

NOTICE of annual general meeting

Notice is hereby given that the Annual General Meeting of the members of Kingsgate Consolidated Limited will be held on Thursday 30 October 2003 commencing at 11:00am at the Institute of Chartered Accountants located at Level 5, 37 York Street, Sydney, NSW 2000.

Ordinary Business

Annual Reports and Accounts

To receive and consider the annual Financial Report, Director's Report and Auditor's Report for the year ended 30 June 2003.

Resolution 1 – Re-election of Mr P McAleer

To consider and, if thought fit, to pass the following ordinary resolution:

That Mr P McAleer, a Director of the Company retiring by rotation in accordance with the Company's Constitution and the ASX Listing Rules, and being eligible and having signified his candidature for the office, be re-elected as a Director of the Company.

Special Business

Resolution 2 – Non-Executive Directors' Remuneration

To consider and, if thought fit, to pass the following ordinary resolution:

That the maximum aggregate annual remuneration payable by the Company to the Non-Executive Directors be increased by \$100,000 to a maximum of \$250,000.

Resolution 3 – Approval of shares issued pursuant to Share Placement

To consider and, if thought fit, to pass the following ordinary resolution:

That the issue by the Company on 29 August 2003 of 10.8 million fully paid ordinary shares to institutional and private investors by means of a share placement at an issue price of \$3.55 per share, is ratified for the purposes of ASX Listing Rule 7.4.

Resolution 4 – Grant of Options to Managing Director

To consider and, if thought fit, to pass the following ordinary resolution:

That the grant to Mr S Reid of 150,000 options over fully paid ordinary shares in the capital of the Company at a nil issue price and an exercise price of \$3.74 otherwise on the terms set out in the accompanying Explanatory Notes, be approved for the purposes of Listing Rule 10.11.

Resolution 5 – Approval of a Dividend Reinvestment Plan

To consider and, if thought fit, to pass the following ordinary resolution:

That the Company implement a Dividend Reinvestment Plan, whereby shareholders can elect to receive some or all of future dividends to which they are entitled by means of fully paid ordinary shares in the Company rather than cash, in accordance with the Plan Rules, and that the terms of the Dividend Reinvestment Plan be approved.

Voting Exclusion Statement

The Company will disregard any votes cast:

- (a) on Resolution 2 by any Director and any associate of any Director;
- (b) on Resolution 3 by any person who received shares under the share placement and any associates of those persons; and
- (c) on Resolution 4 by Mr S Reid and any associate of Mr Reid.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

Voting Entitlements

In accordance with section 1109N of the Corporation Act 2001, all quoted securities of the Company will be taken, for the purposes of the Annual General Meeting, to be held by the persons who hold them at 7.00pm Sydney time on 28 October 2003. Only those persons will be entitled to vote at the Annual General Meeting on 30 October 2003.

By order of the Board



J Falconer

Company Secretary

29 September 2003

Notes:

1. A member entitled to attend and vote at the meeting has the right to appoint no more than two proxies.
2. A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
3. If the member appoints two proxies and the appointment does not specify the proportion or the number of the member's votes each proxy may exercise, each proxy may exercise one half of the member's votes. If the member appoints two proxies, neither proxy may vote on a show of hands.
4. A proxy need not be a member of the Company.
5. A proxy form must be signed by the member or his or her power of attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed by a Director, Company Secretary, Sole Director and Sole Company Secretary or under the hand of a duly authorised officer or attorney.
6. If the form of proxy is signed but blank in all other material aspects, it will be taken to mean that it is in favour of the Chairman of the meeting for full voting rights.
7. You are encouraged to forward your form of proxy by facsimile to the Company's Share Registry on 08 9315 2233 or by mail to Security Transfer Registrars Pty Ltd PO Box 535 Applecross WA 6953.

EXPLANATORY NOTES to notice of annual general meeting 2003

Annual Report and Accounts

Under the Company's Constitution and the Corporations Act 2001, the business of an Annual General Meeting must include the receipt and consideration of the Directors' Report, Financial Statements and the Auditors' Report for the past financial year. The Annual General Meeting provides a forum for shareholders to ask questions on the Company's reports and accounts for the year ended 30 June 2003.

