



Kingsgate Consolidated NL

ACN 000 837 472

29 October 1999 By Facsimile 1300 300 021 (Page 1 of 13)

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

Dear Sir,
QUARTERLY REPORT for the PERIOD ENDING 30th SEPTEMBER, 1999

CHATREE GOLD PROJECT THAILAND

TOTAL RESOURCES C/H and D Prospects at 0.8 g/t Au cutoff grade.
14.5 million tonnes @ 2.6 g/t Au for 1.2 million ounces Au. Increased by 20%

TOTAL RESERVE C/H and D Prospects at 0.8 g/t Au cutoff grade.
8.2 million tonnes @ 3.1 g/t Au for 807,000 ounces Au. (At US\$260/oz gold price)

DEFINITIVE FEASIBILITY STUDY COMPLETED

Production in each of first 3 years to average 135,000 oz Au and 429,000 oz Ag.

Total Tonnes milled 8.2 million

Gold recovered 722,000 ounces

Silver recovered 2.0 million ounces

Pre-production capital US\$29.8 million

Cash cost US\$117/oz gold equivalent

Production cost US\$169/oz gold equivalent.

Model with gold hedging.

Net cash flow US\$148 million

Internal rate of return 118%

NPV at 8% discount US\$111 million

Payback period 10 months

Cash costs in lowest 1% of international costs

Based on "World Gold Analyst",
September ¼, 1999 industry cost
curves

Production costs in lowest 1% of international costs

TENDER DOCUMENTS FOR PROJECT CONSTRUCTION HAVE BEEN DISTRIBUTED. TENDERS CLOSE 10 DECEMBER, 1999.

1. RESOURCE ESTIMATE (Released to ASX 13 September, 1999).

The final independent estimate of resources for the Chatree Gold Project Definitive Feasibility Study was prepared for C,

D and H Prospects by Hellman & Schofield Pty Ltd. The estimate was completed using multiple indicator kriging and was supported by a separately derived ordinary kriged estimate.

A summary of the estimates are shown in Table 1 following. Note that all figures are rounded.

Table 1. Total Resource Estimate (including dilution). C/H and D Prospects.

All categories

Category	Grade Range	Tonnes	Au. g/t	Ag. g/t	Ounces Au	Ounces Ag
Measured	>1g/t Au	6,300,000	3.4	16	683,000	3,162,000
Indicated	>1g/t Au	3,900,000	2.5	11	311,000	1,320,000
Inferred	>1g/t Au	1,600,000	2.4	9	120,000	464,000
Total high grade	>1g/t Au	11,700,000	3.0	13	1,114,000	4,952,000
Measured	0.8 - 1.0 g/t Au	1,200,000	0.9	6	33,000	228,000
Indicated	0.8 - 1.0 g/t Au	1,100,000	0.9	5	31,000	187,000
Inferred	0.8 - 1.0 g/t Au	510,000	0.9	5	15,000	76,000
Total low grade	0.8 - 1.0 g/t Au	2,700,000	0.9	6	79,000	492,000
Total all grade	>0.8 g/t Au	14,500,000	2.6	12	1,173,000	5,444,000

There remains significant potential down dip of C, H and D prospects and in a series of other separately defined but only partly drilled prospects nearby.

2. ORE RESERVE STATEMENT (Released to ASX 30th September, 1999).

The following Ore Reserve statement was prepared by Australian Mine Design and Development Pty Ltd (AMDAD) and was derived from the Measured and Indicated components of the Mineral Resource Estimate by Hellman & Schofield Pty Ltd in (1) above.

Open cut pit designs were completed by AMDAD based on optimised pit shells for C/H and D Pits generated using Whittle 4-X software. Whittle input data included pit wall angles, mining costs, processing costs and metallurgical gold/silver recovery data obtained by testwork and costings for the Definitive Feasibility Study. A gold price of US\$260 was used in the pit designs.

