



## Kingsgate Consolidated NL

ACN 000 837 472

29 April, 1999

The Manager  
Announcements  
Company Announcements Office FOR PUBLIC RELEASE  
Australian Stock Exchange Limited

Dear Sir,

**QUARTERLY REPORT for the PERIOD ENDING 31 March, 1999  
CHATREE GOLD PROJECT. THAILAND**

Outcropping epithermal mineralisation has been defined in Prospects A to J with Prospects C, D and H being drilled to resource status. Production is scheduled for late 2000.

TOTAL RESOURCES C,D & H Prospects at 0.8 g/t Au cutoff grade.

12.6 million tonnes @ 2.5 g/t Au for 1,004,000 ounces Au. Increased by 45%

TOTAL OPEN CUT MINEABLE RESOURCES at 0.8 g/t Au cutoff grade.

9.6 million tonnes @ 2.7 g/t Au for 825,000 ounces Au. Increased by 122%.

Waste:ore ratio 2.6:1.

Total pre-feasibility cash costs of US\$132 per oz Au place Chatree in lowest 10% of world costs.

A 1+ million tpa, 100,000 oz Au/year production model will be included in the feasibility study.

In addition, significant potential exists for further resources at depth below C, D and H and from a series of other shallow defined, but only partly drilled out, prospects at Chatree.

Resource drilling and trenching complete on C and H Prospects

Resource drilling on D Prospect to be completed within 1 week.

Resource trenching to be completed on D prospect within 2 weeks.

Geotechnical drilling and assessment 90% complete.

Foundation testing for plant and tailings dam complete.

Metallurgical testwork 80 % complete.

Environmental Impact Assessment field work 90% complete.

Mining lease applications and community liaison progressing well

Final feasibility study on track for September, 1999.

The Kingsgate team working on the project in Thailand and Australia includes 11 independent consulting groups and 10 professional members of staff plus support personnel.

**CHATREE GOLD PROJECT THAILAND.**

Work during the current quarter has confirmed the Chatree Gold Project as the pre-eminent gold project on mainland South East Asia.

Kingsgate’s Chatree project is located 280 km north of Bangkok in gentle farmland with first class infrastructure. Outcropping epithermal gold mineralisation has been defined in prospects A, B, C, D, E, F, H and J. Drilling has encountered promising gold mineralisation in Prospects A, B, C, D and H with Prospects C, D and H having advanced to resource status as detailed below. No drilling has been carried out to date on Prospects E, F and J, but they, along with the other prospects, will be the subject of ongoing exploration.

The location of prospects and the laterite geochemistry associated with them is shown on Figure 1.

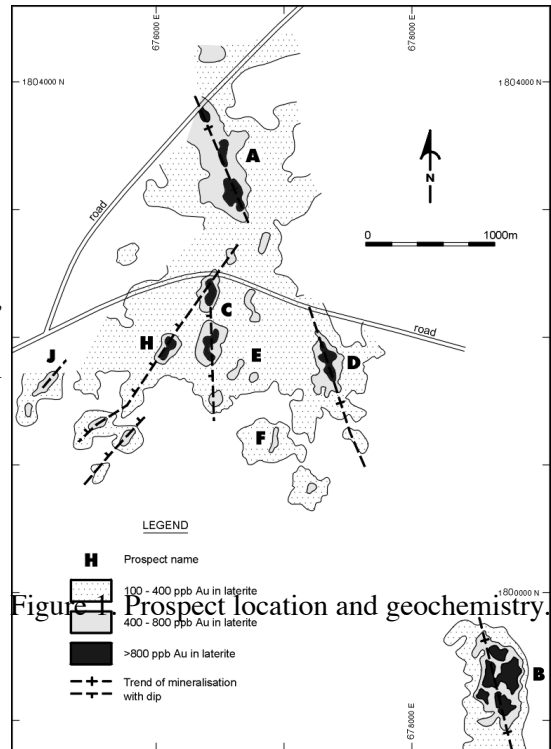


Figure 1. Prospect location and geochemistry.

