



**Kingsgate**  
Consolidated  
Limited

# QUARTERLY REPORT

for the three months ended

## 31 December 2011

### PRODUCTION HIGHLIGHTS

#### Gold Produced

31 Dec 2011	53,320 oz
30 Sep 2011	32,991 oz
30 Jun 2010	36,877 oz

#### Total Cash Costs (incl. Royalty)

31 Dec 2011	US\$608/oz
30 Sep 2011	US\$815/oz
30 Jun 2010	US\$850/oz

#### Average Gold Price Received

31 Dec 2011	US\$1,680/oz
30 Sep 2011	US\$1,699/oz
30 Jun 2010	US\$1,516/oz

### SECURITIES

#### As at 31 December 2011

Ordinary shares	140,872,908
Unlisted options	6,301,203

### KEY POINTS

- ◆ Group gold production of 53,320 ounces, up 62% on the September quarter (Chatree: 26,035 ounces and Challenger: 27,285 ounces).
- ◆ Total cash costs of US\$608/ounce (including royalties), down 25% from previous quarter. (Chatree US\$603/ounce and Challenger US\$612/ounce).
- ◆ Challenger total cash costs down 37% on previous quarter, reflecting strong production.
- ◆ Major production increase at Chatree with first gold poured, from commissioning, on 28 October 2011.
- ◆ Chatree North plant expansion EPCM construction contract 12% under budget.
- ◆ Environmental impact assessment for Nueva Esperanza submitted to the Chilean authorities.
- ◆ Tim Benfield appointed Chief Operating Officer.

### OPERATING SUMMARY

Operation	December Quarter 2011		September Quarter 2011		Half Year to December 2011	
	Production (ounces)	Total Cash Costs (US\$/ounce)	Production (ounces)	Total Cash Costs (US\$/ounce)	Production (ounces)	Total Cash Costs (US\$/ounce)
Chatree	26,035	603	14,428	608	40,463	605
Challenger	27,285	612	18,563	975	45,848	759
<b>Total</b>	<b>53,320</b>	<b>608</b>	<b>32,991</b>	<b>815</b>	<b>86,311</b>	<b>687</b>



Logging drill core, studying mineralisation, Chatree, Thailand

#### Kingsgate Consolidated Limited

ABN 42 000 837 472

Suite 801, Level 8, 14 Martin Place

Sydney NSW 2000 Australia

Telephone: 61 2 8256 4800

Facsimile: 61 2 8256 4810

Email: info@kingsgate.com.au

Website: www.kingsgate.com.au

*Gavin Thomas*  
Gavin Thomas, MD & CEO

30 January 2012



Chatree North Expansion Plant

## DECEMBER QUARTER OVERVIEW

Kingsgate achieved total gold production of 53,320 ounces in the December quarter, a significant increase of over 62% on the September quarter (32,991 ounces). Production was up strongly at Chatree reflecting the impact of the expanded plant commissioning and was despite the restricted pit access to higher grade ore at C North following the heavy rainfall and flooding in Thailand. At Challenger, the strong production was supported by an excellent performance in October and November from M1 and M2 stope sources.

Group operating cash costs were down 25% to US\$608/ounce compared to the September quarter (US\$815) reflecting the strong production increases at both mines.

Gold sales in the quarter of 49,610 ounces at US\$1,680/ounce generated a strong operating cash margin.

### THAILAND

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#### CHATREE GOLD MINE

Chatree gold production of 26,035 ounces gold in the December quarter was up 80% compared to the September quarter as the Chatree North Expansion ramped through the commissioning phase. Grade was low, at 0.82 gram per tonne, as mining was restricted to lower grade areas of A Hill, while access to C North was further delayed due to the well-above average monsoonal rainfall (the heaviest rainfall in 50 years according to the Thai Department of Water Resources records) with over 2.1 metres of rainfall on site. This has resulted in access to the high grade ore being delayed into the June half of 2012.

Cash costs were down slightly on the September quarter at US\$603/ounce (US\$608/ounce) including Thai royalties of US\$135/ounce (US\$171/ounce). Total production costs after depreciation and amortisation were US\$664/ounce. Underlying costs reflect the grade of ore processed and are expected to improve as higher grade is processed later in the financial year

Chatree continues to demonstrate world's best practice for safety with 19.3 million man hours (+8 years) have been worked to 31 December 2011 since the last and only Lost Time Incident.

#### Plant Expansion

Despite the very heavy wet season, the Chatree North Expansion Project is now in the optimisation phase and the first gold from commissioning was poured on 28 October 2011. All site contractors and the Ausenco construction and commissioning personnel have demobilised from site.

Final EPCM contract costs under management of Ausenco to complete the expansion were A\$84.1 million, an impressive 12% under budget. Under the EPCM contract, Ausenco earned an incentive fee for their performance. Additional costs to Kingsgate for construction of the second tailings storage facility, an electrical substation and other ancillary construction costs total A\$25 million, of which approximately A\$10 million is outstanding.

### AUSTRALIA

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#### CHALLENGER GOLD MINE, SOUTH AUSTRALIA

Gold production at Challenger was 27,285 ounces up 47% on the September quarter. Strong production levels in October and November provided the impetus for the solid quarter results. Consistent and undiluted M2 stope sources combined with steady production haulage and equipment availability to underpin the performance.

Head grade to the process plant was 5.4g/t for the quarter compared to 4.4g/t in the previous quarter.

Overall total cash costs were US\$612/ounce (including royalties of US\$54/ounce), down 37% from the September quarter of US\$975/ounce (US\$76/ounce).

The ore sources were predominantly from the M2 shoot on the 340 and 320 levels. Mining activities continue to advance the decline to the 215 horizon setting up for the transition through the 79 Fault. Access development to Challenger West was completed with Level development during the March quarter and first production expected in the June quarter.

Total reconciliation in the current mining levels continues to remain positive, particularly within the M2 Shoot with the five levels from 400 to 320 averaging 37% above the reserve ounces.