Re-election of Directors (Resolution 1)

Rule 10.3 of the Company's Constitution provides for the retirement by rotation at each Annual General Meeting of one third of the Directors. ASX Listing Rule 14.4 provides that a director must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is the longer. Mr P McAleer retires in accordance with these requirements and offers himself for re-election.

Directors' Fees (Resolution 2)

ASX Listing Rule 10.17 and the Company's Constitution require shareholder approval for any increase in the total amount of fees payable by the Company to Non-Executive Directors. In accordance with these requirements, shareholders are asked to approve an increase of \$100,000 in the maximum amount of fees that may be paid to Non-Executive Directors of the Company per year. If resolution 2 is passed, the maximum amount payable per annum by the Company to the Non-Executive Directors will increase from \$150,000 to \$250,000 per annum.

The previous increase in Non-Executive Directors' fees was approved by shareholders in November 2000 at a time when there were 3 Non-Executive Directors on the Board. There are now 4 Non-Executive Directors on the Board and their overall responsibilities have increased in line with changes in corporate governance practices. The Directors consider that it is prudent to make provision for fees to be increased in future to ensure that the Company's fee structure remains competitive with similar sized companies listed on the Australian Stock Exchange.

In accordance with the Voting Exclusion Statement in the Notice of Meeting, the Company will disregard any votes cast on resolution 2 by any Director of the Company, or an associate of any Director (except where the vote is cast by a person as proxy for a person who is entitled to vote on resolution 2).

Refresh Capacity to Issue Shares (Resolution 3)

Resolution 3 seeks ratification pursuant to Listing Rule 7.4 of the Company's issue of 10.8 million fully paid ordinary shares at an issue price of \$3.55 per share by means of a share placement. The shares were issued on 29 August 2003 to institutional and private investors selected by Macquarie Equity Capital Markets. None of the investors who received shares under the placement were related parties of the Company.

Under the current Share Purchase Plan, the Company provided eligible shareholders with an opportunity to acquire additional shares at the share placement price of \$3.55 per share.

Subject to a number of exceptions, Listing Rule 7.1 provides that a company must not issue equity securities without shareholder approval if that issue, when added to other securities issued by the company in the previous 12 months, will exceed 15% of the ordinary securities on issue at the commencement of the 12 month period. Listing Rule 7.4 permits a company to seek retrospective approval for the issue of securities, provided the issue did not contravene the 15% limit imposed by Listing Rule 7.1.

Shares issued under the share placement were issued within the limit prescribed by Listing Rule 7.1. The approval sought by resolution 3 pursuant to Listing Rule 7.4 will refresh the Company's capacity to issue further shares within the limit imposed by Listing Rule 7.1. If shareholders approve the placement pursuant to resolution 3, the Company will have the flexibility to issue more shares in the next 12 months if an opportunity arises that the Board believes is in the best interests of the Company and which it expects will add shareholder value, without having to incur the expense of first seeking shareholder approval.

Purpose of share placement

The share placement raised \$38 million in total. As announced at the time of the placement, the funds raised will be used for:

1. Exploration and Land Access of approximately \$20 million

Following the strategic review of Kingsgate's exploration program, an accelerated exploration plan appropriate to the prospectivity of the site and the region has been formulated.

- Initial drilling information, aimed at confirming that prospectivity has been positive as reflected in drilling results at Prospects A, B, H and K released during July 2003. Consequently high priority follow-up drilling will be carried out in each of these areas.
- No deep drilling has been carried out at the project to date. A new drill rig with deep drilling capacity has recently arrived on-site, allowing exploration of Chatree's depth potential to begin.
- Vein systems of the type found at Chatree typically define extensive mineralisation provinces, such as those found in locations like Nevada, Chile and Argentina. Kingsgate therefore, recently acquired significant, additional regional tenements, to take its exploration land position to approximately 1,200 square kilometers in north-central Thailand. An initial program of regional mapping and sampling combined with airborne and ground geophysics is planned to begin unlocking the potential of this region, in which Kingsgate already has extensive experience.
- As part of this upgraded exploration activity, Kingsgate will undertake a program of gaining greater access to land.
- Under Kingsgate's permitting conditions, majority ownership by Thai nationals of its Thai subsidiary operating company is required prior to November 2006. Realisation of full value in such a transaction requires the quantification of the mineral potential under the control of Kingsgate.

