



Kingsgate Consolidated NL

ACN 000 837 472

29 January, 1999 By Facsimile 1300 300 021 (Page 1 of 12)
 The Manager
 Announcements
 Company Announcements Office FOR PUBLIC RELEASE
 Australian Stock Exchange Limited

Dear Sir,

QUARTERLY REPORT for the PERIOD ENDING 31 December, 1998

Kingsgate

Rights issue in progress.

Thai Gold Project

Pre-Feasibility Study completed.

H Prospect Resource Estimate completed

Mining Lease applications submitted.

Final Feasibility Study commenced.

KINGSGATE RIGHTS ISSUE

A 1 for 4 renounceable rights issue of shares at A\$0.34 with one attached option for each two shares subscribed was announced to the ASX on 22nd December, 1999 to raise approximately A\$3.4 million after costs. The issue was fully underwritten by stockbrokers Hartley Poynton Limited and the funds will be available to Kingsgate after 8 February, 1999.

The funds will be used to complete the current Chatree Project program of final resource definition drilling, environmental studies and final feasibility studies for the development of the project.

CHATREE GOLD PROJECT. Kingdom of Thailand

1. PRE-FEASIBILITY STUDY of C and D PROSPECTS.

The results of a detailed pre-feasibility study on C and D Prospects was released to the ASX on 22 December, 1998 and were very positive as summarised below,

Production Rate	750,000	Tonnes per year
Average Mill Grade	3.14	g/t Au
Average Gold Production	67,000	oz Au per year

Production Life	4.9	years
Total Revenue at US\$300/oz Au. (A\$465)	A\$160.1	million
Total Operating Costs	A\$79.6	million
Pre-production Capital Costs (new equipment)	A\$30.9	million
Net Cash Flow	A\$39.7	million
Real NPV @ 10% discount	A\$20.8	million
Real IRR	39.7	%
TOTAL CASH COSTS YEAR 1	US\$92	Per oz Au equivalent
TOTAL CASH COSTS ALL YEARS	US\$132	Per oz Au equivalent

This project cash cost of US\$132 per ounce is in the lowest 10% of international cash costs.

The addition of the 280,000 ounce H Prospect gold resource and the resulting potential to increase yearly production may reduce the cash cost further and will certainly enhance the robustness of the project.

2. H PROSPECT RESOURCE

On the 27th November, 1998 an inferred resource of 2,280,000 tonnes @ 3.81 g/t Au for 280,000 ounces of gold), was announced to the ASX.

The resource was calculated by polygonal methods using a lower cut-off grade of 1 g/t Au and with high grades being reduced to 20 g/t Au.

Based on our knowledge of the mineralisation in the adjacent C and D Prospects it is probable that most of this resource will, with further infill drilling, be translated to reserve status.

Total resources of C,D and H Prospects are now 6,500,000 tonnes @ 3.3 g/t Au. for 700,000 ounces of gold.

There is potential for the addition of further resources,, as C, D and H Prospects are partially open at depth and other, well mineralised but only partly drilled out, prospects exist nearby.

3. MINING LEASE APPLICATIONS SUBMITTED

Four mining lease applications with a total area of 192 hectares were submitted to the Thai Department of Mineral Resources in late November, 1998 to cover C, D and H Prospects and their extensions, processing plant, tailings and waste dump sites.

4. FEASIBILITY STUDY

The final feasibility study has now commenced with Lycopodium Pty Ltd being engaged as the lead engineer.

Programs currently underway as part of the feasibility include, final resource definition drilling and trenching, metallurgical comminution and environmental testwork, resource and reserve estimation, technical due diligence, geotechnical and foundation engineering, ground and surface water studies, environmental impact studies, mine, tailings dam and plant design, and financial, legal and commercial studies.

Resource drilling will be completed by the end of March 1999.

Mr Rob Thomson, a mining engineer with extensive experience in mining, mine development and feasibility studies, has been engaged as Kingsgate's project manager to manage the final feasibility and coordinate the related studies.