## Bowdens Silver Project, New South Wales

A bankable feasibility study commenced during the quarter. Baseline studies were initiated to collect noise, flora, fauna and archaeological data as part of the feasibility study and the environmental impact assessment. In February, a detailed exploration programme to verify previous drill data and define the extent of mineralisation will commence.

The information collected from these programmes will support the bankable feasibility study and build on the previously completed preliminary feasibility work.

## CHILE

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### LAGUNA RESOURCES NL (KINGSGATE 98%)

Field activities resumed at Nueva Esperanza in September with resource drilling at the Teterita silver deposit. The objective of the drilling is to upgrade the resource definition to Indicated level for inclusion in the Nueva Esperanza mine plan and is expected to be completed early in the March quarter.

The technical feasibility study is expected to be completed by June 2012.

Geotechnical drilling to provide data for civil works was completed, and sterilisation drilling on sites for the processing plant, waste dumps and tailing storage is underway.

The environmental impact assessment (EIA) was submitted to the Chilean authorities. This is an essential and substantial requirement to obtain the mining license. The review process is expected to take between nine and twelve months.

## CORPORATE

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During the quarter, Kingsgate made a bid for the outstanding 30% of shares in Laguna Resources Ltd (ASX:LRC) which it did not already own. At the close of the offer, on 13 January 2012, Kingsgate had acquired 2.8 million shares at a cost of \$10.5 million, resulting in an ownership level of 98.14% Laguna. This has satisfied conditions to move to compulsory acquisition of the remaining shares it does not hold.

Under the terms of the purchase agreement with Silver Standard Inc. for the Bowdens Silver Project, a further A\$5 million payment was made on 23 December 2011.

At the end of December, Kingsgate had total cash in bank and bullion on hand of A\$38 million. The Thai debt facility was fully drawn to US\$100 million and the Kingsgate A\$60 million revolving credit facility was drawn to A\$42 million. In addition, Kingsgate has a five year A\$35 million convertible loan facility that provided funding for the Bowdens acquisition.

In December 2011, Mr Tim Benfield was appointed Chief Operating Officer of Kingsgate. Tim is a mining engineer with over 20 years' underground and open pit experience in the mining industry in both operational and corporate roles. He has operational and project development experience in Australia, Africa and Saudi Arabia. He was most recently General Manager of the Pajingo Gold mine in Queensland for Evolution Mining Limited. Tim will commence employment in February 2012.

## OUTLOOK

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Following a strong finish to the half year to December 2011, Kingsgate is forecasting stronger production in the second half of the year to 30 June 2012 following the successful commissioning of the Chatree North expansion.

Full year total gold production is expected to be in the range of 210,000 to 230,000 ounces. This includes 115,000 to 125,000 ounces from Chatree and between 95,000 to 105,000 ounces from Challenger.



*The Chatree plant site with the expansion plant at left*

## OPERATIONAL PERFORMANCE

<b>Chatree Mine</b>	<b>Units</b>	<b>Dec 2011 Quarter</b>	<b>Sep 2011 Quarter</b>	<b>Change Qtr to Qtr</b>	<b>Half Year to Dec 2011</b>
<b>Waste Mined</b>	bcm	1,580,021	1,943,133	(19)%	3,523,154
<b>Ore Mined</b>	bcm	408,060	302,714	35%	710,774
<b>Waste to Ore Ratio</b>		3.9 : 1	6.4 : 1		5.0 : 1
<b>Ore Mined</b>	tonnes	1,053,566	750,822	40%	1,804,388
<b>Ore Treated</b>	tonnes	1,278,564	664,265	92%	1,942,829
<b>Head Grade</b>	Au g/t	0.8	0.8	2%	0.8
	Ag g/t	11.1	13.4	(17)%	11.9
<b>Gold Recovery</b>	%	83.5	84.2	(1)%	83.7%
<b>Gold Poured</b>	ounces	26,035	14,428	80%	40,463
<b>Silver Poured</b>	ounces	221,950	140,129	58%	362,079
<b>Challenger Mine</b>	<b>Units</b>	<b>Dec 2011 Quarter</b>	<b>Sep 2011 Quarter</b>	<b>Change Qtr to Qtr</b>	<b>Half Year to Dec 2011</b>
<b>Ore Mined</b>	tonnes	150,281	149,867	-	300,148
<b>Ore Treated</b>	tonnes	165,719	143,903	15%	309,622
<b>Head Grade</b>	Au g/t	5.4	4.4	23%	5.0
<b>Gold Recovery</b>	%	93.2	91.9	1%	92.6%
<b>Gold Poured</b>	ounces	27,285	18,563	47%	45,848
<b>Silver Poured</b>	ounces	1,348	1,230	10%	2,578
<b>Kingsgate Group</b>	<b>Units</b>	<b>Dec 2011 Quarter</b>	<b>Sep 2011 Quarter</b>	<b>Change Qtr to Qtr</b>	<b>Half Year to Dec 2011</b>
<b>Gold Poured</b>	ounces	53,320	32,991	62%	86,311
<b>Silver Poured</b>	ounces	223,298	141,359	58%	364,657

### CHATREE GOLD MINE, THAILAND

During the quarter, mining was in the lower grade areas of A Hill while accessing the higher grade areas in C North was restricted. Ore mined was 1,053,566 tonnes with a strip ratio of 3.9:1 (previous quarter 6.4:1). Mine production was low in the quarter due to the heavy wet season rain. Mining of A Stage 2 continued to advance when access to higher grade areas was not available.

Despite the heavy rainfall, work continued to progress at the higher grade C North pit. Mining has progressed through the unstable laterite and clay overburden layers and is now proceeding on a 24 hour basis albeit hampered by the heavy rainfall which caused the clay layers to bulge and swell out from the face. The high grade was accessed late in the fourth quarter once the unstable laterite and clay layers were removed. This higher grade ore is expected to positively impact production in the June half of the year.