2. Infrastructure Items of approximately \$8 million

Kingsgate is currently pursuing the permitting of Prospects A and K, immediately north of the current mining operation. While the ore mined from these new areas will be processed through the existing Chatree processing plant, additional support infrastructure in the nature of additional tailings storage facilities and a haul road access will be required.

3. Hedge book Restructuring

Kingsgate's hedge book was established as part of the original project financing requirements for the development of the Chatree gold mine. The hedge book is under constant review particularly given that Chatree has one of the lowest operating costs in the industry. In July, a restructure of the hedge book was completed, involving a 14% reduction in hedge commitments. This program of actively restructuring the hedge book by using currency and gold price opportunities is continuing, with a view to minimizing price limiting commitments.

Voting Exclusion

In accordance with the Voting Exclusion Statement in the Notice of Meeting, the Company will disregard any vote cast on resolution 3 by any person who received securities under the share placement and any one of their associates (except where the vote is cast by a person as proxy for a person who is entitled to vote on resolution 3).

Issue of Options to the Managing Director (Resolution 4)

Mr S Reid was appointed as Managing Director and Chief Executive Officer on 1 April 2003, succeeding Mr M Diemar. Pursuant to Mr Reid's Employment Agreement and subject to shareholder approval, the Company agreed to grant Mr Reid a total of 150,000 options as part of his remuneration package. If shareholder approval is obtained, the Company intends to issue the options to Mr Reid within 7 days of the date of the Annual General Meeting.

The grant of options to Mr Reid will not raise any funds for the Company because they will be issued for nil consideration. However, the grant of the options will mean that the Company is not required to pay Mr Reid in lieu of such grant under his Employment Agreement, as set out below.

The proposed grant of options is intended to provide an incentive to Mr Reid to improve the Company's share price and align his interests with those of the Company.

Listing Rule 10.11 requires shareholder approval for the proposed grant of options because Mr Reid is a Director of the Company. If shareholder approval is obtained under Listing Rule 10.11 for the grant of the options to Mr Reid, shareholder approval is not required under Listing Rule 7.1.

Terms of the Options

Under the Employment Agreement, the options are to be issued to Mr Reid for no consideration. On exercise and payment of the exercise price, each option will entitle Mr Reid to subscribe for 1 fully paid ordinary share in the capital of the Company. Shares issued upon exercise of the options will rank equally with existing ordinary shares and application will be made for quotation of those shares on ASX.

Exercise Price

The exercise price for each of the options is \$3.74.

Exercise Period

The options vest in three tranches of 50,000 on each of 1 April 2004, 1 April 2005 and 1 April 2006. Once they have vested, the options may be exercised at any time up to 1 April 2008, provided they do not lapse before that time.

The options may be exercised before the vesting dates if a takeover offer is made and the Board becomes aware that more than 25% of the Company's issued shares have or will be vested in the bidder. In these circumstances, the Board is required to notify Mr Reid that all options issued to him may be exercised with effect from the date of the notice until such other date as specified in the notice.

The Board may also permit Mr Reid to exercise his options earlier if the Board concludes that there has been a change in control of the Company's shares so that replacement of a majority of the Board is imminent or if the Board becomes aware that any person has become entitled to 25% of the Company's issued share capital.

Lapse of options

If Mr Reid leaves the employment of the Company other than through redundancy then he has 90 days in which to exercise all or part of his vested options. If Mr Reid is made redundant then all 150,000 options immediately vest and can be exercised up to 1 April 2008.

Transfer of options

Mr Reid will not be able to transfer the options to any other person. However, Mr Reid's legal personal representative will be entitled to be registered as the holder of the options in the event of his death or if his estate is liable to be dealt with under mental health laws.

New issues and capital reorganisations

Mr Reid will not be entitled to participate in new issues in respect of the options without exercising the options.

In the event of a capital reorganisation, Mr Reid's rights as option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reorganisation at that time.