The gold silver mineralisation is contained in quartz, carbonate, adularia veins and breccias in a host of intermediate volcanics. The structures range from vertical as in D Prospect to shallow dipping in C and H Prospects as shown in Figure 2.

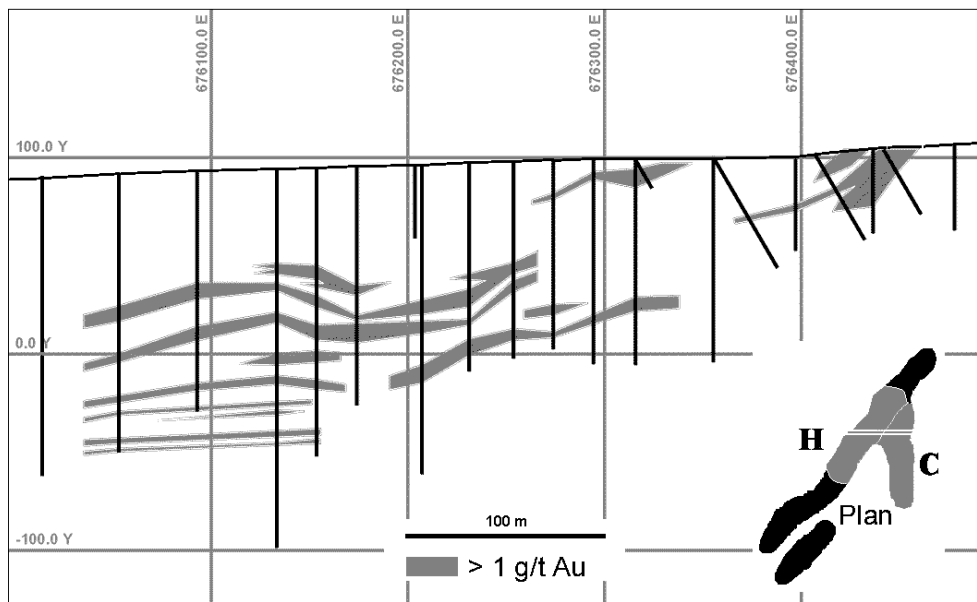


Figure 2. Vertical section across C and H Prospects showing gold mineralisation in the structure.

The mineralisation is outcropping with highest gold and silver grades in the upper 40 metres. The proposed pits will range from 75 to 140 metres deep. Gently sloping topography has allowed for a very efficient and cost effective layout of project plant and infrastructure shown on figure 3.

