



Kingsgate
Consolidated
Limited

QUARTERLY REPORT

for the three months ended

30 September 2011

PRODUCTION HIGHLIGHTS

Gold Produced

30 Sep 2011	32,992 oz
30 Jun 2011	36,877 oz
31 Mar 2010	32,973 oz

Total Cash Costs (incl. Royalty)

30 Sep 2011	US\$815/oz
30 Jun 2011	US\$850/oz
31 Mar 2010	US\$634/oz

Average Gold Price Received

30 Sep 2011	US\$1,699/oz
30 Jun 2011	US\$1,516/oz
31 Mar 2010	US\$1,349/oz

SECURITIES

As at 30 September 2011

Ordinary shares	139,039,834
Unlisted options	6,301,203

KEY POINTS

- ◆ Group quarterly gold production of 32,992oz (Chatree: 14,428oz and Challenger: 18,564oz).
- ◆ Total cash costs (incl. royalties) of US\$608/oz (US\$171/oz) at Chatree and US\$975/oz (US\$76/oz) at Challenger.
- ◆ Despite the severe monsoonal rain in Thailand, Chatree operations continued although at lower grades due to limited pit access.
- ◆ Challenger production was impacted by low mill throughput caused by a water shortage due to a water bore failure.
- ◆ October monthly production to date has improved as anticipated with Challenger's ore grade and milling rates returning to budgeted levels and the Chatree expansion in the final commissioning phase.
- ◆ Gold reconciliation to reserves in the lowest three operating levels at Challenger is currently 126%. In addition, drilling below the 79 Fault has returned high grade drill intercepts including 2 metres at 241g/t gold.
- ◆ The acquisition of the Bowdens silver project in NSW was completed and a JORC resource estimate of 99Moz of contained silver (or 131Moz silver equivalent) was released. The feasibility study has now commenced.



Grade control sampling underground at Challenger Gold Mine

OPERATING SUMMARY

Operation	September Quarter 2011		June Quarter 2011		March Quarter 2011	
	Production (ounces)	Total Cash Costs (US\$/ounce)	Production (ounces)	Total Cash Costs (US\$/ounce)	Production (ounces)	Total Cash Costs (US\$/ounce)
Chatree	14,428	608	16,180	583	16,784	425
Challenger	18,564	975	20,697	1,059	16,189	852
Total	32,992	815	36,877	850	32,973	634

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

27 September 2011



Underground surveying at Challenger

OVERVIEW

Kingsgate achieved total gold production of 32,992 ounces in the September quarter, a decrease of 11% on the June quarter. Severe monsoonal rain in Thailand impacted production at Chatree, cutting access roads and restricting pit access, although operations continued throughout the period. At Challenger, production was impacted by a water shortage resulting from a water bore failure that restricted ore treatment through the process plant.

Group operating cash costs were US\$815 per ounce over the September quarter, an improvement of 4% over the June quarter despite the reduced production levels at both mines.

Gold sales in the quarter of 33,330 ounces at US\$1,699 per ounce maintained a strong operating cash margin.

THAILAND

Chatree Gold Mine

Despite the worst monsoonal rains and flooding in Thailand for 50 years, operations at Chatree continued. However, the head grade was lower at 0.8g/t gold as mining was restricted to lower grade areas of A Hill and access to high grade ore in C North was delayed due to disruptions in mining of the overburden. Flood waters, up to one metre deep in areas, surrounding the mine also had an impact by cutting access roads to the mine site. As an overall consequence, Chatree gold production of 14,428 ounces in the September quarter was down 11% compared to the June quarter.

Total costs for the September quarter were US\$608 per ounce (June: US\$583 per ounce) including Thai royalties of US\$171 per ounce (June: US\$141 per ounce). Underlying costs reflect the grade of ore processed and impacts from the monsoon. However, they are expected to improve as higher grade ore becomes available and is processed later in the year.

Chatree continues to demonstrate world's best practice for safety with 18.6 million man hours (over 8 years) worked, to 30 September 2011, since the last and only Lost Time Incident.

Plant Expansion

The Chatree North Expansion Project is now in the final commissioning phase despite the high rainfall that delayed some electrical work. Design and fabrication work is complete and ongoing activities relate to the completion of non-critical items. The capital cost is expected to be more than 5% under budget.

AUSTRALIA

Challenger Gold Mine, South Australia

Gold production at Challenger of 18,564 ounces was 10% lower than the June quarter, a result of a failed process water bore, combined with extra requirements for water to construct the Tailings Storage Facility No 2 (TSF2) stage 2 lift. These factors lowered treated tonnes of ore through the plant over the quarter but particularly in the month of September where throughput was reduced by 36%. Full throughput resumed in early October.

While average ore grade to the mill for the quarter was 4.41g/t gold, the reconciled ore grade for September increased to 5.44g/t gold, reflecting an improvement in stope extraction and minimisation of mining dilution. This trend has continued in October.

Total cash operating costs for the quarter were US\$975 per ounce (June: US\$1,059 per ounce), including royalties of US\$76 per ounce (June: US\$59 per ounce), an improvement of 8% on the June quarter.

Mining activities through the 79 Fault on the 280 level ore drives show that high grade ore continues up to the fault structure and can be accessed without significant difficulty. In addition, drilling below the 79 Fault has returned high grade drill intercepts including 2 metres at 241g/t gold.

Bowdens Silver Project, New South Wales

In September 2011, Kingsgate completed the purchase of the Bowdens advanced silver project.

A resource estimate in accordance with JORC reporting requirements was completed. The resource estimate is 99 million ounces of contained silver (131 million ounces on a silver equivalent basis "AgEq" including by-products) using a 30g/t AgEq cut-off grade.

Kingsgate has commenced a Bankable Feasibility Study, building on the previously completed preliminary feasibility work. A detailed exploration programme to define the mineralisation has been planned and will be undertaken over the next 6-9 months.

CHILE

Updated Mineral Resources for the Nueva Esperanza project (formerly known as Arqueros) have been estimated for all three deposits; namely Arqueros, Chimberos and Teterita. Total Mineral Resources (Indicated and Inferred) at a 0.5g/t gold equivalent cut-off grade are: 28.5 million tonnes at 0.25g/t gold and 78g/t silver (229,000 ounces gold and 71.3 million

OVERVIEW continued

ounces silver), which at a gold/silver equivalent ratio of 45 (Eq45) are 1.81 million gold equivalent ounces at 2.0g/t AuEq or 82 million silver equivalent ounces at 89g/t AgEq. The draft feasibility study is due in early 2012.