Payment in lieu of grant of options

If shareholder approval is not obtained for the issue of options to Mr Reid, the Company is required to pay Mr Reid an amount calculated in accordance with the Employment Agreement. The amount is to be paid in three tranches within 30 days of each of the prescribed dates – being 1 April 2004, 1 April 2005 and 1 April 2006.

These tranches are calculated in accordance with the following formula: $V - P \times 50,000$

Where: **V** is the average price of an ordinary share in the Company on the ASX for the five trading days immediately before the relevant prescribed date; and **P** is the amount equivalent to 110% of the closing price of the Company's shares on the ASX on the date 7 days after the date of the 2003 Annual General Meeting.

Voting Exclusion

In accordance with the Voting Exclusion Statement in the Notice of Meeting, the Company will disregard any vote cast on resolution 4 by Mr Reid and any of his associates (except where the vote is cast by a person as proxy for a person who is entitled to vote on resolution 4).

Approval of a Dividend Reinvestment Plan (Resolution 5)

Kingsgate proposes to implement a Dividend Reinvestment Plan (DRP), providing eligible shareholders with the opportunity to reinvest in the Company all or part of any future dividend to which they are entitled. This is a convenient and cost-effective way for shareholders to increase their investment in the Company without having to appoint a broker or pay brokerage fees or other transaction costs.

Shareholders who participate in the DRP will be issued new fully paid ordinary shares in the capital of the Company (DRP Shares) instead of receiving a dividend by cheque or direct credit. DRP Shares will be issued at a 2% discount to the average market price of the Company's shares, calculated in accordance with the Plan Rules. An outline of the DRP and the Plan Rules are annexed to these Explanatory Notes.

If the terms of the DRP are approved by shareholders, the issue of securities under the DRP will be exempt from Listing Rule 7.1's 15% limit on new capital and from Listing Rule 10.11, which prohibits the Company from issuing securities to related parties without shareholder approval. These exemptions do not apply to the issue of securities to an underwriter (if any) of a dividend reinvestment plan.

By order of the Board



J Falconer

Company Secretary

29 September 2003

DIVIDEND reinvestment plan october 2003

This document outlines the rules of the Company's Dividend Reinvestment Plan (DRP). You should read this document and the DRP rules in full before deciding whether or not to participate in the DRP.

Main features of the Dividend Reinvestment Plan

- If you elect to participate in the DRP, any subsequent cash dividend to which your participating shares are entitled will be applied to subscribe for new shares in the Company.
- The DRP is an easy way to increase your holding in the Company, whilst also saving on transaction costs. Participants will not be charged any brokerage or other transaction costs for shares issued under the DRP.
- Shares issued under the DRP are issued at a discount to the market price in the five trading days up to and including the record date.
- All shares issued under the DRP rank equally with existing shares.
- Participation in the DRP is optional and flexible. Subject to nominating a minimum of 200 shares to participate, shareholders can elect to participate for some or all of their shares. Participants can also vary or terminate their participation in the DRP by notifying the Company.
- If a shareholder elects to participate for only part of their shareholding, the balance of the dividend due to them will be paid in cash or credited to their financial institution account.
- A participant's reinvestment will start with the first dividend payment after the Company's Share Registry receives a completed form.
- The Company can alter, suspend or terminate the DRP from time to time. Participants will be notified before any material variation to the DRP.
- The issue price for DRP Shares will be based on a 2% discount to average market price of the Company's shares calculated in accordance with the Rules of the DRP.

Who can participate in the DRP?

All shareholders resident in Australia or New Zealand are eligible to participate in the DRP. To be resident in Australia or New Zealand, the shareholder must have a registered address in and be resident of Australia or New Zealand.

The Directors may determine that a shareholder whose registered address is in a country other than Australia or New Zealand may not participate in the DRP if such participation would or may be unlawful or impractical.

Shareholders will be invited to participate in the DRP. Participation is subject to the Company accepting an application from the shareholder that their shares be permitted to participate in the DRP (Election Form).

How does the DRP work?