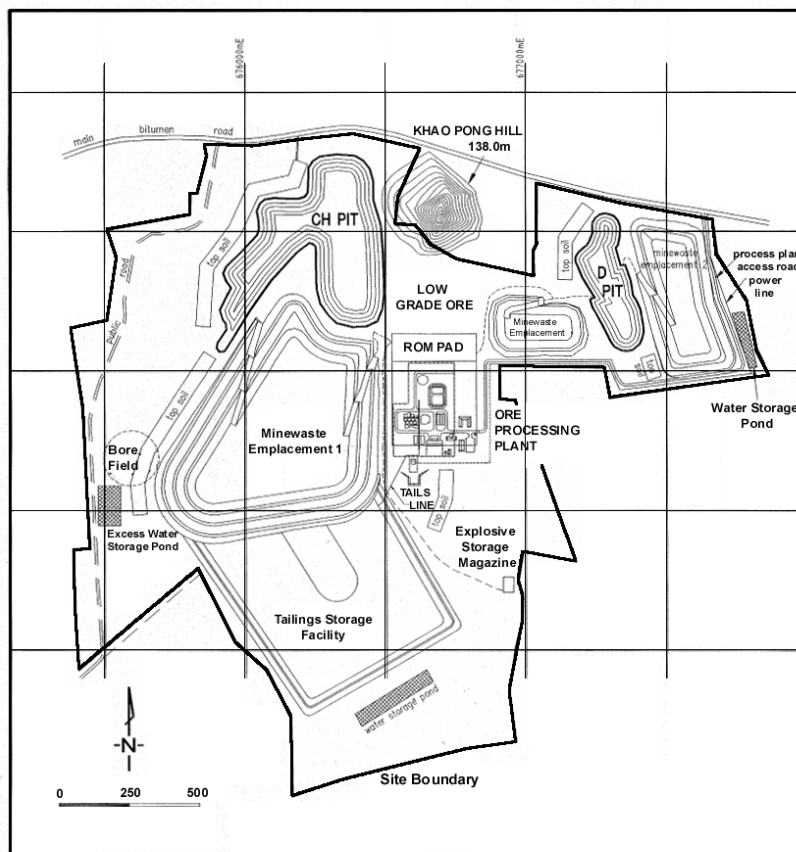


Figure 3. Chatree Gold Project. Site layout for mining operation.

**1. RESOURCE ESTIMATE**

An independent estimate of resources was prepared for C, D and H Prospects of the Chatree Gold Project by Hellman & Schofield Pty Ltd (H & S) of Sydney. The estimate was completed using multiple indicator kriging and was supported by a separately derived ordinary kriged estimate. A detailed table modelled on the 1999 exposure draft of the JORC Code and Guidelines is attached as Attachment 1.

A summary of the estimates at five cut-off grades are shown in Tables 1, 2 and 3 below. These resources are considered by H & S to include dilution.

Table 1. Resource Estimate (including dilution). C + H Prospects

Cutoff	Measured		Indicated		Inferred		Total		Ounces
	grade g/t Au	Million Tonnes	grade g/t Au	Million Tonnes	Grade g/t Au	Million Tonnes	Grade g/t Au	Million Tonnes	Au
0.8	4.74	2.96	2.95	2.41	1.97	2.13	9.66	2.62	813,800
0.9	4.35	3.15	2.59	2.63	1.70	2.34	8.64	2.83	786,200
1.0	4.00	3.34	2.31	2.83	1.50	2.53	7.81	3.04	763,400
1.1	3.70	3.53	2.08	3.04	1.32	2.73	7.10	3.24	739,700

1.2	3.42	3.73	1.88	3.23	1.18	2.93	6.48	3.44	716,800
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C and H Prospects are considered as one block of mineralisation as they will be mined in one pit.

Resource definition drilling and trenching is now complete on C and H Prospects although a number of assays and check assays are awaited and will be included in the final estimate.

At the 0.8 g/t Au cut-off level, this resource of 813,800 ounces represents a 50% increase from the previous announced estimate.

Table 2. Resource Estimate (including dilution). D Prospect

Cutoff	Indicated		Inferred		Total		Ounces
	grade g/t Au	Million Tonnes	grade g/t Au	Million Tonnes	Million Tonnes	Grade g/t Au	Au
0.8	2.48	2.01	0.51	1.75	2.99	1.97	189,400
0.9	2.13	2.20	0.44	1.90	2.57	2.15	177,700
1.0	1.85	2.39	0.38	2.05	2.23	2.34	167,800
1.1	1.62	2.58	0.34	2.17	1.96	2.51	158,200
1.2	1.44	2.77	0.30	2.29	1.74	2.68	150,000

Resource definition drilling on D Prospect will be completed by 30<sup>th</sup> April, 1999.

At the 0.8 g/t Au cut-off level, this resource of 189,400 ounces represents a 30% increase from the previous estimate.

Total resources for Chatree at the various cut-off grades are summarised in Table 3 following,

Table 3. Total Resource Estimate (including dilution). C+D+H Prospects.

Cutoff	Measured + Indicated		Inferred		Total		Ounces
	grade g/t Au	Million Tonnes	grade g/t Au	Million Tonnes	Million Tonnes	Grade g/t Au	Au
0.8	10.17	2.57	2.48	2.05	12.65	2.47	1,004,000
0.9	9.07	2.78	2.14	2.25	11.21	2.68	965,000
1.0	8.16	2.98	1.88	2.43	10.04	2.88	929,000
1.1	7.40	3.18	1.66	2.61	9.06	3.08	897,000
1.2	6.74	3.39	1.48	2.80	8.22	3.28	867,000

The achievement of the one million ounce goal in these 3 prospects is satisfying, particularly since there

remains significant potential in a series of other defined but only partly drilled prospects nearby.