The feasibility is scheduled for completion in September, 1999.

5. DRILL RESULTS C and H PROSPECTS

Since the last release of results on 27 November, 1998, infill resource definition drilling has continued on C and H Prospects using one rig for 20 hours per day. During February a second rig will be added to ensure completion of the program by 31 March, 1999.

Full results since the last release are attached at the end of this report. A summary of the better results follows,

H Prospect. Drill Intersections greater than 20 gm metres.

Line 6675mN

RCD385 18.00 m @ 6.78 g/t Au

Line 6668mN

RCD406 10.00 m @ 16.26 g/t Au

Line 6645mN

RCD403 16.00 m @ 9.87 g/t Au

RCD407 7.70 m @ 7.63 g/t Au &

4.00 m @ 6.76 g/t Au &

2.00 m @ 69.45 g/t Au

Line 6610mN

RCD384 3.10 m @ 26.02 g/t Au &

8.40 m @ 9.91 g/t Au

Line 6550mN

RCD405 6.23 m @ 7.45 g/t Au

Line 6437mN

RCD433 2.85 m @ 7.11 g/t Au

Line 6422mN

RCD399 15.00 m @ 3.81 g/t Au

Line 6395mN

RCD398 6.25 m @ 3.30 g/t Au &

3.10 m @ 15.31 g/t Au &

RCD436 5.80 m @ 5.19 g/t Au

Line 6384mN

RCD429 2.75 m @ 7.87 g/t Au

Line 6370mN

RCD395 1.58 m @ 14.05 g/t Au

Line 6345mN

RCD394 6.30 m @ 3.39 g/t Au

Line 6320mN

RCD401	3.50	m	@	28.51	g/t Au
RCD419	6.10	m	@	4.77	g/t Au &
	8.00	m	@	3.13	g/t Au
RCD430	8.18	m	@	2.80	g/t Au

Line 6275mN

RCD414	6.32	m	@	6.52	g/t Au
DDH413	19.65	m	@	3.92	g/t Au

Line 6225mN

RCD418	17.65	m	@	2.71	g/t Au &
	6.87	m	@	4.58	g/t Au
DDH416	4.00	m	@	5.85	g/t Au &
	6.40	m	@	6.49	g/t Au

C Prospect. Drill Intersections greater than 20 gm meters

Line 2290mN

RCD422	4.00	m	@	6.35	g/t Au
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Line 2265mN

RCD423	25.20	m	@	2.96	g/t Au
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Line 2215mN

RCD425	11.00	m	@	5.77	g/t Au
RCD424	9.08	m	@	2.55	g/t Au

Line 2190mN

RCD383	8.90	m	@	3.29	g/t Au
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Line 2165mN

RCD426	2.60	m	@	9.86	g/t Au
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Line 2065mN

RCD421	3.22	m	@	232.47	g/t Au
RCD387	7.85	m	@	3.41	g/t Au

Line 2038mN

RCD432	5.95	m	@	16.37	g/t Au
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Line 1990mN

RCD434	3.00	m	@	11.51	g/t Au
	3.70	m	@	5.84	g/t Au

Line 1965mN

RCD391	5.70	m	@	5.59	g/t Au
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Line 1941mN

RCD392	6.05	m	@	4.43	g/t Au
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Line 1815mN

RCD411	2.66	m	@	8.76	g/t Au
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These results were in line with expectations and continue to increase the confidence level of the resources established to date.

Information in this report which relates to mineralisation is based on information compiled by Michael Diemar of Diemar & Associates Pty. Limited who is a Corporate Member of The Australasian Institute of Mining and Metallurgy and who has relevant experience as a Competent Person as defined in the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves in relation to mineralisation being reported on. This report accurately reflects the information compiled by Michael Diemar and is released with his permission.

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, looping flourish at the end.

Mike Diemar
Managing Director