CORPORATE

At the end of September, Kingsgate had total cash at bank and bullion on hand of A\$36 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\$40 million. In addition, Kingsgate entered into a five year A\$35 million convertible loan facility to provide funding for the Bowdens acquisition.

Following the retirement of the Chief Financial Officer, Mr Peter Warren, at the end of August, Mr Duane Woodbury was appointed Chief Financial Officer and Mr Ross Coyle was appointed Company Secretary.

OUTLOOK

While Kingsgate is still expecting production for the year to 30 June 2012 to be significantly higher than 2011, the Company is currently reviewing the impact of the continuing high rainfall and flooding in Thailand on production at Chatree. Kingsgate will release a further update once the review is complete.

At Challenger, despite the lower than expected gold production in the September quarter due to water restrictions, the forecast for the year remains between 95,000 and 105,000 ounces.

OPERATIONAL PERFORMANCE

Chatree Mine	Units	September 2011 Quarter	June 2011 Quarter	March 2011 Quarter
Waste Mined	bcm	1,943,133	1,261,692	1,410,531
Ore Mined	bcm	302,714	575,853	457,619
Waste to Ore Ratio		6.4 : 1	2.2 : 1	3.1 : 1
Ore Mined	tonnes	750,822	1,388,606	1,111,193
Ore Treated	tonnes	664,265	591,623	646,587
Head Grade	Au g/t	0.8	1.0	1.0
	Ag g/t	13.4	15.3	16.0
Gold Recovery	%	84.2	85.4	86.3
Gold Poured	ounces	14,428	16,180	16,784
Silver Poured	ounces	140,129	119,815	145,307
Challenger Mine	Units	September 2011 Quarter	June 2011 Quarter	March 2011 Quarter
Ore Mined	tonnes	127,915	119,162	117,075
Ore Treated	tonnes	143,903	178,602	169,706
Head Grade	Au g/t	4.4	4.0	4.8
Gold Recovery	%	92.0	92.2	92.4
Gold Poured	ounces	18,564	20,697	24,851
Silver Poured	ounces	1,230	1,448	1,740
Challenger Mine (attributable to Kingsgate)				
Gold Poured	ounces	18,564	20,697	16,189
Silver Poured	ounces	1,230	1,448	1,133
Kingsgate Group Production				
Gold Poured	ounces	32,992	36,877	32,973
Silver Poured	ounces	141,359	121,263	146,440

CHATREE GOLD MINE, THAILAND

OPERATIONAL PERFORMANCE

Thailand has experienced the heaviest rainfall in 50 years according to the Thai Department of Water Resources. The rainfall experienced during the current Asian monsoon has caused widespread flooding and damage in parts of Thailand including Phichit province, in which Chatree is located.

During the quarter mining operations continued throughout but the high rainfall reduced mining flexibility by restricting access to lower grade areas of A Hill slowing the pre-stripping of overburden at C North. Ore mined was 750,822 tonnes at a strip ratio of 6.4:1 (previous quarter 2.2:1). Mine production was low in the quarter due to the low grade ore accessed and additional costs associated with the flooding and heavy rain. Mining of A Stage 2 continued to advance whilst 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 now progressed through the upper unstable laterite and clay overburden layers. Progress, however, has been hampered where the heavy rainfall has caused the clay layer in the high wall to bulge and swell out from the face and require buttressing. The unstable working conditions restricted operations to daylight hours only for most of the quarter. Mining operations are now proceeding on a 24 hour basis as stable ground has been reached. Access to the higher grade ore is now expected later in the December quarter.

The process plant treated 664,265 tonnes of ore at an average plant head grade of 0.8 grams per tonne gold to produce 14,428 ounces of gold. Silver production was 140,129 ounces. Gold recovery of 84.2% was lower than the previous quarter of 85.4% due to continued difficulties with ore type currently available and lack of mining flexibility. Recoveries are expected to improve over the next two quarters.

Stockpiled ore at close of quarter was 8,548,061 tonnes at 0.68 g/t gold containing 187,818 ounces of gold.

CHATREE NORTH PLANT EXPANSION

The Chatree North Expansion Project is now in the final commissioning phase. The main contractors (SMP and E&I) are in the process of demobilising and remaining works consist of completion of non-critical and punch list items.

The first gold pour from the new plant scheduled in the December quarter and the critical path is governed by completion of commissioning particularly through the carbon loading and desorption / electrowinning areas and receipt of final approvals.

The project continues to be well under budget and is expected to be completed more than 5% under the original EPCM budget. It is noteworthy that the construction program has completed over 1.5 million man hours without a Lost Time Incident.

RESOURCE DRILLING

Drilling in Thailand focused on resource development in A and K East Pits at the Chatree Gold Mine.

Drilling was restricted to the Mining Lease areas while awaiting the renewal of the current Special Prospecting License Applications (SPLA). All current SPLA and renewals are awaiting government approval and until that time drilling will be carried out only on the Mining Leases.

A Pit

Drilling in the A pit area was designed to target the strike depth extension of the A East structure. Significant results in A Pit are detailed in Appendix A; highlights include:

1.5m @ 32.30g/t gold from 408.9m including 0.8m @ 60.00g/t gold from 408.9m in drillhole 7534RD on section 19,852N (Mine Grid);

19.4m @ 2.19g/t gold from 279.6m, including 1m @ 22.40g/t gold from 298m in drillhole 7529RC on section 19,785N (Mine Grid);

17m @ 3.05g/t gold from 148m including 4m @ 8.06g/t gold from 151m and 1m @ 11.40g/t gold from 161m, 23m @ 3.28g/t gold from 189m including 6m @ 9.49g/t gold from 196m in drillhole 7547RC on section 19690N (Mine Grid).

K East Pit

Drilling in the area around K East Pit was designed to intersect depth extensions of the K East pit orebody and prospective mineralisation sub-parallel to the known main K East orebody. Significant intersections include:

29m @ 1.74g/t gold from 151m including 3m @ 5.42g/t gold from 151m and 7m @ 2.44g/t gold from 158m in drillhole 7539RC on section 2222N (Mine Grid);

6m @ 2.03g/t gold from 36m in 7540RC on section 2255N (Mine Grid);

6m @ 1.90g/t gold from 177m in drillhole 7543RC on section 2380N (Mine Grid).