The process plant treated 1,278,564 tonnes of ore at an average plant head grade of 0.82 grams per tonne gold to produce 26,035 ounces of gold. Silver production was 221,949 ounces. Gold recovery of 83.5% was lower than the previous quarter of 84.2% due to continued difficulties with

ore type currently available and lack of mining flexibility. Recovery is expected to improve over the next three to six months.

Stockpiled ore at close of quarter was 8,354,554 tonnes at 0.67 grams per tonne containing 181,138 ounces of gold.

### CHATREE NORTH PLANT EXPANSION

The plant has been constructed as a separate 2.7 million tonnes per annum (Mtpa) ore processing plant located besides the current 2.3 Mtpa Chatree processing plant. This will result in a combined total nameplate ore processing capacity of 5 Mtpa. Given the operating experience and recent history of the Chatree processing plant and the smooth rapid ramp-up of the new Chatree North plant, the actual plant capacity is expected to be approximately 6 Mtpa.

The first gold was poured on 28 October 2011 and all site contractors and the Ausenco construction and commissioning personnel have demobilised from site. The Chatree North Expansion Project is now in the optimisation phase and final commissioning of the new Gold Room.

Final project EPCM construction costs for the plant were A\$84.1 million, 12% under budget. Based on a number of criteria within the EPCM contract, Ausenco

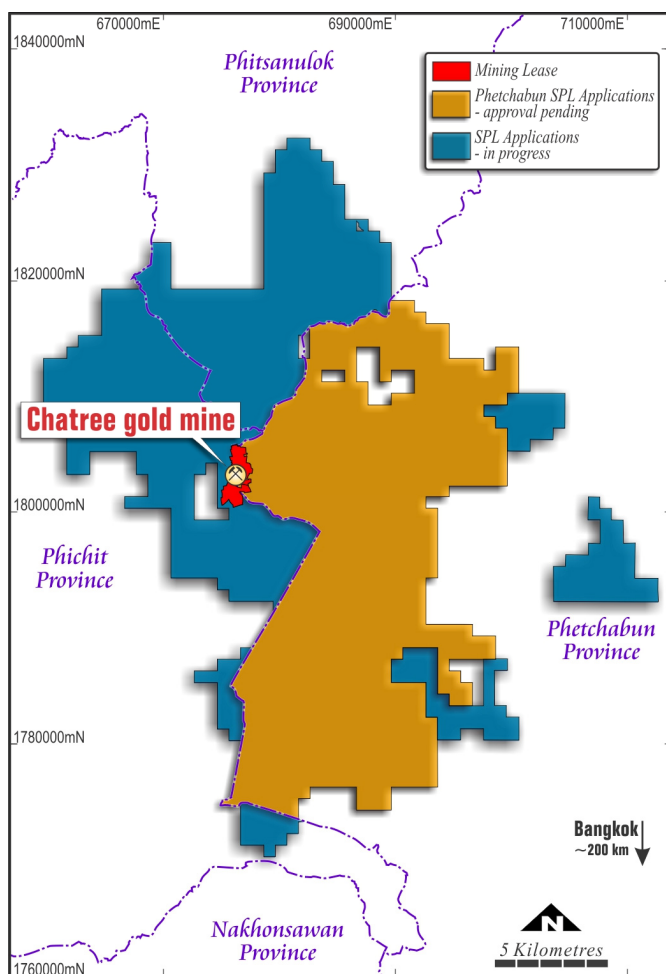
received an incentive fee for their delivery of the expansion project. Additional costs to Kingsgate include the construction of a second tailings storage facility (TSF2), a new electrical sub-station and other related site costs totalling A\$25 million, of which approximately A\$10 million is outstanding.

It is noteworthy that the construction program completed over 1.5 million man hours without a Lost Time Incident.

## REGIONAL EXPLORATION - THAILAND

The new Special Prospecting Licence (SPL) applications to replace the expired SPL's in Phichit and Phitsanulok provinces have been received by the relevant authorities and processing is underway. The current exploration title holding status outside of the mining leases is now completely in the application stage. All exploration drilling is on hold until these leases are approved.

Processing, by the relevant authorities, of forty-four (44) key SPL applications within the Phetchabun Province is expected to be referred to the Minister of Industry for final approval during the current quarter.



Special Prospecting Licence (SPL) applications in Phichit, Phitsanulok and Phetchabun Provinces in Thailand.

## CHALLENGER GOLD MINE

Challenger continues to improve activities underground with consistent development advance, addressing secondary ventilation infrastructure and establishing underground waste tip locations. Production in October and November saw record gold production in excess of 10,000 ounces each month due to reduced stope dilution on the main production horizon combining with excellent development grade from lower levels. Production in the last month was impeded by low truck and bogger availabilities directly impacting haulage resulting in supplementary low-grade material being milled.

The water supply problem at Challenger was resolved in early December with the completion of a new bore to replace the damaged water bore. This will ensure sufficient water is available during the high consumption summer period.

Major mechanical maintenance down-time during the quarter was due to the planned replacement of the primary jaw crusher and the run-of-mine (ROM) ore bin. Two rebuilds of the secondary crusher were also required and substantial repair work completed to the crusher feed chute.

Mill recovery was above expectations at 93.2% for the December quarter.

The average grade of ore processed in the quarter was 5.43g/t with the majority of the higher grade sources attributable to the following levels and shoots: 280 M2, 300 M1 and 320 M2.

Development continues within the M1, M2 and M3 shoots in the lower levels, from the 300 level down to the 240 level. The Aminus ore shoot is also being developed adjacent to the M1 shoot on the 280 and 260 levels after consistent and high-grade diamond drill results justified unscheduled development. Development also recommenced in the middle levels on the 700 and 680 levels targeting remnant M2 areas and establishing access to M3 stopes. Access was also extended toward the Challenger West Shoot in order to open this area to stoping as soon as practicable. Additional development has also commenced in the SEZ shoot in the upper levels and this shoot will be targeted for further diamond drilling during the coming quarter.