Dividends otherwise payable on ordinary shares that participate in the DRP will be applied by the subscription for new ordinary shares in the Company on the participating shareholder's behalf. If any withholding tax is payable in respect of the dividend, or there is any other amount which the Company must retain (for example, if a shareholder does not quote a tax file number) these amounts will be deducted from the dividend and the balance will be applied in subscribing for shares.

Shares allotted under the DRP will rank equally with existing ordinary shares and participate in all dividends subsequently declared.

The number of shares issued to shareholders will be the nearest whole number (rounded down) to the value of the sum calculated in accordance with a formula set out in the DRP Rules.

At what price will new shares be issued under the DRP?

The new shares will be issued at an amount which is 98% of the weighted average price of ordinary shares in the Company sold on ASX in the ordinary course of trading during the five trading days up to and including the record date for the dividend. This represents a 2% discount to the weighted average share price over that period.

What do I have to do to participate in the DRP?

Eligible shareholders may elect to participate in the DRP in respect of all or a specified number only of their shares by completing an Election Form and returning it in accordance with the instructions on the Form to the Company's Share Registry, Security Transfer Registrars Pty Limited.

Shareholders may elect to vary their level of participation or terminate their participation in the DRP at any time by completing an Election Form and returning it to the Company.

Participation in the DRP will commence with the first dividend payment after the Company's receipt of the Election Form, provided that it is received by the Company on or before the record date for the dividend. An election by a shareholder to vary the level of participation or withdraw from the DRP will only be effective in relation to a forthcoming dividend if an Election Form is received by the Company on or before the record date for the dividend.

If I want to participate in the DRP do all my shares have to participate?

No. A shareholder can elect to participate in the DRP in respect of all shares registered in the name of the shareholder or a specified number of shares subject to a minimum participation of 200 shares. If a shareholder elects to participate in the DRP in respect of a specified number of shares only, the dividend on the non-participating shares will be paid in cash.

What happens if I sell some of my shares?

If a shareholder has elected to participate in the DRP in respect of a specified number only of the shares registered in the name of the shareholder and subsequently sells a parcel of shares, those shares that do not participate in the DRP will be deemed to have been sold first.

What happens if I acquire more shares?

If a shareholder has elected to participate in the DRP in respect of all of the shares registered in the name of the shareholder, all additional shares acquired in the future will be deemed to participate in the DRP. If a shareholder has elected to participate in the DRP in respect of a specified number only of the shares registered in the name of the shareholder, shares acquired through shares issued under the DRP will participate in the DRP, but cash dividends will be paid in respect of shares acquired in any other way. A new election form will need to be filled out before these shares can participate in the DRP.

Taxation

Usually, dividends reinvested in shares are treated the same as cash dividends for Australian and New Zealand tax purposes. However, the Company cannot give you tax advice and shareholders should obtain their own professional tax advice before electing to participate in the DRP.

Neither the Company nor any of its officers or advisers accepts any liability or responsibility for taxation liabilities of shareholders who elect to participate in the DRP.

DIVIDEND reinvestment plan rules

1. Commencement

The DRP and these Rules will commence operation on such date as the Directors in their sole discretion determine.

2. Eligibility

2.1 Subject to clause 2.2, the Company will invite all Shareholders to participate in the DRP.

2.2 Directors may determine that a Shareholder will not be invited to participate in the DRP if :

(a) the Shareholder has a registered address in a country other than Australia or New Zealand where participation in the DRP would or may be unlawful or impractical; or

(b) the Shareholder is not resident in Australia or New Zealand and their participation in the DRP would be subject to legal requirements applying in their country of residence.

2.3 A Shareholder is solely responsible for obtaining any regulatory approval or consent necessary for that Shareholder to participate in the DRP, other than any approval that the Company is required to obtain for the DRP.

2.4 A Shareholder may apply to participate in the DRP:

(a) after receiving an invitation to participate in the DRP; and

(b) by completing, signing and delivering an Election Form to the Company in accordance with the instructions on the Form.

2.5 If the Directors determine that a Shareholder cannot participate in the DRP, the Company will notify the Shareholder that their application has been rejected.