Table 2. Ore Reserve Statement. C/H and D Prospect Pits. 0.8 g/t cutoff grade US\$260/oz Au

Pit	Reserve Category	Mill. Tonnes	Grade g/t Au	Gradeg/t Ag	Contained Ounces Au	Contained Ounces Ag
C/H	Proven	4.4	3.3	15		
C/H	Probable	2.0	2.6	12		
Total C/H	Prov/Prob	6.5	3.1	14	639,000	2,974,000
D	Proven	1.4	3.2	16		
D	Probable	0.3	2.4	12		
Total D	Prov/Prob	1.7	3.1	15	168,000	851,000
Total C/H+D	Prov/Prob	8.2	3.1	14	807,000	3,825,000

3. GOLD PRICE to MINEABLE RESOURCE RELATIONSHIP.

The recent increase in gold price makes it of interest to review the relationship between gold price and Mineable Resources at Chatree. The pit designs for the following gold prices in Table 3 below are derived from a series of Whittle 4-X program runs. In effect, for each gold price, a simple pit shell is computer designed and the Measured and

Indicated Resources falling within that shell are determined. They cannot be called reserves because of the simple nature of the pit design but they give a good indication of the strength of a project over a wide range of gold prices.

Table 3. C/H + D Pits. Gold Price versus Mineable Resource Relationship.

Gold Price (US\$/oz)	Tonnes (million)	Grade Au (g/t)	Grade Ag (g/t)	Contained Au (oz)	Contained Ag (oz)
200	6.3	3.6	17	721,000	3,437,000
225	6.8	3.4	16	755,000	3,591,000
250	8.0	3.2	15	819,000	3,872,000
260 ***	8.0	3.2	15	818,000	3,877,000
270	8.6	3.1	15	855,000	4,030,000
280	8.7	3.1	14	858,000	4,042,000
290	9.0	3.0	14	874,000	4,108,000
300	9.0	3.0	14	872,000	4,111,000
325	9.5	2.9	14	894,000	4,205,000
350	9.7	2.9	14	904,000	4,247,000
375	10.0	2.9	13	916,000	4,293,000
400	10.1	2.8	13	920,000	4,315,000

***Note that the final pits were run at US\$260 and it is clear from the table that an increase of about 1 million tonnes has already occurred at the current price of US\$300. These additional reserves will be included after a reworking of the practical pit designs prior to commencement of mine production.
In addition, the reserve does not include Inferred Resources within or adjacent to the pit shells which may be converted to reserves with infill drilling and final pit design at the mining stage.

4. PRODUCTION SCHEDULE.

The Chatree Project open cut mine production schedule has been finalised, based on a model of 1 million tonnes per year for the first 2 years rising to 1.5 million tonnes per year in the third year.

Low grade ore in the range 0.8 - 1.0 g/t Au will be stockpiled and processed in years 6 and 7.

Table 3. Annual Production Schedule

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total or Average
Mill Feed Million tonnes/year	0.9	1.0	1.4	1.5	1.5	1.5	0.4	8.2
Mill grade Gold (g/t)	4.6	4.4	3.6	2.5	2.8	2.1	0.9	3.1
Mill grade Silver (g/t)	25	21	18	11	11	10	7	14

Gold recovered (thousand oz)	129	132	144	103	118	87	9	722
Silver recovered (thousand oz)	459	420	409	209	224	211	39	1,971
Gold equivalent recovered(oz x 1000)	138	140	152	107	122	91	10	759

Gold equivalent is the gold with a credit added for the silver. Waste to ore ratio will be 2.9:1.