SAFETY, ENVIRONMENT AND COMMUNITY

Chatree has achieved 18.6 million hours worked (+8 years) since the last and only Lost Time Injury (LTI). This equates to a Lost Time Injury Frequency Rate (LTIFR) of zero.

There have been no reportable environmental incidents during the life of the mine to date and it remains in compliance with all environmental regulations.

Akara Mining Limited received the "Zero Accident Gold Award 2011" for recognition of its safety record of zero lost time injuries or accidents. Akara Mining Limited was also awarded with the "Best Labour Relations and Welfare Award 2011" for being an Outstanding Establishment in 2011 For Achievement On Labour Relations and Welfare by the Department of Labour Protection and Welfare, Ministry of Labour.

REGIONAL EXPLORATION

During much of the last quarter, a review of SPLs was carried out as the current approved licenses within the Phichit and Phitsanulok Provinces expired on 9 August. The review looked at all existing data and collected new geological data where necessary. Final recommendations for SPL renewals and relinquishments were made and applications were lodged. The SPL renewals are being processed by the relevant authorities.

CHALLENGER GOLD MINE, AUSTRALIA

Gold production at Challenger of 18,564 ounces was impacted by water shortages resulting from a failed process water bore combined with extra requirements for water to construct the Tailings Storage Facility No.2 (TSF2) stage-2 lift. Additionally, a ball mill re-line originally scheduled for October was brought forward resulting in unplanned September downtime of 36 hours. These factors lowered treated ore tonnes through the plant during the quarter and particularly in September where throughput was reduced by 36%.

To date, the three lowest completed levels (400, 380 and 360mRLs) have reconciled positively exceeding estimated reserve ounces. Each of these levels also contains remnant stopes to be extracted in the future that will further increase this reconciliation estimate. While level reconciliations are yet

to be finalised in these lowest levels, ore recovered from the principal ore shoot, M2, are currently already producing 26% more ounces compared to the ore reserve. Development of subsequent levels to the 280mRL, suggest that mineralisation and gold endowment will remain positive for these levels.

A total of 1,455 metres of development was completed during the quarter with mining now at the 260 level. Development within M1, M2 and M3 shoots continues in the lower levels, from the 320 level down to the 260 level. Most stope material was sourced from the 300, 340 and 720 levels. Minor stoping and development progressed within the M2 and M3 shoots on the 960, 320 and 360 levels.

Hauling of waste rock to the surface during the last two quarters due to mining constraints was reduced in August and

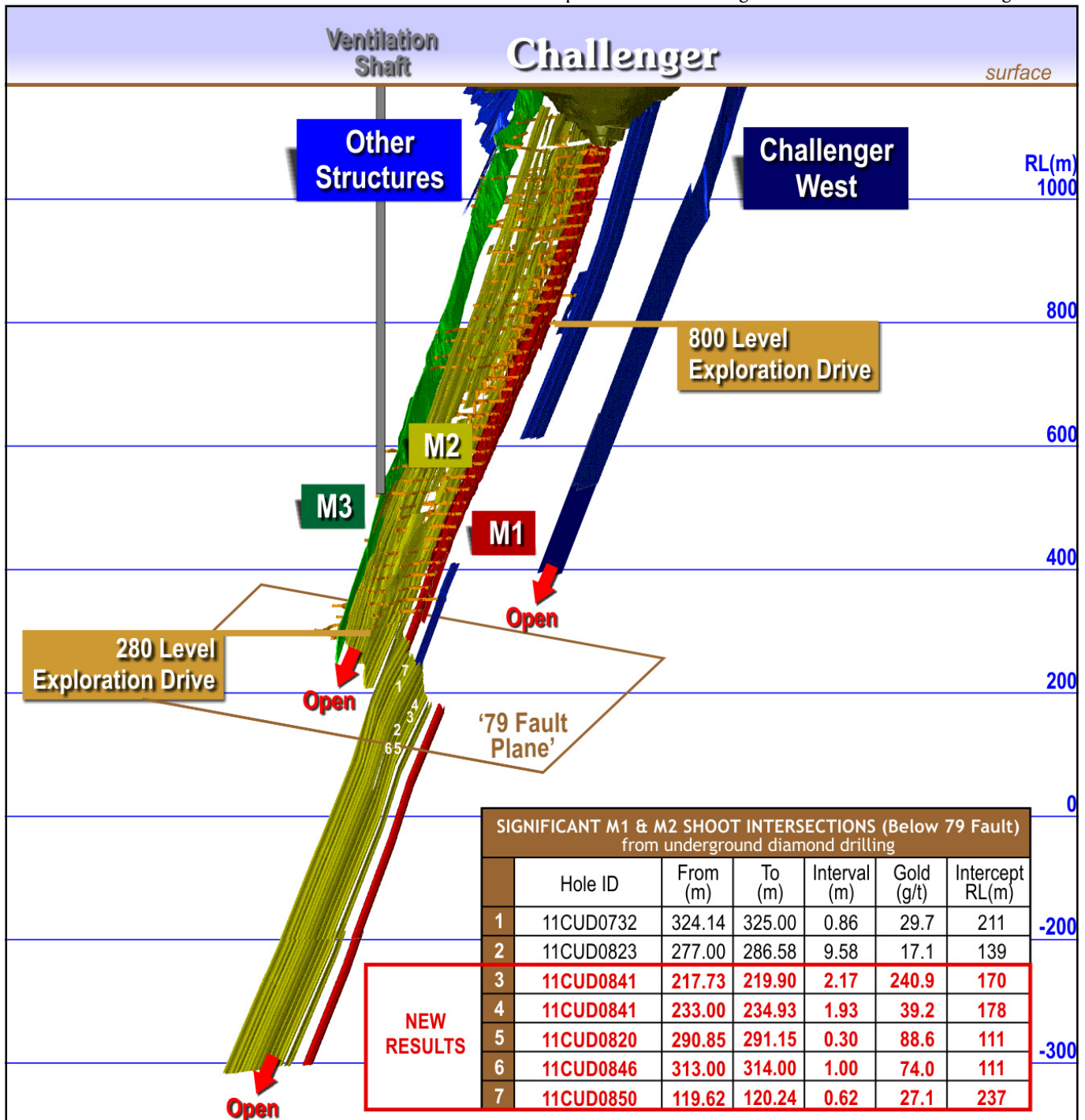


Figure 1: Challenger oblique section showing significant intersections below the 79 fault

CHALLENGER GOLD MINE CONTINUED

September when two underground waste back fill sites were able to be utilised. Further stope voids are expected to become available from October and this should continue to improve productivity, allowing increased tonnages of ore to be hauled to the surface and reducing unit operating costs.