## RESOURCE DEVELOPMENT

A number of exploration targets were drilled from underground with visible gold noted in several holes and several significant intersections returned. High grade intersections in a previously untested position along the South East Zone (SEZ) structure are of particular interest.

### M1-M2 Shoot System below the 79 Fault

Systematic vertical fan drilling from the 280 level exploration drive to evaluate the continuity of the



## OPERATIONAL PERFORMANCE continued

main shoot system below the 79 Fault was completed early in the quarter. Further intersections confirmed the offset position of the shoots as previously interpreted from surface and underground drilling.

One additional exploratory hole on the deepest Fan (B2), which was designed to test 10-30m above the presently modelled position of the M2 Shoot has intersected visible gold in this position. Results are pending.

### Challenger West

The Challenger West Shoot continued to be a focus of exploration drilling, targeting levels below current reserves above the 700 metre level and indicated resources (above the 600 metre level). This included drill programmes from the 720 and 680 levels (targeting the 630-470 metre levels) and 300 level (targeting the 200-150 metre levels).

Coarse visible gold in hole 11CUD0893 which returned an initial intersection of 1.41 metres grading 10.6g/t gold from the 636 metre level, subsequently returned 1.41 metres grading 84.5g/t gold from a second split of the same sample. Assays are pending for 3 holes from the 720 and all 3 holes from the 680 level. The drilling from the 300 metre level represented a major depth step down on this structure. Only 2 holes were completed which, encouragingly, have confirmed continuity with an intersection of 0.32 metres grading 18.7g/t gold at the 150 metre level. Further drilling is planned from the 215 level.

### Aminus

A series of diamond drill holes were completed on the 280 level targeting Aminus and returned a number of narrow high grade intersections including 1.00 metre grading 50.5g/t and 2.00 metres grading 19.6g/t gold. As a result, mining has commenced on this lode on the 280 Level.

### South East Zone (SEZ)

The SEZ structure was targeted on the 1025 metre level with a programme of diamond holes which intersected a broad continuous elongated low grade structure. The final hole at the south western end of the drilling returned an intercept of 2.76 metres grading 26.7g/t gold in a previously unrecognised high grade position.

The new 'Far East Structure' as identified from previously reported intersections on the 280 level is now also interpreted to be along a south westerly extension of the SEZ. Follow up detailed percussion (sludge) drilling from the 280 exploration drive returned a number of significant intersections including 3.60 metres @ 61.3g/t, 2.60 metres grading 48.6g/t and 3.60 metres grading 18.5g/t gold. Further drilling is planned to test the feature proximal to existing development.

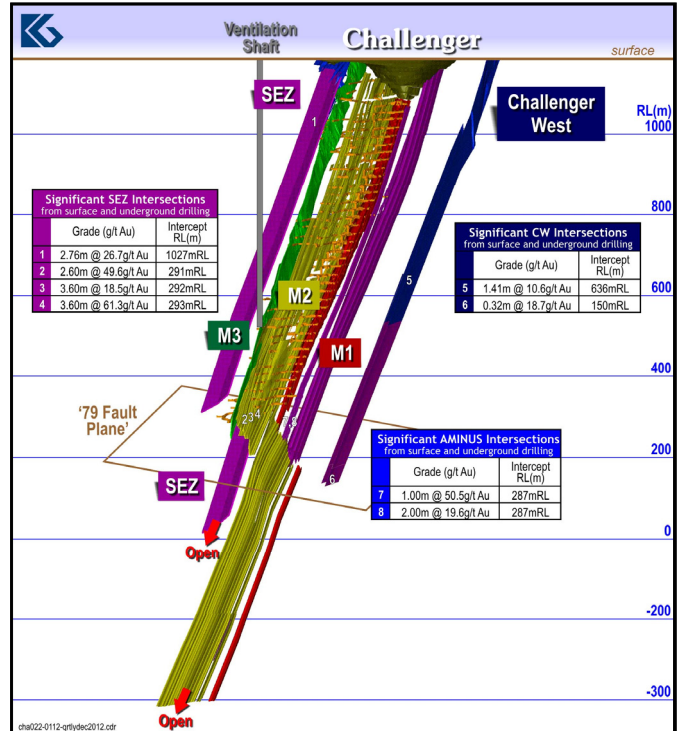


Figure 1: Challenger oblique section showing significant intersections.

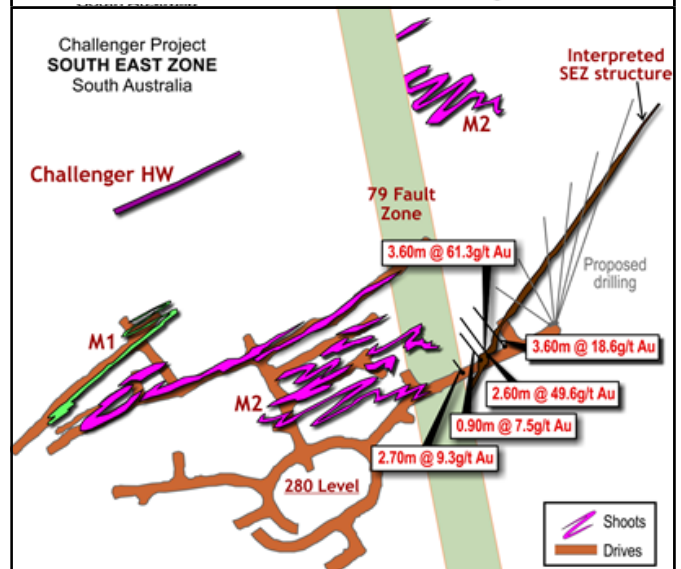
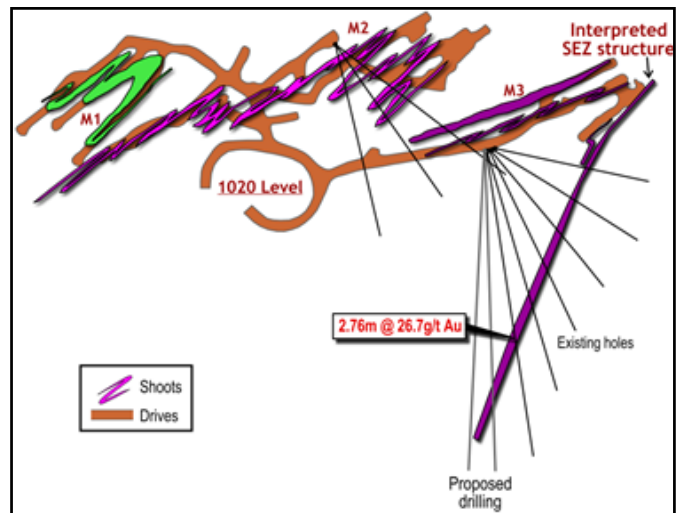