2.6 Participation in the DRP cannot be transferred to any other person.

3. Level of participation

- 3.1 Limits on participation: Subject to any restriction imposed by the Listing Rules from time to time, the Directors may set a limit on the number of shares which Shareholders must or may nominate for participation in the DRP. Until the Directors determine otherwise, the minimum number of shares that a Shareholder must nominate for participation is 200.
- 3.2 Full participation: Subject to clause 3.1, a Shareholder may nominate all of the shares registered in their name at any time to participate in the DRP ('full participation'). If a Shareholder does not specify on the Election Form the number of shares to participate in the DRP, the Shareholder will be taken to have applied for all of that Shareholder's shares to participate.
- 3.3 Partial participation: Subject to clause 3.1, a Shareholder may nominate less than the Shareholder's total shareholding in the Company to participate in the DRP ('partial participation').
- 3.4 Subject to clause 3.1, if a Shareholder is registered as holding less than the number of shares they have nominated to participate in the DRP, then the Shareholder will be taken to have nominated all of the Shareholder's shares to participate until the Shareholder's registered holding exceeds the number of shares nominated to participate.
- 3.5 Share disposal: In the event of a disposal of shares, Shareholders who participate in the DRP on a partial basis will be deemed to have disposed of their shares in the following order:
- (a) first – shares not participating in the DRP; and
 - (b) second – shares participating in the DRP.
- 3.6 Share acquisitions: If a Shareholder participates in the DRP, future acquisitions will participate as follows:
- (a) shares issued under the DRP will participate in the DRP;
 - (b) in the case of a full participation – all shares acquired after the date of nomination will participate in the DRP until the Shareholder notifies the Company otherwise in accordance with the Rules;
 - (c) in the case of a partial election – subject to clause 3.4, cash dividends will be paid in respect of all shares acquired after the date of nomination. A new Election Form will need to be lodged with the Company before future acquisitions may participate in the DRP.
- 3.7 The Company's register of members will be conclusive in determining participation and no responsibility will be taken for transfers or acquisitions that are not entered on the register.

4. Commencement, Variation and Termination of Participation

- 4.1 Participation: Subject to clause 2.4, an Election Notice to participate in the DRP is effective immediately upon receipt by the Company. However, an Election Notice received after the record date for determination of entitlements to a dividend but before payment of that dividend will be effectively immediately after payment of that dividend.
- 4.2 An Election Notice to participate in the DRP is effective until:
- (a) the Company receives an Election Notice to vary or terminate that Shareholder's participation in the DRP;
 - (b) termination of the DRP; or
 - (c) termination of the Shareholder's participation in the DRP in accordance with the Rules.
- 4.3 Variation: Subject to these Rules and in particular, clause 3.1, a participant may at any time increase or decrease the number of their shares participating in the DRP by completing and returning an Election Notice specifying the variation. The Election Notice for a variation will be effective upon the Company's receipt of a correctly completed notice.
- 4.4 Termination: A participant may at any time terminate participation in the DRP by lodging an Election Notice indicating the participant's wish to terminate their participation. The Election Notice for termination will be effective upon the Company's receipt of a correctly completed notice.
- 4.5 Deemed termination: A participant will be deemed to have terminated participation in the DRP:
- (a) on registration of a transfer of all of the participant's shares nominated to participate in the DRP;
 - (b) on termination of the DRP by the Directors in accordance with these Rules;
 - (c) on the Company's receipt of a notice of a participant's bankruptcy or liquidation; or
 - (d) on the participant ceasing to be eligible to participate in the DRP.
- 4.6 The Company's receipt of a notice of death of a participant will not terminate participation in the DRP by that participant or any other participant with whom such participant has a joint participation. Persons recognised by the Company as having title to a deceased shareholder's shares pursuant to the Company's Constitution may give the Company notice terminating or otherwise varying the deceased shareholder's participation in the DRP.

5. Operation of DRP

5.1 Except as set out in these Rules, each dividend payable to a participant in the DRP shall be applied on the participant's behalf in subscribing for fully paid ordinary shares in the capital of the Company.