Ore stockpiles (other than low grade) at the end of the quarter totalled 19,787t @ 4.74 g/t gold.

Resource Development

Drilling from the 280mRL drill drive continued to delineate the main lode structures (M1 & M2) for resource conversion at the base of the mine. Drilling of the Challenger West lode from the 800mRL level continued to return high grade intersections and this area will be accessed by development within the next few months to determine the best mining method for this narrow high grade coarse gold shoot.

Drilling and related development is demonstrating that ground conditions, both through and adjacent to the fault, will not present significant geotechnical problems and that apart from the main displacement fault the shoot system appears to be minimally disrupted.

While results of many holes are pending, the latest drilling appears to be both confirming the overall shoot geometry and also defining a continuous high grade zone. Visible gold has been noted in a number of holes and several high grade intersections, including 2.17m at 240.9g/t gold have been returned.

Interpretation of the assay data from below the 79 Fault has also defined a continuous zone of gold mineralisation in a previously undeveloped position. This zone can be traced from intersections in the 280mRL exploration drive and all the

surface diamond drill holes down to the 80mRL. Intersections within this structure are commonly high grade including 1.58 metres at 57.0g/t gold. Evaluation of this zone (termed the Far East Structure) will continue with percussion drilling from the 280mRL drive where an intersection of 3 metres at 14.0g/t gold has been returned.

Drilling from the 800mRL exploration drive to test the Challenger West Shoot has returned further significant intersections including 0.78 metres at 44.4 g/t gold. These intersections have demonstrated continuity of this narrow, high grade structure to 740mRL. The Challenger West Shoot will continue to be targeted at depth, including programmes from the 720, 680 and 300 levels, and the Hanging Wall Shoot will be targeted from the 460 level.

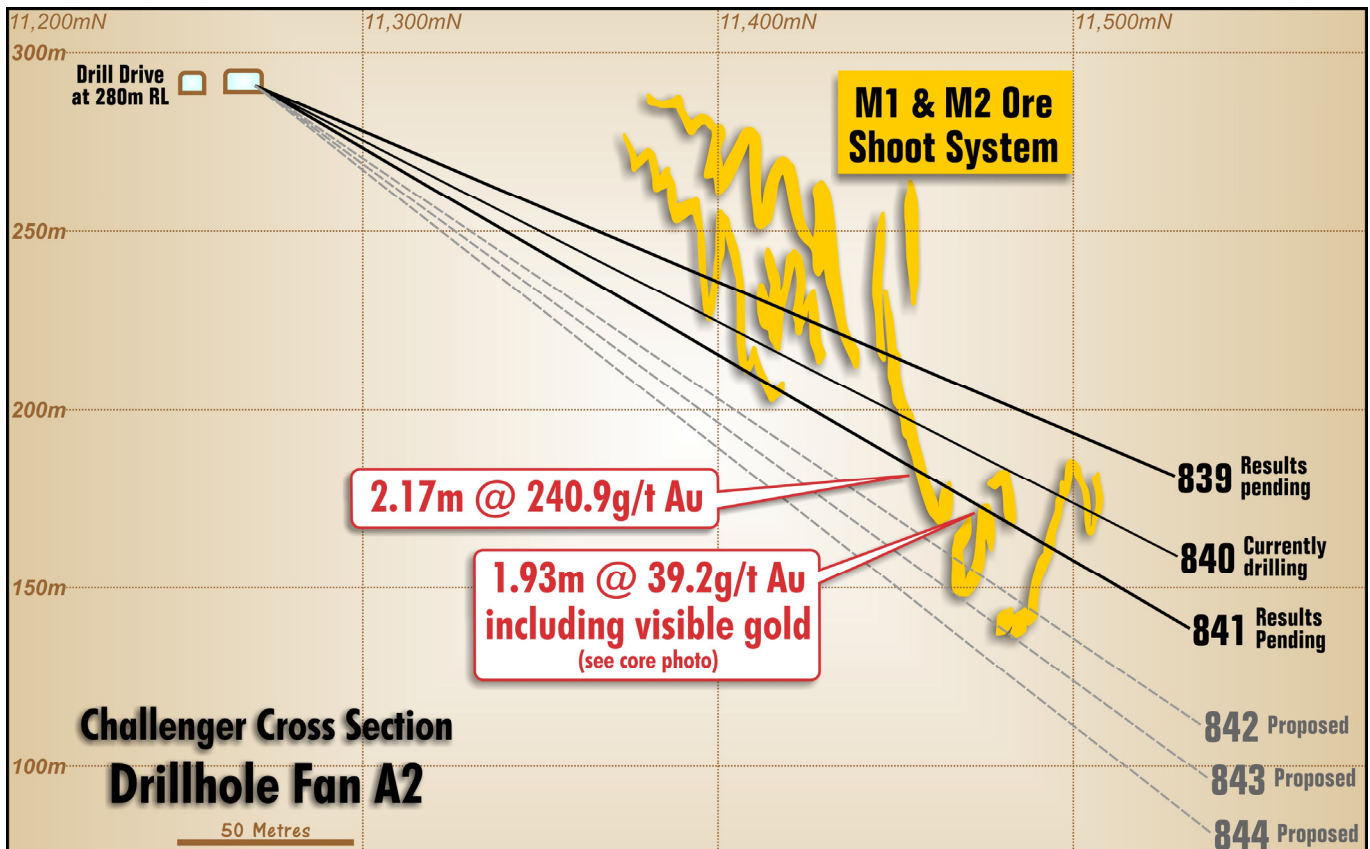
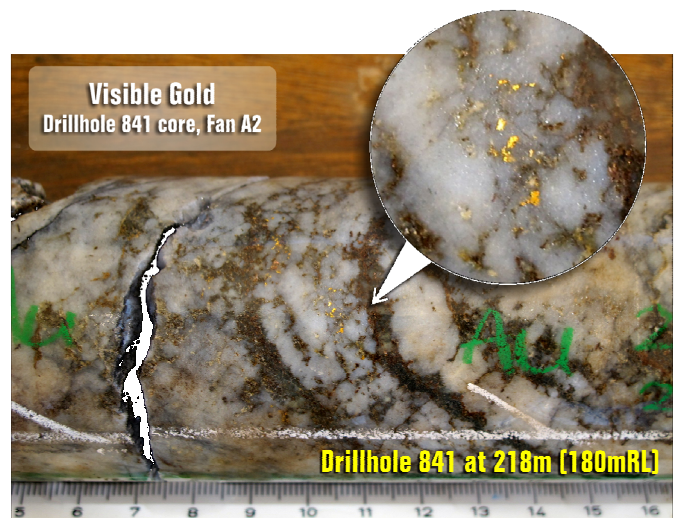