Figure 2: Location of SEZ structure on 1020 (above) and 280 (below) levels.



These results, from levels 745 metres apart, have significantly upgraded the potential for the SEZ to host localised high grade shoots within a well defined structural corridor that has received little or no previous evaluation.

### Shadow Zone

Sludge drilling into the Shadow Zone from the 280 level returned a single intersection of 0.75 metres @ 16.8g/t gold. This lode will be targeted where possible on lower levels.

### SAFETY, ENVIRONMENT AND COMMUNITY

There was one Lost Time Injury recorded during the quarter involving a contractor who has subsequently returned to work.

Injury prevention and safe work practices remain a major focus.



Site of the proposed Bowdens Silver Project

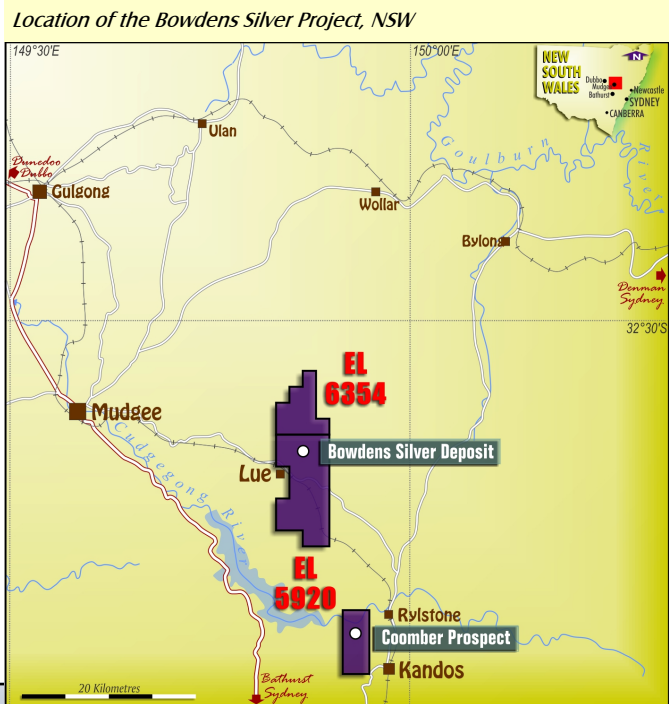
## BOWDENS SILVER PROJECT

Baseline studies for noise, flora, fauna and archaeology and a new automated weather station were implemented during the quarter. The baseline studies covered a wide area of the existing exploration lease to allow different project infrastructure locations to be considered.

Detailed geological surface mapping over the area of the exploration lease was also completed.

A Review of Environmental Factors (REF) was submitted to, and approved by, the NSW Department of Trade and Investment to enable Kingsgate to undertake a comprehensive drilling programme in early 2012.

A geometallurgical review of the deposit was also completed to allow the orebody to be domained ahead of a detailed metallurgical testwork programme, planned to commence during the next quarter, using data collected from the upcoming drilling programme.





# REGIONAL EXPLORATION

## AUSTRALIA

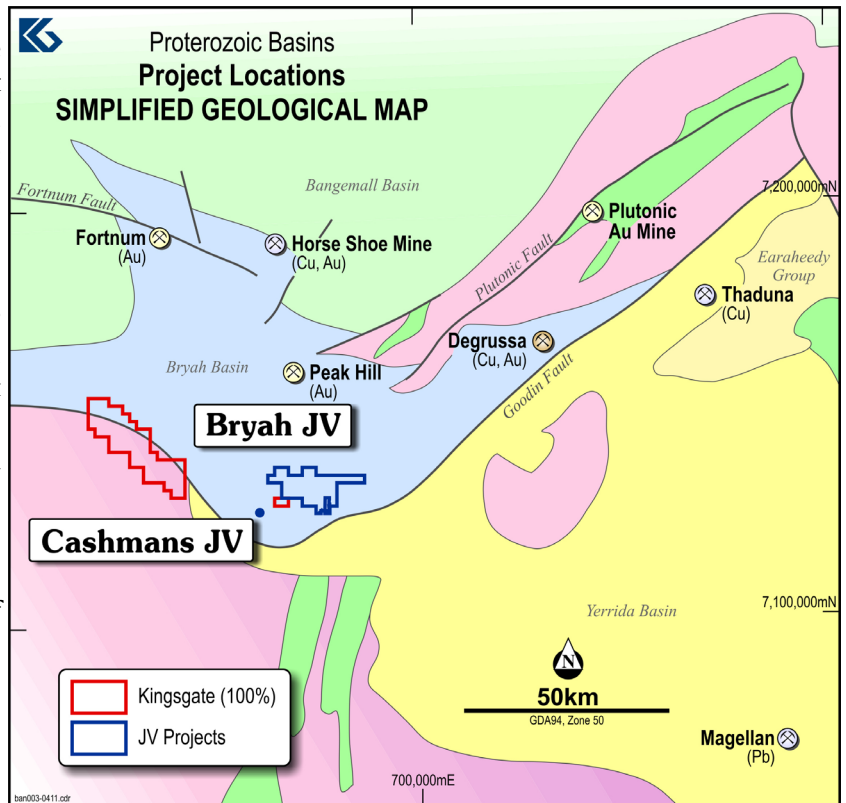
### Wynberg (Kingsgate 100%)

Kingsgate is still awaiting final heritage approval from the traditional owners at Wynberg. Once approved, drilling is planned to immediately commence subject to the current wet season in the region.