5.2 For each dividend payable on shares participating in the DRP, the Directors will:

- (a) determine the amount of the dividend payable in respect of each participant's participating shares;
- (b) reduce the dividend payable by any amount that the Company is required to deduct for any reason from the dividend payable to the participant, including withholding tax; and
- (c) calculate the number of shares to be issued to the participant in respect of the participant's participating shares, which shall be the nearest whole number (rounded down) calculated by the formula:

$$\frac{(S \times D) - T}{C}$$

Where:

S is the number of participating shares registered in the participant's name as at the record date for the determination of dividend entitlement.

D is the amount of the ordinary dividend in cents per share to which the participating shares will be entitled;

C subject to clause 5.3, is an amount which is 98 % of the weighted average price for fully paid ordinary shares in the capital of the Company sold on ASX in the ordinary course of trading during the five trading days up to and including the record date (pricing period) and rounded to the nearest cent (adjusted in such manner as the Directors consider appropriate to preserve equity between participants and non-participants for the dividend, any bonus issue, rights issue or other distribution in which the shares to be issued will not participate and any other matter or thing); and

T is any withholding tax or other sum the Company is entitled to retain in relation to the dividend or the shares.

5.3 If there is a trading halt or suspension at any time during the pricing period, then the pricing period will be extended by one business day for each day on which such halt or suspension is in place. If no shares have been sold during the pricing period, the issue price shall be the price determined by the Directors in their absolute discretion, which shall be final and binding on all participants.

5.4 Statements of holdings in relation to shares allotted under the DRP will be posted to Shareholders as soon as practicable after the relevant dividend payment date.

5.5 Shares allotted under the DRP will rank equally in all respects with the existing fully paid ordinary shares in the Company and will participate in all dividends declared after the date of issue.

5.6 Shares allotted under the DRP will be registered on the register on which the Shareholder's holding is registered on the date of allotment. Where shares are held on more than one register, the shares will be registered on the first named register, as shown in the Company's register of members.

5.7 The Company will apply for shares allotted under the DRP to be listed for quotation on the ASX as soon as practicable after such allotment.

5.8 The DRP will operate only where dividends are declared in cash.

5.9 Participants in the DRP are bound by these Rules.

6. Cost to Participants

No brokerage, commission or other transaction costs will be payable by participants in respect of shares allotted under the DRP. This clause does not limit the power of the Directors to deduct amounts under clause 5.2(b).

7. Modification, Suspension and Termination of the DRP

7.1 The Directors may at any time in their absolute discretion, resolve to vary these Rules and any agreement relating to the DRP. If the Directors vary these Rules, a participant will continue to participate under the amended DRP unless and until the Company receives a notice to the contrary from the participant.

7.2 The Directors may at any time in their absolute discretion, resolve to:

- (a) suspend operation of the DRP;
- (b) recommence operation of the DRP;
- (c) terminate the DRP.

7.3 The Company will give each participant notice of any:

- (a) termination or material variation of the DRP at least two months before the effective date of termination or variation; and
- (b) variation of a minor or technical nature that does not materially prejudice the interests of participants, as soon as practicable after the effective date of the variation;
- (c) suspension or recommencement of the DRP, as soon as practicable after the effective date of suspension or recommencement.

7.4 Any suspension of the DRP will be effective on the date determined by the Directors ('suspension date') and until such time as the Directors resolve either to recommence or terminate the DRP. The DRP will recommence on a date determined by the Directors ('recommencement date')

7.5 From the suspension date until any recommencement date, all shares nominated to participate in the DRP will automatically cease to be participate in the DRP.

7.6 If the Directors resolve to recommence the DRP, they may direct that shares that were nominated to participate in the DRP immediately before the suspension date be reinstated as participating shares with effect from the recommencement date. The Company will give participants notice of any direction made under this clause.

7.7 The accidental omission to give notice of any variation, suspension or termination of the DRP to any participant or the non-receipt of any notice by any participant does not invalidate the variation, suspension or termination of the DRP.

8. Disputes

To the fullest extent permitted by law:

- (a) the Directors have absolute discretion to resolve any dispute concerning the DRP in such manner as they see fit; and
- (b) any decision of the Directors is final and binding on participants.

9. Governing Law

These Rules shall be governed by the laws of New South Wales.