Figure 2. Locations of significant intersections and visible gold below the 79 Fault .

BOWDENS SILVER PROJECT, AUSTRALIA

Kingsgate completed the purchase of the Bowdens advanced silver project on September 23, 2011.

Bowdens was originally discovered in 1989 and is located approximately 240 kilometres northwest of Sydney, adjacent to the village of Lue.

Since the acquisition was announced, technical and preparatory work on the project has continued and the key consultants to the bankable feasibility study have been appointed and include the following:

- Ausenco Engineers to undertake a Feasibility Study, which is due for completion during 1H 2012 calendar year;
- RW Corkery and Associates to co-ordinate the environmental impact study (EIS) of Bowdens and the surrounding area; and,
- Mining Tenement Services to assist Kingsgate with the processes of documentation, legislation and compliance in seeking the required statutory licenses and consents.

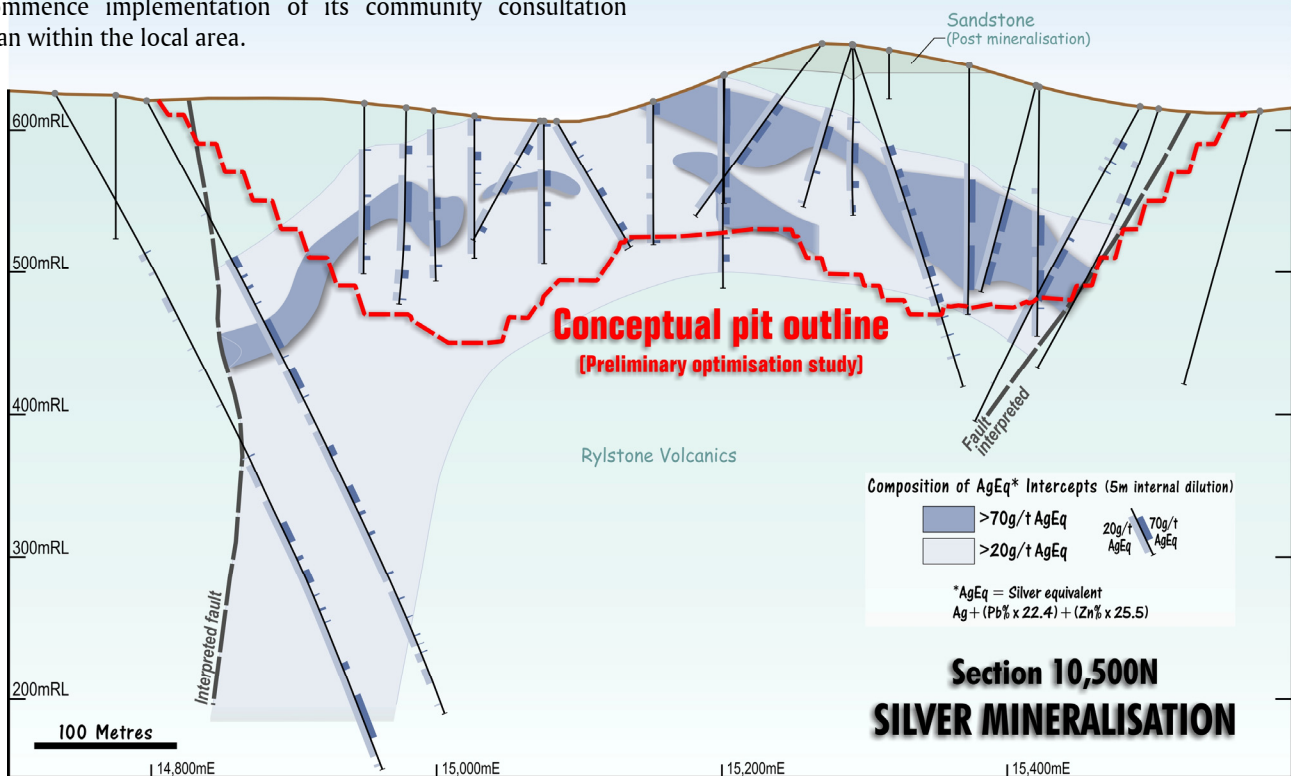
As part of the approvals process, Kingsgate will now commence implementation of its community consultation plan within the local area.

The acquisition of the Bowden's silver deposit has resulted in a detailed review of the exploration opportunity within the immediate resource area.

The style of mineralisation and hydrothermal alteration at Bowdens is comparable to many precious metal deposits throughout the Southwest Pacific, and is typically termed as a "low-sulphidation, carbonate-base metal silver deposit".

The silver mineralisation occurs in flat-lying to moderately dipping zones of disseminations and fracture filling within the volcanic breccia host rocks. Both the eastern and northern bounds of the deposit appear fault controlled and deep drilling on the western edge appears to indicate a possible vertical feeder structure to the system.

Kingsgate believes that the current limits of drilling provide an immediate opportunity to increase the defined resource. Plans are underway to lodge a comprehensive drilling programme with the NSW government for their approval. Subject to final approvals, this drilling programme should commence in early 2012.



REGIONAL EXPLORATION, AUSTRALIA

Regional exploration activities during the quarter focused on Wynberg in Queensland and Calingiri in Western Australia.

Wynberg

Kingsgate has completed a heritage survey covering the area of proposed reverse circulation and diamond drilling for Wynberg. This drilling will occur once final approvals are confirmed and drill rig availability is confirmed.