### Calingiri (Kingsgate 100%)

Kingsgate was recently awarded Exploration Initiative Scheme (EIS) funding of AS\$37,000 by the Western Australia Government to drill two diamond holes at the Dasher Prospect.

The Dasher Prospect represents a new style of high metamorphic grade base metal mineralisation. Two reverse circulation holes completed at the prospect intersected broad zones of anomalous copper and molybdenum mineralisation including a previously-reported intersection of 80 metres grading 0.42% copper and 171ppm molybdenum.

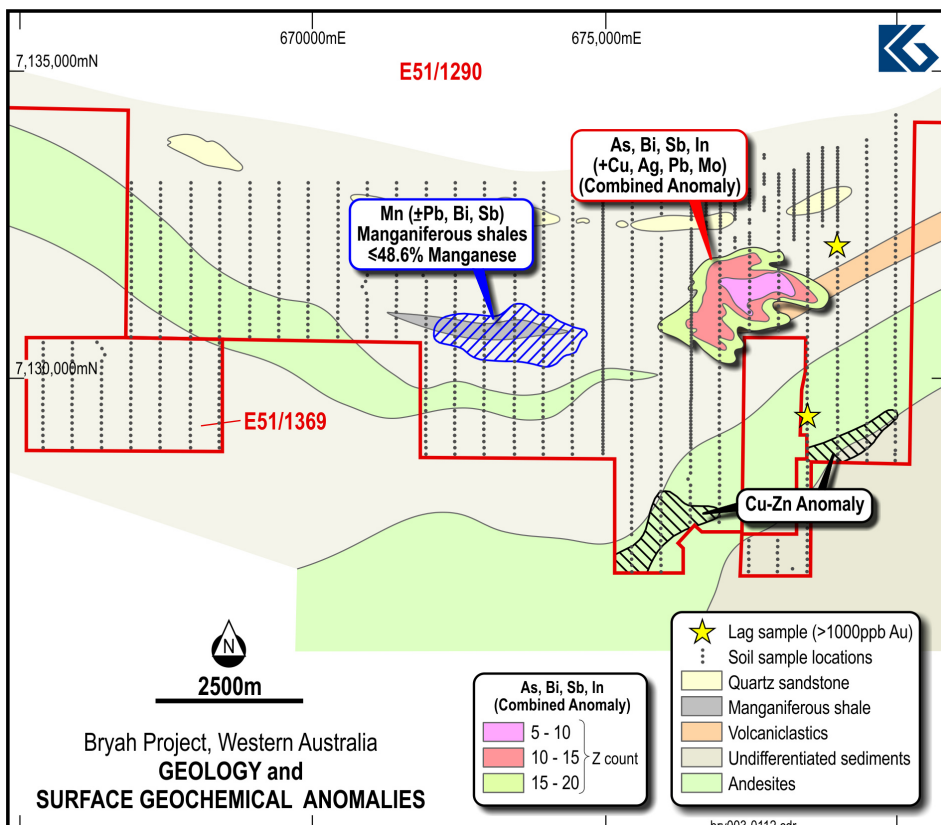


### Bryah JV (Kingsgate option to earn 70%)

Initial systematic soil geochemical sampling, and detailed geological mapping, covering a 30 kilometre by 15 kilometre area of Naracoota Volcanics

(geological host of the Degruassa copper-gold deposit) has defined a number of prospective anomalies.

Two zones of copper-zinc anomalism, each about two kilometres long and up to 500 metres wide, and two large multi-element anomalies, an easterly arsenic-bismuth-indium-antimony (plus weaker copper-silver-lead-molybdenum) anomaly and a western manganese (plus weaker lead-bismuth-antimony) have been identified. These elements are considered to be pathfinders to Degruassa style copper-gold deposits.



These anomalies, and the geological setting, are believed to significantly upgrade the prospectivity of this area and follow up geophysics and drilling will be undertaken following access clearances and approvals.



## LAGUNA RESOURCES, CHILE (KINGSGATE 98%)

### NUEVA ESPERANZA PROJECT

Field activities resumed at Nueva Esperanza in September with the commencement of resource drilling at the Teterita silver deposit.

#### Resource Drilling

The resource drilling at Teterita is focusing on the validation of historical data with the objective of converting the majority of the estimated Inferred Resource into Indicated Resource. The drilling is expected to be completed in the March quarter and will allow the updated resources to be included in the Nueva Esperanza mine plan.

#### Feasibility Study

Coffey Consultaria e Servicios, a division of Coffey International Limited has been managing the feasibility study for the development of the Nueva Esperanza Project. The feasibility study currently includes only the Arqueros deposit, with the Chimberos and Teterita deposits to be incorporated following an upgrade of their respective resources. Based on current information, it is expected that Teterita (and potentially Chimberos) will supply the mill feed for the first 2-3 years of production given a likely lower strip ratio and allow the required pre-strip at the Arqueros deposit to be deferred. Given negligible gold content in these deposits, metal production during this phase will be primarily silver.

Metallurgical testwork continues with comminution completed on bulk samples of the mineralisation from Arqueros. Process design work, mine planning and cost modelling is being reviewed by independent experts.

Geotechnical drilling is being undertaken to provide data for civil works and pit planning. Sterilisation drilling is now underway over sites proposed for the processing plant, waste dump and tailings storage facility.