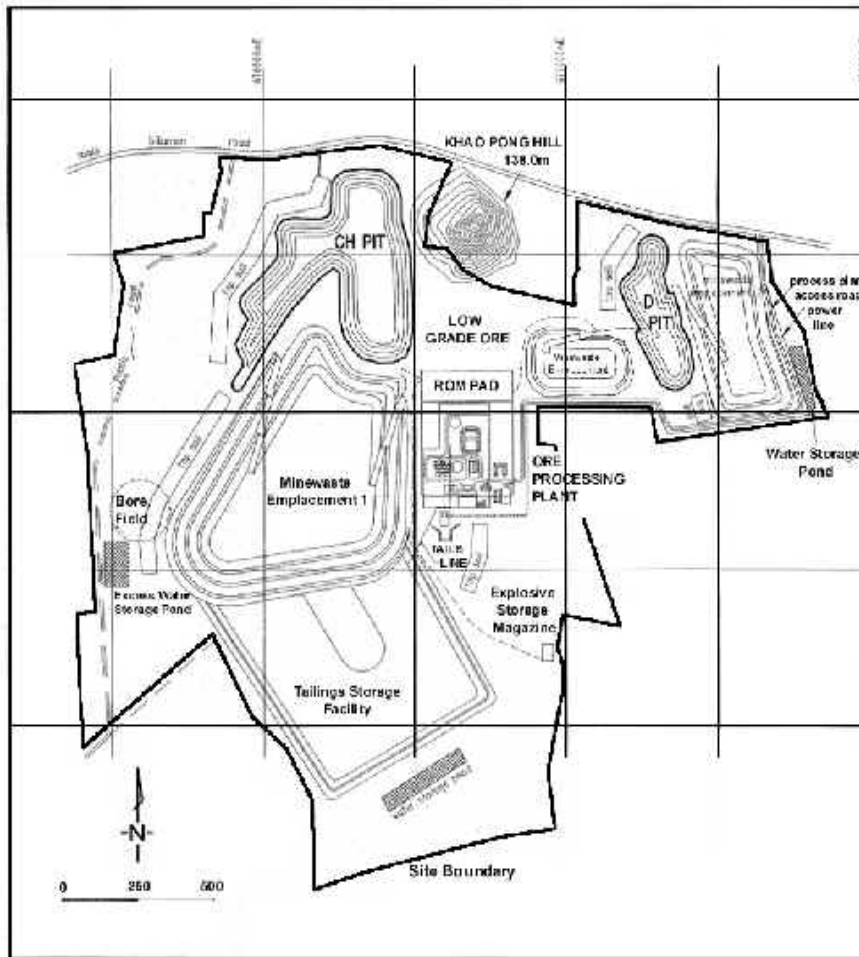
The schedule for year 1 is predicated on 50% production in month 1, 75% production in month 2 and 100% production from month 3 onwards

5. DEFINITIVE FEASIBILITY STUDY. (Released to ASX on 11th October, 1999).

Lycopodium Pty Ltd, with input from a range of industry consultants, has completed a Definitive Feasibility Study based on the mining of C, H and D Prospects with milling commencing at 1.0 million tonnes per year and increasing in year 3 to 1.5 million tonnes per year. The data was derived from resource, mining, metallurgy, tailings dam, financial and water consultants as well as Lycopodium itself.

The project will involve the mining of two open cut pits, C+H and D, using a Thai mining contractor and processing through a standard carbon-in-leach (CIL) plant, with a flowsheet including primary crushing, SAG milling, gravity separation of coarse gold, CIL extraction of gold and destruction of cyanide to 20ppm prior to the tailings dam as shown in the project layout below. Capital costs are based on all new equipment.

Figure 1. Chatree Gold Project. Site Layout



Production rate years 1, 2	1.0	million tonnes per annum
Production rate years 3 onward	1.5	million tonnes per annum
Average Gold Recovery in CIL Plant	89.7	%
Average Silver Recovery in CIL Plant	52.2	%
Total Operating Costs	US \$85.0	million
Pre-production Capital Costs (new equipment)	US \$29.8	million
Sustaining Capital	US \$6.0	million
Hedged Gold Model *		
Total Revenue	US \$277	million
Net Cashflow	US \$148	million
Internal Rate of Return	117.9	%
NPV at 8% discount	US \$111.0	million
Payback Period	10	months