Calingiri

Re-assay of surface soil samples confirms anomalous molybdenum and other pathfinder elements overlying the Dasher, Bartel and Chapman Prospects. A robust two kilometre long Molybdenum ("Mo") anomaly defines the

Dasher Prospect. Remaining soil samples within the mapped corridor is near completion. Assessment of the recent broad spaced aircore confirms the prospectivity of the copper (+Mo) corridor with several new priority targets south of Dasher flagged for follow-up drilling and geophysics.

Final planning of RC drilling at Dasher is complete and approvals are now in place for drilling to commence in early 2012 post the wheat harvest. In addition to this reverse circulation drilling, Kingsgate has applied to the WA Government for co-funding (under the Government's Exploration Initiative Scheme) for two proposed diamond holes at Dasher.

LAGUNA RESOURCES (KINGSGATE 70%), CHILE

NUEVA ESPERANZA PROJECT

Nueva Esperanza (formerly known as Arqueros) is based on gold and silver mineralised deposits located within the Esperanza high-sulphidation epithermal system of the Maricunga Region of northern Chile. Approximately 20 kilometres north of Kinross Gold Corporation's La Coipa gold and silver mining complex, the project is currently the subject of a feasibility study. Laguna also has two exploration projects and several prospects focused on gold, located in the southern Maricunga.

Resource Upgrade

The combined Indicated and Inferred mineral resource (see Appendix) for Nueva Esperanza is based on resource block modelling of Arqueros, Chimberos and Teterita, and has been estimated at a cut-off grade of 0.5g/t gold equivalent to be 28.5 million tonnes at 0.25g/t gold and 78g/t silver.

This estimate represents approximately 229,000 ounces of gold and 71.3 million ounces of silver.

The Indicated and Inferred resource of Nueva Esperanza may be expressed in gold or silver equivalent ounces as gold equivalent ounces (Eq45): 1.81 million ounces at 2.0g/t gold equivalent (AuEq), or silver equivalent ounces (Eq45): 81.6 million ounces at 89g/t silver equivalent (AgEq).

The Inferred resources at Chimberos and Teterita will remain outside of the scope of the feasibility study until they are converted into Indicated Resources. With that objective, 7,350 metres of reverse circulation and diamond drilling has commenced.

Feasibility Study

Coffey Consultaria e Servicios, a division of Coffey International Limited was appointed Feasibility Study partner for the development of the Nueva Esperanza mining complex. Stage 1, which was the trade-off study, was completed in July 2011 and Stage 2 is in progress with the draft feasibility study due in early 2012. Process design, mine and infrastructure planning, environmental base line and the geotechnical assessment for mine installations are on-going.

Extreme winter weather in late July and all of August reduced field activities to the minimum. Work has now resumed, including the collection of a total of 3.5 tonnes in 32 bulk samples for metallurgical tests.

The feasibility study is currently considering just the Arqueros deposit, with the Chimberos and Teterita deposits to be incorporated following completion of drilling now in progress. 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 the ability to defer the required pre-strip from the Arqueros deposit. Given negligible gold content in these deposits, metal production during this phase will be primarily silver.

Esperanza Prospects

The Esperanza mining lease which surrounds Arqueros includes a number of small mineralized silicified bodies other than the Teterita silver deposit. Historical drilling has indicated the presence of high grade gold and silver

intersections in some of these bodies. There is also a low grade gold mineralized porphyry intrusive on the property. The information on these prospects is incomplete and unverified. It is a priority to obtain the missing data and assess these occurrences for the presence of potentially economic mineralisation.

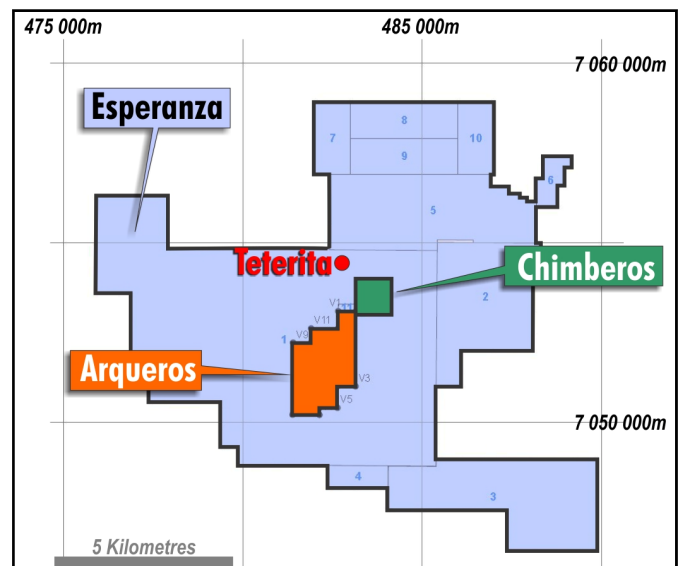
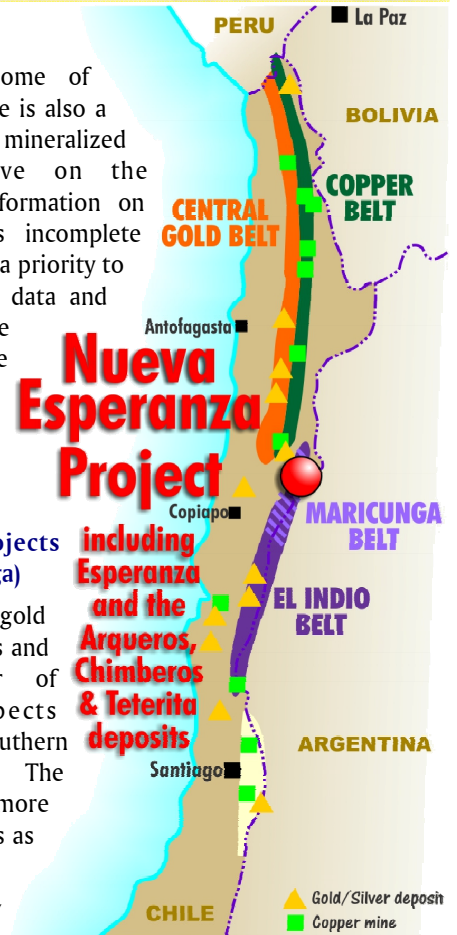
Exploration Projects (Southern Maricunga)

Laguna has two gold exploration projects and a small number of untested prospects located in the southern Maricunga Region. The status of the more advanced projects is as follows:

Maricella (porphyry gold-copper):

The option on Maricella was renewed earlier in the year, and as soon as field conditions are safe, geochemical and geophysical work will continue on this property in order to define drill targets.