The final resource estimate for C, D and H Prospects will be commenced in mid May, 1999.

## 2. MINEABLE RESOURCES

Optimised pit shells for C+H and D Pits were generated using Whittle 4D software by Australian Mine Design Development Pty Ltd (AMDAD) based on the H & S resource estimates. The economic and technical parameters used were defined by the testwork and costings in the feasibility study to date. A gold price of US\$300 was used.

Table 4 below, contains a summary of the resources falling within these pit shells and represents the diluted resources potentially able to be mined.

These Mineable Resources do not have status under the JORC Code and are included in this release to provide the public with an indication of the size of the Chatree Project, subject to finalisation of the feasibility testwork.

Table 4. Total Mineable Resources. C+H+D Prospects (Pits). 0.8 g/t cutoff grade

Pit	Measured + Indicated		Inferred		Total		Ounces
	Million Tonnes	grade g/t Au	Million Tonnes	Grade g/t Au	Million Tonnes	Grade g/t Au	Au
C+H	6.35	2.9	1.10	2.6	7.46	2.8	673,000
D	1.87	2.3	0.26	2.0	2.13	2.2	152,000
Total	8.22	2.7	1.36	2.5	9.59	2.7	825,000

Waste to ore ratios in the open cut mines is low at 2.56:1.

The model was based on 750,000 tonnes per annum throughput.

A proportion of the Inferred Resource will convert to Measured/Indicated resource and will become reserves in the Feasibility Study. On completion of the metallurgical and comminution testwork the Measured and Indicated component of these mineable resources may be upgraded to Proven and Probable Reserves. The remaining Inferred Resource within the pit boundaries will not be converted to reserves until further infill drilling confirms continuity and grade of mineralisation in those areas, which in general, are at the base of the pits and will be mined towards the end of the project. The experience gained drilling the 440 holes in these prospects to date indicates that most of this Inferred Resource tonnage may be converted to reserves by infill drilling.

These substantial resources will enable the Feasibility Study to consider a minimum 1 million tonne per year throughput with a minimum 100,000 ounce Au production as the primary model.

## 3. ON SITE ACTIVITY and PROGRESS.

The main activity on site has been drilling with three rigs currently employed for a total of 50 rig hours per day. The work has been aimed at resource definition drilling, geotechnical drilling, drilling for comminution SAG mill samples, drilling for water testing and water supply holes, and sterilisation drilling.

### 3.1 Resource Definition Drilling

Resource drilling on C and H Prospects is now complete and it should also be completed on D Prospect by the end of this month.

Drilling results during the quarter are summarised in the tables below.

Table 5. Summary Drill Results. C Prospect

Intersections greater than 20 gm metres

RCD492	7.60	m	@	3.85	g/t Au	
RCD488	13.08	m	@	2.90	g/t Au	
RCD487	4.00	m	@	62.72	g/t Au	
RCD486	10.70	m	@	3.79	g/t Au	
RCD482	5.60	m	@	5.33	g/t Au	&
	10.90	m	@	3.17	g/t Au	
RCD439	9.00	m	@	15.75	g/t Au	
RCD438	2.52	m	@	9.39	g/t Au	
RCD479	7.10	m	@	6.10	g/t Au	
DDH477	7.10	m	@	21.32	g/t Au	
RCD444	2.67	m	@	8.23	g/t Au	
RCD476	2.00	m	@	10.55	g/t Au	
DDH474	16.10	m	@	7.22	g/t Au	
RCD472	32.00	m	@	1.54	g/t Au	
RCD471	10.90	m	@	27.19	g/t Au	
DDH470	11.10	m	@	4.94	g/t Au	&
	9.30	m	@	3.90	g/t Au	
DDH469	30.00	m	@	16.15	g/t Au	
DDH468	18.20	m	@	9.41	g/t Au	
RCD467	12.80	m	@	10.34	g/t Au	
DDH466	5.60	m	@	9.51	g/t Au	&
	7.60	m	@	5.52	g/t Au	

Table 6. Summary Drill Results. H Prospect.