10. Definitions

In these Rules:

ASX means Australian Stock Exchange Limited

Company means Kingsgate Consolidated Limited ABN 42 000 837 472;

DRP means the Company's Dividend Reinvestment Plan amended from time to time;

Election Form means a form (approved by the Directors from time to time) by which a Shareholder may, subject to the Rules:

- (a) apply to join the DRP;
- (b) vary the level of participation in the DRP; or
- (c) terminate participation in the DRP; and

Shareholder means a person registered as the holder of fully paid ordinary shares in the capital of the Company.

PROXY form

SECTION A Appointment of Proxy

I/We being a member (s) of Kingsgate Consolidated Limited and entitled to attend and vote hereby appoint:

the Chairman of the Meeting
(mark with **X** in box if you wish to appoint the Chairman)

or _____
(write here the name of the person you are appointing if this person is someone other than the Chairman of the meeting)

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of the Company to be held at 11am on Thursday 30 October 2003 at Level 5, The Institute of Chartered Accountants, 37 York Street, Sydney, NSW 2000 and at any adjournment of that meeting.

SECTION B Important for Items 2, 3 and 4 below

If the Chairman of the Meeting is to be your proxy and you have not directed your proxy how to vote on Items 2, 3 and 4 below, please place a mark in this box. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of that item and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your vote on Items 2, 3 and 4 and your vote will not be counted in computing the required majority if a poll is called on this item. The Chairman of the Meeting intends to vote undirected proxies in favour of Items 2, 3 and 4.

Voting directions to your proxy. Please mark **X** to indicate your directions

Ordinary Business	FOR	AGAINST	ABSTAIN*
(1) To re-elect Mr P McAleer as a director of the company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Special Business			
(2) To approve increase in non-executive directors' remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(3) To approve shares issued pursuant to share placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(4) To approve the issue of options to Mr S Reid	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(5) To implement a dividend reinvestment plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C Appointment of a Second Proxy

I/We wish to appoint a second proxy

Mark **X** if you wish to appoint AND _____% OR _____ state the percentage of your voting rights or the number of securities for this proxy form

PLEASE SIGN BELOW

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

_____ Individual or security holder 1 Sole director & sole company secretary	_____ Security holder 2 Director	_____ Security holder 3 Director/company secretary
_____ Contact name	_____ Contact day time telephone	_____ Date

NOTES

1. Name and Address

This is the name and address on the share register of Kingsgate Consolidated Limited. If this information is incorrect, please mark the box and make corrections on the form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form

2. Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy please mark **X** in the box in Section A. Please also refer to Section B of this proxy form and ensure you mark the box in that section if you wish to appoint the Chairman as your proxy.

If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of Kingsgate Consolidated Limited.

3. Directing your proxy how to vote

To direct the proxy how to vote place a **X** in the appropriate box against each item in Section B. Where more than one proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy an additional proxy form may be obtained by telephoning the Company's share registry 08 9315 0933 or you may photocopy this form.

To appoint a second proxy you must:

- (a) on each of the first proxy form and the second proxy form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half of your votes; and
- (b) return both forms in the same envelope.

5. Signing Instructions

Individual: where the holding is in one name, the shareholder must sign.

Joint Holding: where the holding is in more than one name all of the shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the registry.

If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a sole director who is also the sole company secretary this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a company secretary, a sole director may sign alone. Otherwise this form must be signed by a director jointly with either another director or company secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate 'Certificate of Appointment of Corporate Representative' should be lodged with the company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the company's share registry.

Lodgement of Proxy

This proxy form (and any power of attorney under which it is signed) must be received no later than 11:00 am on 28 October 2003, being 48 hours before the time for holding the meeting. Any proxy form received after that time will not be valid for the scheduled meeting. Please lodge the proxy form with the company's share registry, you are encouraged to submit your proxy by mail or by fax 08 9315 2233. The addresses of Security Transfer are as follows:

By mail: Security Transfer Registrars Pty Ltd, P O Box 535, Applecross WA 6953

By hand: Security Transfer Registrars Pty Ltd, 770 Canning Highway, Applecross WA 6153

By email: registrar@securitytransfer.com.au

By fax: 08 9315 2233