Cachitos (epithermal gold): Follow-up work on the earlier drainage geochemistry will commence shortly, with detailed mapping, basic geophysics and further geochemistry planned to test the siliceous zone for mineralisation.



CORPORATE & FINANCE

CORPORATE

Following the retirement of Mr Peter Warren, Chief Financial Officer, at the end of August 2011, former General Manager Strategic Development, Mr Duane Woodbury, was appointed as Chief Financial Officer of Kingsgate. In this role, Mr Woodbury will continue to be responsible for business development.

In addition, the former Finance Director and Company Secretary of Dominion, Mr Ross Coyle, was appointed as General Manager Finance and Administration and Kingsgate Company Secretary from 1 September 2011.

FINANCE

At the end of September Kingsgate had total cash in bank and bullion on hand of A\$36 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\$40 million. In addition, Kingsgate entered into a five year A\$35 million convertible loan facility to provide funding for the Bowdens acquisition.

Subsequent to the end of the quarter, Kingsgate has entered into a \$15m Convertible Revolving Credit Facility which will be utilised as working capital to fund ongoing exploration and feasibility work at Bowdens and on the Nueva Esperanza project through Laguna Resources. Under the terms of the agreement, Kingsgate has the option of repaying any funds drawn down under the facility through either cash or by issuing ordinary shares which would rank parri pasu with all existing shares pursuant to ASX Listing Rule 7.1. It is the current intention of the company to repay any cash drawdown of the facility by the issuance of shares although this position will be reviewed at the appropriate time.

OPERATING COSTS

CHATREE

Cost Category	Units	September 2011 Quarter	June 2011 Quarter	March 2011 Quarter
Direct Mining Expense	US\$/oz	742	692	563
Refining and Transport	US\$/oz	5	4	4
By Product Credit	US\$/oz	(310)	(254)	(259)
Cash Operating Cost	US\$/oz	437	442	308
Royalty	US\$/oz	171	141	117
Total Cash Cost	US\$/oz	608	583	425
Depreciation/Amortisation	US\$/oz	93	116	109
Total Production Cost	US\$/oz	701	699	534

CHALLENGER (attributable to Kingsgate)

Cost Category *	Units	September 2011 Quarter	June 2011 Quarter	March 2011 Quarter
Direct Mining Expense	US\$/oz	898	999	801
Refining and Transport	US\$/oz	4	3	3
By Product Credit	US\$/oz	(3)	(2)	(1)
Cash Operating Cost	US\$/oz	899	1,000	803
Royalty	US\$/oz	76	59	49
Total Cash Cost	US\$/oz	975	1,059	852
Depreciation/Amortisation	US\$/oz	454	350	299
Total Production Cost	US\$/oz	1,429	1,409	1,151

KINGSGATE GROUP

Cost Category *	Units	September 2011 Quarter	June 2011 Quarter	March 2011 Quarter
Cash Operating Cost	US\$/oz	697	755	551
Royalty	US\$/oz	118	95	83
Total Cash Cost	US\$/oz	815	850	634
Depreciation/Amortisation	US\$/oz	295	248	203
Total Production Cost	US\$/oz	1,110	1,098	837

Category	Units	September 2011 Quarter	June 2011 Quarter	March 2011 Quarter
Av cash gold price received	US\$/oz	1,699	1,516	1,349
Gold sold	Ounces	33,330	38,135	32,629
Silver sold	Ounces	131,282	121,495	152,515
Revenue from Metal Production	US\$M	61.6	62.5	48.8

APPENDIX A

CHATREE, THAILAND - A PROSPECT DRILL RESULTS (INTERCEPTS WITH AU ASSAYS GENERALLY >10GRAM.METRES)

Hole No.	Easting Local Grid	Northing Local Grid	Azimuth Local Grid	Dip (°)	Hole Depth (m)	From (m)	To (m)	Interval (m)*	Au (g/t)
7534RD	5,665	19,852	270°	-62°		408.90	410.40	1.50	32.30
						408.90	409.70	0.80	60.00
7529RC	5,427	19,785	90°	-65°		250.30	251.15	0.85	11.20
						279.60	299.00	19.40	2.19
						298.00	299.00	1.00	22.40
7530RD	5,393	19,721	90°	-60°		277.30	281.50	4.20	3.48
						304.00	306.85	2.85	7.39
						306.10	306.85	0.75	17.10
7547RC	5,628	19,690	270°	-60°		148.00	165.00	17.00	3.05
						150.00	154.00	4.00	8.06
						161.00	162.00	1.00	11.40
						189.00	212.00	23.00	3.28
						196.00	202.00	6.00	9.49

CHATREE, THAILAND - K EAST PROSPECT DRILL RESULTS (INTERCEPTS WITH AU ASSAYS GENERALLY >10GRAM.METRES)

Hole No.	Easting Local Grid	Northing Local Grid	Azimuth Local Grid	Dip (°)	Hole Depth (m)	From (m)	To (m)	Interval (m)*	Au (g/t)
7539RC	7,031	2,222	40°	-70		151.00	180.00	29.00	1.74
						151.00	154.00	3.00	5.42
						158.00	165.00	7.00	2.44
7540RC	6,838	2,255	40°	-62		36.00	42.00	6.00	2.03
7543RC	6,760	2,380	40°	-60		16.00	19.00	3.00	2.87
						177.00	183.00	6.00	1.90

*Intersections may not be true width. RD = Reverse Circulation drillhole with diamond tail.