Intersections greater than 20 gm metres

RCD451	5.00	m	@	5.67	g/t Au	
RCD437	4.70	m	@	5.26	g/t Au	
RCD442	2.30	m	@	24.20	g/t Au	
RCD448	10.00	m	@	2.36	g/t Au	
RCD452	6.60	m	@	3.12	g/t Au	
RCD440	5.70	m	@	9.78	g/t Au	&
	1.72	m	@	16.35	g/t Au	
RCD453	9.20	m	@	2.18	g/t Au	&
	2.00	m	@	11.80	g/t Au	&
	5.85	m	@	3.82	g/t Au	
RCD459	2.15	m	@	10.30	g/t Au	
RCD460	5.82	m	@	4.28	g/t Au	

RCD445	3.90	m	@	15.32	g/t Au
RCD450	6.42	m	@	9.90	g/t Au
RCD495	4.00	m	@	5.99	g/t Au
RCD494	8.00	m	@	3.93	g/t Au
RCD496	5.55	m	@	4.15	g/t Au
RCD497	11.40	m	@	25.53	g/t Au
RCD499	16.75	m	@	1.84	g/t Au

The full results may be seen in Attachments 2 and 3.

These infill drill results continue to increase the confidence level of the resources and have, as shown by the resource statement above, increased the resource substantially.

### 3.2. Resource Trenching.

Final infill trenches have been completed on C and H Prospects at 25 metre intervals across the outcropping mineralisation as part of the resource data base.

Channel sampling has been completed on these trenches and a summary of the better results received during the quarter are contained in Tables 9 and 10 below.

Table 7. Resource Trench Results. C Prospect.

From north to south

TC2290mN	6.00	m	@	2.19	g/t Au	
TC2265mN	2.00	m	@	10.15	g/t Au	&
	8.00	m	@	1.85	g/t Au	&
	9.00	m	@	1.87	g/t Au	
TC2240mN	10.00	m	@	4.33	g/t Au	&
	4.00	m	@	2.48	g/t Au	&
	6.00	m	@	2.65	g/t Au	
TC2215mN	32.00	m	@	4.54	g/t Au	&
	5.00	m	@	35.16	g/t Au	&
	11.00	m	@	7.12	g/t Au	
TC2165mN	10.00	m	@	1.70	g/t Au	&
	8.00	m	@	4.42	g/t Au	
TC2090mN	6.00	m	@	1.10	g/t Au	
TC2015mN	12.00	m	@	1.69	g/t Au	&
	4.00	m	@	1.51	g/t Au	
TC1965mN	55.00	m	@	3.45	g/t Au	
TC1915mN	30.00	m	@	6.09	g/t Au	
TC1865mN	36.00	m	@	2.56	g/t Au	&
	4.00	m	@	1.88	g/t Au	
TC1815mN	15.00	m	@	9.17	g/t Au	&
	1.00	m	@	10.50	g/t Au	&
	15.00	m	@	20.89	g/t Au	&
	3.00	m	@	1.68	g/t Au	
TC1765mN	3.00	m	@	5.33	g/t Au	&

6.00	m	@	1.76	g/t Au
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Table 8. Resource Trench Results. H Prospect.

From north to south

TH6300mN	4.00	m	@	10.15	g/t Au	&
	4.00	m	@	3.30	g/t Au	
TH6275mN	10.00	m	@	6.07	g/t Au	
TH6225mN	7.00	m	@	2.29	g/t Au	&
	4.00	m	@	2.92	g/t Au	
TH6200mN	14.00	m	@	1.54	g/t Au	
TH6170mN	4.00	m	@	2.09	g/t Au	&
	12.00	m	@	2.96	g/t Au	
TH6050mN	12.00	m	@	5.25	g/t Au	
TH6025mN	22.00	m	@	3.84	g/t Au	
TH5975mN	12.00	m	@	2.56	g/t Au	&
TH5950mN	12.00	m	@	7.23	g/t Au	

The trench results have reinforced the drill data and clearly indicate the generally high gold grades occurring in the shallow ore which will be mined in the early years of the project.