Spot Price Gold Model **		
Total Revenue	US \$242	million
Net Cashflow	US \$115	million
Internal Rate of Return	95.6	%
NPV at 8% discount	US \$84.8	million
Payback Period	12	months
Cash Costs Years 1, 2 and 3	US \$91	Per oz Au equivalent
Cash Costs Total Project	US \$117	Per oz Au equivalent
Production Cost	US \$169	Per oz Au equivalent

Cash costs include royalties. Production cost per ounce includes depreciation and off site refining but no interest. Gold equivalent includes silver credits. The net cashflow, IRR and NPV are calculated on earnings before interest and tax (EBIT). * 75% of gold hedged as flat forward from a base of US\$320 over 7 years to give a weighted average of US\$368 per ounce for project. ** Spot gold price fixed at US\$320.

6. FINANCING OF PROJECT

In the previous quarter, Kingsgate accepted an offer from Macquarie Bank for 100% pure debt funding of US\$30 million for the Chatree Project development and a US\$2 million pure debt facility for Kingsgate. Macquarie's confidence in Chatree appears to be born out in the feasibility

7. MINING LEASE APPLICATIONS

Applications for mining leases over C/H and D Pits and the processing and waste areas were made to the Department of Mineral Resources Thailand (DMR) in December, 1998.

The following formal stages of the mining lease process have been completed:

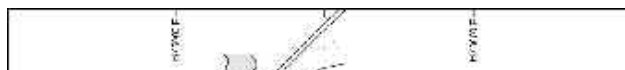
- * Survey of the 6 lease applications by DMR completed.
- * Period of public notices for objections passed without any objections being received.
- * A community awareness program in the local district was carried out with a series of public meetings.
- * The project was approved by the two shire councils having responsibility for the project area.
- * A geological and resource report was submitted to the DMR and approved.
- * A Mine Plan, being a very detailed assessment in report form of every aspect of the whole development including mine design and scheduling, gold processing, tailings storage and waste dump design, water supply, environmental rehabilitation and personnel structure was submitted to the DMR and has now been approved
- * The Environmental Impact Assessment report to international best practice standard was submitted to the Office of Environmental Policy and Planning 1 month ago and is progressing well.

All documentary lodgements for the MLA's have now been made.

The steps to be finalised for grant of mining leases are:

- * Approval of Environmental Impact Assessment by the OEPP.
- * Approval of MLA's by Minerals Act Committee of the DMR.
- * Granting of the ML's by the Minister of Industry.

To date a high level of cooperation has been received from the bureaucracies and progress has been very satisfactory.



8. OTHER POTENTIAL

Three main areas of further potential exist at Chatree.

- (i) Immediately adjacent to the existing orebodies. Approximately 350,000 ounces of gold occurs in the Measured, Indicated and Inferred resource categories adjacent to the C/H and D Pits. Further drilling and potentially stronger than US\$260/oz gold prices can be expected to translate some of these ounces to reserve.
- (ii) Down dip and along strike of the existing orebodies. These orebodies are contained within major structures only part of which have been tested to date.
- (iii) A number of partly drill-defined prospects on other structures occur within 3 kilometres of the proposed plant site, between C/H and D Prospects as shown on the adjacent figure.

Figure 2. Prospect location and geochemistry

For example, broadly spaced drilling on A Prospect has resulted in the promising intersections in Table 5 below. These results have been released to the ASX previously. Final resource drilling will be completed as soon as possible.