#### Environmental Impact Assessment

The application for environmental license is a substantial legal document containing the environmental and social impact assessment (EIA) as well as mine closure plan. This was submitted to the environmental authorities in Chile on 29 December 2011 on time and as planned. It has been accepted into the system with the first comments due within four weeks. The total assessment period will take between 9 and 12 months, and is based on the feasibility study at time of submission.



*Reverse Circulation (RC) drilling at Teterita*

## CORPORATE & OPERATING COSTS

### FINANCE

At the end of September Kingsgate had total cash in bank and bullion on hand of A\$38 million. The Thai debt facility was fully drawn to US\$100 million and the Kingsgate A\$60 million revolving credit facility was drawn to A\$42 million. In addition, Kingsgate has a five year A\$35 million convertible loan facility that provided funding for the Bowdens acquisition.

### OPERATING COSTS

Strong production performances at both gold mines have delivered improved operating costs at Chatree but particularly at Challenger where total cash costs were down 37% to US\$612/ounce. This cost performance is indicative of the potential for Challenger to deliver competitive operating and costs into the future.



Mine Rescue drill, Challenger gold mine, South Australia

CHATREE					
Cost Category	Units	December 2011 Quarter	September 2011 Quarter	Change Qtr to Qtr	Half Year to Dec 2011
Direct Mining Expense	US\$/oz	689	742	(7)%	708
Refining and Transport	US\$/oz	4	5	(20)%	5
By Product Credit	US\$/oz	(225)	(310)	(27)%	(256)
<b>Cash Operating Cost</b>	<b>US\$/oz</b>	<b>468</b>	<b>437</b>	<b>7%</b>	<b>457</b>
Royalty	US\$/oz	135	171	(21)%	148
<b>Total Cash Cost</b>	<b>US\$/oz</b>	<b>603</b>	<b>608</b>	<b>(1)%</b>	<b>605</b>
Depreciation/Amortisation	US\$/oz	61	93	(34)%	72
<b>Total Production Cost</b>	<b>US\$/oz</b>	<b>664</b>	<b>701</b>	<b>(5)%</b>	<b>677</b>
CHALLENGER					
Cost Category *	Units	December 2011 Quarter	September 2011 Quarter	Change Qtr to Qtr	Half Year to Dec 2011
Direct Mining Expense	US\$/oz	556	898	(38)%	695
Refining and Transport	US\$/oz	3	4	(25)%	3
By Product Credit	US\$/oz	(1)	(3)	(67)%	(2)
<b>Cash Operating Cost</b>	<b>US\$/oz</b>	<b>558</b>	<b>898</b>	<b>(38)%</b>	<b>696</b>
Royalty	US\$/oz	54	76	(29)%	63
<b>Total Cash Cost</b>	<b>US\$/oz</b>	<b>612</b>	<b>975</b>	<b>(37)%</b>	<b>759</b>
Depreciation/Amortisation	US\$/oz	463	454	2%	459
<b>Total Production Cost</b>	<b>US\$/oz</b>	<b>1,075</b>	<b>1,429</b>	<b>(25)%</b>	<b>1,218</b>
KINGSGATE GROUP					
Cost Category *	Units	December 2011 Quarter	September 2011 Quarter	Change Qtr to Qtr	Half Year to Dec 2011
<b>Cash Operating Cost</b>	US\$/oz	514	697	(26)%	584
Royalty	US\$/oz	94	118	(20)%	103
<b>Total Cash Cost</b>	<b>US\$/oz</b>	<b>608</b>	<b>815</b>	<b>(25)%</b>	<b>687</b>
Depreciation/Amortisation	US\$/oz	266	295	(10)%	278
<b>Total Production Cost</b>	<b>US\$/oz</b>	<b>874</b>	<b>1,110</b>	<b>(21)%</b>	<b>965</b>
Category	Units	December 2011 Quarter	September 2011 Quarter	Change Qtr to Qtr	Half Year to Dec 2011
Av cash gold price received	US\$/oz	1,680	1,699	(1)%	1,687
Gold sold	Ounces	49,610	33,330	49%	82,940
Silver sold	Ounces	205,321	131,282	56%	336,604
Revenue from Metal Production	US\$M	89.8	61.6	46%	151.4



## APPENDIX A

### CHALLENGER RESOURCE DEVELOPMENT DRILLING

#### UNDERGROUND DIAMOND DRILLING – SHOOT SYSTEM BELOW THE 79 FAULT

Hole No.	From (m)	To (m)	Interval (m)	Au (g/t)	Midpoint (m RL)
11CUD0839	231.00	232.00	1.00	19.7	201
11CUD0847	315.00	316.00	1.00	7.3	102
11CUD0851	210.35	210.65	0.30	32.8	206
11CUD0851	220.00	220.87	0.87	9.5	202

#### UNDERGROUND DIAMOND DRILLING – CHALLENGER WEST SHOOT

Hole No.	From (m)	To (m)	Interval (m)	Au (g/t)	Midpoint (m RL)
11CUD0839	231.00	232.00	1.00	19.7	201
11CUD0847	315.00	316.00	1.00	7.3	102
11CUD0851	210.35	210.65	0.30	32.8	206

#### UNDERGROUND DIAMOND DRILLING – AMINUS SHOOT

Hole No.	From (m)	To (m)	Interval (m)	Au (g/t)	Midpoint (m RL)
11CUD0843	44.84	45.14	0.30	42.2	287
11CUD0904	31.00	31.32	0.32	17.3	287
11CUD0905	42.26	43.00	0.74	13.8	287
11CUD0907	42.00	43.00	1.00	50.5	287
11CUD0907	46.00	46.31	0.31	29.7	287
11CUD0908	46.00	48.00	2.00	19.6	287

#### UNDERGROUND DIAMOND DRILLING – SEZ SHOOT

Hole No.	From (m)	To (m)	Interval (m)	Au (g/t)	Midpoint (m RL)
11CUD0862	100.92	103.68	2.76	26.7	1027