Final infill trenching will be completed on D Prospect in the first week of May, 1999.

### 3.3 Other Drilling.

geotechnical diamond drill program of 10 holes was completed during the quarter.

A program of 3 groundwater production bore holes and associated piezometer holes is in progress. Stress pump testing for groundwater modelling and definition of project supply is also in progress.

Sterilisation drilling under proposed plant sites, waste dumps and tailings dam will commence soon.

## 4. METALLURGY

Intercept metallurgy testing has now been completed and definitive testing of oxide, transition and primary composites has commenced. This work will be completed within 5 weeks.

Gold recoveries are very satisfactory and are summarised in Table 9 below.

Table 9. Metallurgical Recovery

C+D+H Prospects

Zone	Gold Recovery
Oxide Zone	94.6%
Transition Zone	92.3%
Primary Zone	90.9%
Weighted average	91.9%

Reagent consumptions are low at less than 1 kg per tonne for lime and cyanide.



## 5. MINING LEASE APPLICATIONS

Applications for mining leases covering the Chatree Gold Project were made to the Department of Mineral Resources Thailand in early December, 1998.

To date the leases have been surveyed, a series of public meetings were held in the Chatree area, an advertised period for public objections was completed and project approvals were gained from the two relevant district councils.

A geological and resource report and a comprehensive mining report will be submitted to the Department of Mineral Resources this week.

The Environmental Impact Assessment report will be submitted to the Office of Environmental Policy and Planning in May.

To date considerable support has been received from the local communities and the various bureaucracies.

## 6. FINAL FEASIBILITY STUDY

The final feasibility study is on track for completion in September, 1999.

The independent consultants responsible for the feasibility are

Consultant	Input
Lycopodium	Feasibility Engineer
SPS Consulting. Thailand	Environmental fieldwork and analysis
Dames & Moore	Environment analysis.
AMDAD	Mine planning and scheduling
Hellman & Schofield	Resource estimates and due diligence.
Knight Piesold	Site Geotechnical and Tailings Dam Design
Coffey Geosciences. Sydney	Ground and surface water testing and Modeling.
Coffey Geosciences. Brisbane	Mine Geotechnical
Peter Lewis & Assoc.	Metallurgy
Orway Minerals	Comminution
Dept Mineral Resources Environmental Lab. NSW	Waste Rock, Tailings Environmental Characteristics

Most of these consultants are also actively supplying data required for the mining lease applications and environmental studies.

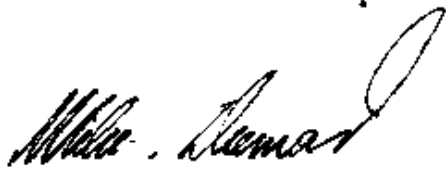
Information in this report relating to resource estimates is based on information compiled by P L Hellman, Director of Hellman & Schofield Pty Ltd. Dr Hellman is a Competent Person as defined in the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves in relation to mineralisation being reported on. This report accurately reflects the information compiled by him and is released with his permission

Information in this report relating to mineable resources is based on information compiled by J Wyche, General Manager of Australian Mine Design and Development Pty Ltd. Mr Wyche is a Competent Person as defined in the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves, however it should be noted that the mineable resources included in this release are not being reported under the Code. This report accurately reflects the information compiled by him and is released with his permission

For further information related to Kingsgate or the above release, please contact the undersigned at Tel 61 2 92235273, Fax 61 2 92239775.

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 initial "M".

Mike Diemar  
Managing Director

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[Kingsgate Consolidated N.L](#)

Quarterly Report March 1999