



Kingsgate Consolidated NL

ACN 000 837 472

31 October, 2000

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

Dear Sir,

QUARTERLY REPORT for the PERIOD ENDING 30 SEPTEMBER, 2000

<p style="text-align: center;">Chatree Gold Project, Thailand 8 Year Tax Holiday Awarded by Board of Investment Project Funding Finalised. Construction to Commence</p>
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CHATREE GOLD PROJECT THAILAND

1. 8 YEAR TAX HOLIDAY AWARDED BY BOARD OF INVESTMENT.

The Office of the Royal Thai Board of Investment of the Office of the Prime Minister has approved the application by Akara Mining Ltd for Promotion of the Chatree Gold Mine in Thailand.

As a promoted enterprise, Akara and the Chatree Project have been awarded the following benefits;

1. 8 year full corporate tax holiday commencing at first gold pour.
2. 5 years of half tax holiday following 1. above. ie 15% tax.
3. Exemption from withholding tax on dividends to Kingsgate for 8 years.
4. Exemption from import duties for imported plant and equipment, not available in Thailand.
5. Exemption from import duty for consumables used at the mine for 5 years.
6. Guarantee against nationalisation.
7. Permission to remit income from Thailand in foreign currencies.

A double taxation treaty exists between Thailand and Australia under which the Australian authorities recognise these benefits extended by Thailand and deem the taxes to have been paid for the purpose of Kingsgate's income tax.

This package is further evidence of the support being given by the Thai authorities for our project.

2. US\$35 MILLION FUNDING PACKAGE COMPLETED.

Funding agreements for the Chatree Gold Mine development were signed with Macquarie Bank Limited during the quarter.

The funding package of US\$35 million is being provided on a pure debt basis.

The loan will cover the project development cost as well as working capital, contingency, over-run facility and capitalised interest during the construction period.

Finalisation of this documentation has proven to be a long process due to the wide differences between Thailand's legal and regulatory system and the common law system operating in Australia. However the strength of the project and the

stability of Thailand is clearly demonstrated by Macquarie's commitment to fully fund the project.

3. METALLURGICAL LICENCE ISSUED for CHATREE

During the quarter, the Royal Thai Department of Mineral Resources issued a Metallurgical Licence for the operation of the Chatree processing plant, waste and tailings systems.

4. PROJECT COMMENCEMENT

Construction of the project is expected to commence in November with the first gold pour being scheduled for November, 2001.

Production of gold and silver in the first operating year is planned to be 146,000 ounces of gold equivalent at a cash cost of US\$86 per ounce gold equivalent making Chatree one of the world's lowest cost mines.

5. PROJECT BACKGROUND

Chatree Gold Project is located on the eastern edge of the main rice growing Chao Phraya Basin in gently undulating farmland 280 km by bitumen highway north of Bangkok.

The project represents a greenfields discovery of metallurgically clean, shallow gold mineralisation in a logistically simple terrain with very good infrastructure.

Total Measured, Indicated and Inferred Resources are 14.5 million tonnes at 2.6 g/t Au and 12 g/t Ag. (0.8 g/t Au cutoff) for 1.2 million ounces of Au and 5.4 million ounces of Ag.

Open cut Proven and Probable Reserves are 8.2 million tonnes at 3.1 g/t Au and 14 g/t Ag (0.8 g/t Au cutoff at US\$260/oz) for 807,000 oz Au and 3.8 million oz Ag.

The mine will operate 2 open cut pits, Tawan Pit, (Sun Pit) and Chantra Pit, (Moon Pit). The ore is metallurgically clean with gold and silver extraction by standard Carbon in Leach (CIL) processing with destruction of cyanide in the pulp to 20ppm prior to delivery to the tailings dam. All plant will be new.

Mine life is currently 6.5 years at 1 million tonnes per year for the first 2 years and 1.5 million tonnes per year thereafter.

Two additional gold prospects within 3 km of the plant site and within company owned exploration tenements have been drilled and contain similar widespread gold mineralisation which will, with further exploration, add considerably to mine life.

Road access, grid power and water are all available on or adjacent to the site.

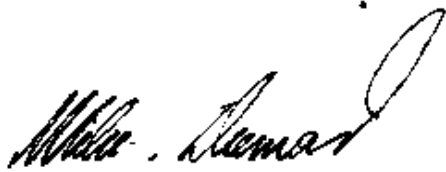
Production in the first 3 years will average 143,000 ounces gold equivalent at a cash cost of US\$93 per ounce, thus ensuring substantial cash flows to Kingsgate.

Information in this report relating to resources, reserves and feasibility studies is based on information compiled by the Competent Persons nominated in previous ASX releases. This report accurately reflects the information compiled by them and is released with their 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

A handwritten signature in black ink, appearing to read "Mike Diemar". The signature is fluid and cursive, with a prominent loop at the end.

Mike Diemar
Managing Director.

[Kingsgate Consolidated N.L](#)

Quarterly Report September 2000