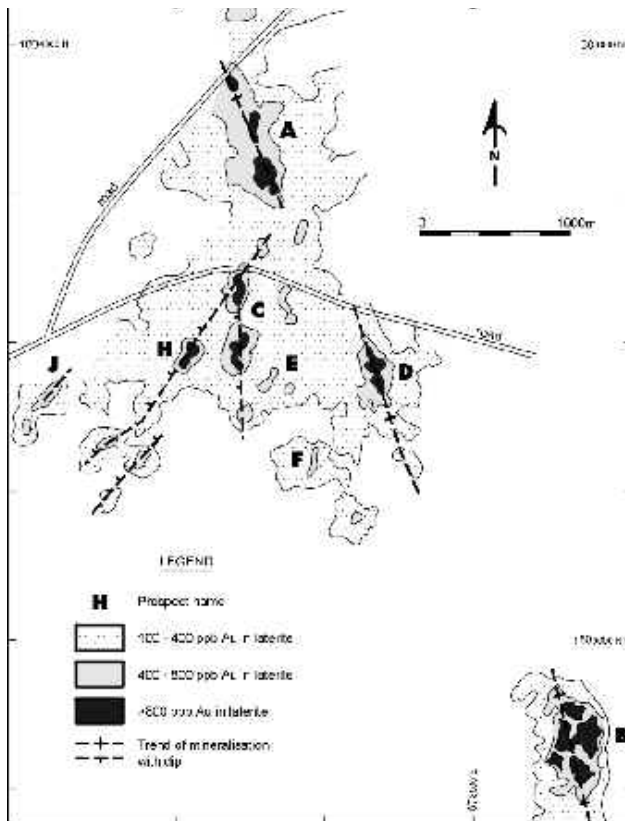


Table 5. A Prospect. Best Results to Date

Line	Hole	Intersection (m)	Grade Au (g/t)	
Line20,749mN	RC107	16.00	2.09	
	RAB29	13.00	2.11	
Line20,287mN	RC111	38.00	2.35	&
		8.00	3.33	
	DDH301	8.10	3.63	&
		7.20	5.24	&
		7.85	22.55	&
		5.10	42.72	
Line20,200mN	DDH39	12.80	3.17	
Line20,106mN	RCD114	10.00	3.47	
	DDH304	3.30	9.17	
Line20,000mN	DDH38	31.00	1.60	
	DDH36	58.00	1.39	
Line20,006mN	RC112	30.00	2.16	
Line19,800mN	DDH32	5.00	4.34	&
		2.32	18.13	&
		1.15	51.00	
	DDH307	13.93	4.32	

A number of other prospective areas in northern Thailand are known to Kingsgate and are being explored already or will

be explored in the next 12 months.

9. CONCLUSION

Chatree continues to strengthen and will be one of the lowest cost gold producers in the world.

Exploration success to date in prospects within 2 kilometres of the proposed development indicates that the life of the operation will be greatly extended.

The very powerful performance of the project in years 1 to 3 is the financial driving force of the Chatree Project.

Mining lease applications are progressing well and bureaucratic support is strong.

The project is fully debt funded by Macquarie Bank.

Tender documents for construction of the Chatree Project have been distributed to 7 engineering groups all of whom have visited the site and have indicated their desire to tender. Tenders close on 10 December, 1999.

Construction will commence immediately upon mining lease grant.

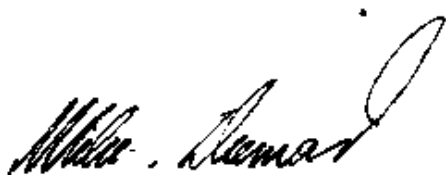
Information in this report relating to resource estimates is based on information compiled by P L Hellman, Director of Hellman & Schofield Pty Ltd. Dr Hellman is a Competent Person as defined in the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves in relation to mineralisation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

Information in this report relating to Ore Reserve statements 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,. This report accurately reflects the information compiled by him and is released with his permission

Information in this report relating to Definitive Feasibility Studies was assembled by Lycopodium Pty Ltd from work completed by a range of industry consultants. This report accurately reflects the information supplied by Lycopodium Pty Ltd and is released with its permission.

For further information related to Kingsgate or the above release, please contact the undersigned at Tel 61 2 92235273, Fax 61 2 92239775, info@kingsgate.com.au or visit our website at www.kingsgate.com.au.

Yours faithfully
Kingsgate Consolidated NL



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Managing Director