	Ron James, Kingsgate Consolidated
Mineral Resource Estimate	N. Johnson, Hellman & Schofield Pty Ltd
Open Pit Slope Parameters and Geotechnical Study	B. McDowell, Coffey Geosciences Pty Ltd
Whittle Four-X (Multi Element) Pit Optimisation	S. Milroy, Kingsgate Consolidated
Pit Design	S. Milroy, Kingsgate Consolidated
Mining and Processing Costs	S. Milroy, Kingsgate Consolidated

## SUPPLEMENTARY INFORMATION

### Gold Hedging Program as at 30 September 2003

		2003/04	2004/05	2005/06	2006/07	2007/08	Total
<b>Put Options Purchased</b>							
US\$ denominated	'000 oz	60.0	79.0	71.5	58.5		269.0
ENRP (average) <sup>(1)</sup>	US\$/oz	300	300	300	300		300
AUS\$ denominated	'000 oz	18.2	32.2	38.5	31.5	14.0	134.4
ENRP (average) <sup>(1)</sup>	AUS\$/oz	570	570	570	570	570	570
<b>Call Options Sold (no barriers)</b>							
US\$ denominated	'000 oz	30.0	30.0				60.0
Strike price (average)	US\$/oz	310	310				310
<b>Call Options Sold (with barriers)</b>							
US\$ denominated	'000 oz		39.0	71.5	58.5		169.0
Strike price (average)	US\$/oz		315	316	317		316
Barriers (average) <sup>(2)</sup>	US\$/oz		300	301	302		301
AUS\$ denominated	'000 oz		21.0	38.5	31.5	14.0	105.0
Strike price (average)	AUS\$/oz		610	611	614	615	612
Barriers (average) <sup>(2)</sup>	AUS\$/oz		550	552	557	560	554
<b>Spot Deferred</b>							
AUS\$ denominated	'000 oz	10.1					10.1
Strike price	AUS\$/oz	547					547
<b>Total Hedged (as puts &amp; forwards)</b>							
	'000 oz	413.5					
<b>Total Committed (no barriers)</b>							
	'000 oz	70.1					
<b>Total Committed (with barriers) <sup>(2)</sup></b>							
	'000 oz	274.0					
<b>Grand Total Committed) <sup>(3)</sup></b>							
	'000 oz	344.1					

- (1) ENRP (Estimated Net Realisable Price) is after making allowance for gold lease fees. Gold lease fees for US\$ puts are fixed funded out to 31 December 2004 and for A\$ puts out to 31 March 2005. Thereafter floating gold lease fees are prepaid at 1.0% on the amortised face value of the put options.
- (2) When active the barrier on the call option is triggered by a single trade at or below the respective barrier level, with all associated ounce commitments knocked out. If gold trades below all relevant barriers after 15 March 2005, all of the remaining call options with barriers will be cancelled and the committed ounces with barriers will reduce to zero.
- (3) Put options are not committed ounces and do not form part of the Total Committed ounces. Spot deferred are included in both the hedged and committed ounces.
- (4) The company is not exposed to any margin calls by counterparty banks in times of higher spot gold prices.