#### UNDERGROUND SLUDGE DRILLING – SEZ SHOOT

Hole No.	From (m)	To (m)	Interval (m)	Au (g/t)	Midpoint (m RL)
11CUS10535	0.00	2.60	2.60	49.6	291
11CUS10540	5.30	8.90	3.60	18.5	292
11CUS10519	5.30	6.20	0.90	7.5	293
11CUS10536	1.70	5.30	3.60	61.3	293
11CUS10510	2.40	5.40	3.00	14.0	295
11CUS10529	7.10	9.80	2.70	9.3	300

#### UNDERGROUND SLUDGE DRILLING – SHADOW ZONE SHOOT

Hole No.	From (m)	To (m)	Interval (m)	Au (g/t)	Midpoint (m RL)
11CUS10747	14.30	15.05	0.75	16.8	300

# KINGSGATE CONSOLIDATED LIMITED

## BOARD OF DIRECTORS

**Ross Smyth-Kirk**  
Chairman

**Gavin Thomas**  
Managing Director and Chief Executive Officer

**Peter Alexander**  
Non-Executive Director

**Craig Carracher**  
Non-Executive Director

**Peter McAleer**  
Non-Executive Director

## COMPANY SECRETARY

**Ross Coyle**

## SENIOR MANAGEMENT TEAM

**Duane Woodbury**  
Chief Financial Officer

**Ross Coyle**  
General Manager Finance and Administration

**Joel Forwood**  
General Manager Corporate & Markets

**Ron James**  
General Manager, Exploration & Resources Development

**Phil MacIntyre**  
Chief Operating Officer & General Manager,  
Akara Mining Limited

**Pakorn Sukhum**  
Chief Executive Officer, Akara Mining Limited

## REGISTERED OFFICE

**Kingsgate Consolidated Limited**  
Suite 801, Level 8, 14 Martin Place  
Sydney NSW 2000, Australia  
Phone: (61 2) 8256 4800  
Facsimile: (61 2) 8256 4810  
Email: [info@kingsgate.com.au](mailto:info@kingsgate.com.au)  
Website: [www.kingsgate.com.au](http://www.kingsgate.com.au)

## ISSUED SHARE CAPITAL

Kingsgate had 140,872,908 ordinary shares on issue and 6,301,203 unlisted options.

## COMPETENT PERSONS STATEMENTS

*In this report, information concerning Thailand operations relates to Exploration Results, Mineral Resources and Ore Reserve estimates based on information compiled by the following Competent Persons: Ron James, Genesio Circosta, Guy Davies, Fiona Davidson and Suphanit Suphananthi who are employees of the Kingsgate Group and members of The Australasian Institute of Mining and Metallurgy. These people qualify as Competent Persons as defined in the Australasian code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2004 edition) and possess relevant experience in relation to the mineralisation of being reported herein as Exploration Results, Mineral resources and Ore reserves. Each Competent Person has consented to the Public reporting of these statements and the inclusion of the material in the form and context in which it appears.*

*In this report, the information concerning Challenger operations that relates to Exploration Results, Mineral Resources and Ore Reserves estimates based on information compiled by Peter Bamford, Tony Poustie and Andrew Giles who are full-time employees of the Kingsgate Group. Peter Bamford and Tony Poustie are members of The Australasian Institute of Mining and Metallurgy and Andrew Giles is a member of the Australian Institute of Geoscientists. These persons have sufficient experience that is relevant to the mineralisation and type of deposit under consideration and to the activity that they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Peter Bamford, Tony Poustie and Andrew Giles consent to the inclusion in the report of the matters based on their information in the form in which it appears.*

*The information in this report that relates to Bowdens and Laguna Resources Mineral Resource estimation is based on work completed by Jonathon Abbott who is a full-time employee of Hellman & Schofield Pty Ltd and a member of the Australasian Institute of Mining and Metallurgy. Mr Abbott has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral*

## QUARTERLY SHARE PRICE ACTIVITY

QUARTER	HIGH	LOW	LAST
March 2006	\$6.45	\$4.55	\$6.44
June 2006	\$6.80	\$3.74	\$5.14
September 2006	\$5.39	\$4.15	\$4.59
December 2006	\$4.65	\$3.65	\$4.20
March 2007	\$4.94	\$3.47	\$4.75
June 2007	\$6.06	\$4.57	\$5.55
September 2007	\$5.70	\$4.06	\$5.37
December 2007	\$5.74	\$3.87	\$4.65
March 2008	\$5.41	\$3.34	\$4.40
June 2008	\$5.69	\$3.69	\$5.23
September 2008	\$6.30	\$3.78	\$4.64
December 2008	\$4.85	\$2.20	\$3.54
March 2009	\$5.38	\$3.20	\$5.22
June 2009	\$7.11	\$4.93	\$6.70
September 2009	\$8.39	\$6.26	\$8.14
December 2009	\$10.30	\$7.30	\$9.21
March 2010	\$10.00	\$8.30	\$8.51
June 2010	\$10.86	\$8.14	\$9.47
September 2010	\$12.22	\$9.18	\$11.60
December 2010	\$12.15	\$10.00	\$10.88
March 2011	\$10.81	\$7.45	\$8.69
June 2011	\$9.06	\$7.08	\$8.00
September 2011	\$9.39	\$6.73	\$7.18
December 2011	\$7.97	\$5.69	\$5.70

## SHARE REGISTRY

### Security Transfer Registrars Pty Ltd

770 Canning Highway, Applecross, WA 6153 Australia.  
PO Box 535, Applecross, WA 6953 Australia.  
Phone: (61 8) 9315 2333 Facsimile: (61 8) 9315 2233  
Email: [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)  
*Please direct all shareholding enquiries to the share registry.*

## EXCHANGE LISTING

ASX:KCN; OTC:KSKGY (ADR)