CHALLENGER, SOUTH AUSTRALIA - 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)
11CUD0820	290.85	291.15	0.30	88.6	111
11CUD0841	217.73	219.90	2.17	240.9	178
	233.00	234.93	1.93	39.2	170
11CUD0846	313.00	314.00	1.00	74.0	111
11CUD0850	119.62	120.24	0.62	27.1	237
	253.00	254.00	1.00	13.4	180

UNDERGROUND DIAMOND DRILLING – CHALLENGER WEST SHOOT

Hole No.	From (m)	To (m)	Interval (m)	Au (g/t)	Midpoint (m RL)
11CUD0802	168.77	169.55	0.78	44.4	741
11CUD0807	212.43	212.73	0.30	34.8	659

UNDERGROUND DIAMOND DRILLING – SHADOW ZONE SHOOT

Hole No.	From (m)	To (m)	Interval (m)	Au (g/t)	Midpoint (m RL)
11CUD0660	6.00	7.00	1.00	7.0	1000
	17.00	18.00	1.00	9.2	1000
	20.00	20.92	0.92	12.1	1000
11CUD0661	17.00	18.00	1.00	6.3	1001
11CUD0662	6.79	7.32	0.53	107.6	1001
11CUD0863	20.50	21.34	0.84	9.2	999

APPENDIX A continued

BOWDENS SILVER PROJECT, NEW SOUTH WALES, AUSTRALIA - MINERAL RESOURCE ESTIMATE

Resource Class	Tonnes	Grade				Contained	
		Silver	Lead	Zinc	Silver Equivalent	Silver	Silver Equivalent
		(g/t Ag)	(% Pb)	(% Zn)	(g/t AgEq)	(Moz Ag)	(Moz AgEq)
Indicated	31.2	60.6	0.30	0.40	77.5	60.8	78
Inferred	27.0	44.0	0.30	0.40	61.0	38.7	53
Indicated & Inferred	58.2	52.9	0.30	0.40	69.8	99.4	131

Note 1: Moz = million ounces. Note 2: Price basis US\$27.50/oz silver, US\$1.00/lb zinc and US\$1.00/lb lead. Note 3: Metallurgical recovery basis 81% silver, 83% zinc and 73% lead. Note 4: (AgEq) g/t = Ag (g/t) + 22.4 x Pb (%) + 25.5 x Zn (%). Note 5: Rounding of numbers may generate rounding errors.

NUEVA ESPERANZA PROJECT, CHILE - MINERAL RESOURCE ESTIMATE - GOLD & SILVER*

	Indicated			Inferred			Total				
	Million Tonnes (Mt)	Gold (g/t Au)	Silver (g/t Ag)	Million Tonnes (Mt)	Gold (g/t Au)	Silver (g/t Ag)	Million Tonnes (Mt)	Gold (g/t Au)	Silver (g/t Ag)	Gold (Moz Au)	Silver (Moz Ag)
Arqueros	16.0	0.32	81	4.0	0.3	50	20.0	0.32	75	0.20	48.1
Chimberos				3.7	0.2	85	3.7	0.20	85	0.02	10.1
Teterita				4.8	0.0	85	4.8	0.01	85	-	13.1
Total	16.0	0.32	81	12.5	0.2	74	28.5	0.25	78	0.23	71.3

* Mineral Resource estimate for Nueva Esperanza at 0.5g/t gold equivalent cut-off grade announced in August 2011.
Note 1: In situ density 2.0t/bcm, based on 350 measurements at Arqueros. This is lower than previously used 2.2t/bcm. Note 2: Gold Equivalent on basis of gold/silver revenue ratio of 45; calculated as Au + Ag/EQ (gold plus [silver divided by 45]). Note 3: Silver Equivalent on the basis of gold/silver revenue ratio of 45; calculated as Au x EQ + Ag ([gold x 45] plus silver). Note 4: EQ = (Price Gold x Recovery Gold) / (Price Silver x Recovery Silver). Note 5: Price basis US\$1250/oz Au and US\$30/oz Ag. Note 6: Metallurgical recovery basis 85% Au and 78% Ag. Note 7: Rounding of numbers may generate rounding errors.

NUEVA ESPERANZA PROJECT, CHILE - MINERAL RESOURCE ESTIMATE - GOLD EQUIVALENT*

	Indicated		Inferred		Total		
	Million Tonnes (Mt)	Gold Equivalent (g/t AuEq)	Million Tonnes (Mt)	Gold Equivalent (g/t AuEq)	Million Tonnes (Mt)	Gold Equivalent (g/t AuEq)	Gold Equivalent (Moz AuEq)
Arqueros	16.0	2.12	4.0	1.4	20.0	1.98	1.27
Chimberos			3.7	2.1	3.7	2.09	0.25
Teterita			4.8	1.9	4.8	1.90	0.29
Total	16.0	2.12	12.5	1.8	28.5	1.98	1.81

* Mineral Resource estimate for Nueva Esperanza at 0.5g/t gold equivalent cut-off grade announced in August 2011.
Note 1: In situ density 2.0t/bcm, based on 350 measurements at Arqueros. This is lower than previously used 2.2t/bcm. Note 2: Gold Equivalent on basis of gold/silver revenue ratio of 45; calculated as Au + Ag/EQ (gold plus [silver divided by 45]). Note 3: Silver Equivalent on the basis of gold/silver revenue ratio of 45; calculated as Au x EQ + Ag ([gold x 45] plus silver). Note 4: EQ = (Price Gold x Recovery Gold) / (Price Silver x Recovery Silver). Note 5: Price basis US\$1250/oz Au and US\$30/oz Ag. Note 6: Metallurgical recovery basis 85% Au and 78% Ag. Note 7: Rounding of numbers may generate rounding errors.

NUEVA ESPERANZA PROJECT, CHILE - MINERAL RESOURCE ESTIMATE - SILVER EQUIVALENT*

	Indicated		Inferred		Total		
	Million Tonnes (Mt)	Silver Equivalent (g/t AgEq)	Million Tonnes (Mt)	Silver Equivalent (g/t AgEq)	Million Tonnes (Mt)	Silver Equivalent (g/t AgEq)	Silver Equivalent (Moz AgEq)
Arqueros	16.0	95	4.0	64	20.0	89	57.2
Chimberos			3.7	94	3.7	94	11.2
Teterita			4.8	85	4.8	85	13.2
Total	16.0	95	12.5	81	28.5	89	81.6

* Mineral Resource estimate for Nueva Esperanza at 0.5g/t gold equivalent cut-off grade announced in August 2011.
Note 1: In situ density 2.0t/bcm, based on 350 measurements at Arqueros. This is lower than previously used 2.2t/bcm. Note 2: Gold Equivalent on basis of gold/silver revenue ratio of 45; calculated as Au + Ag/EQ (gold plus [silver divided by 45]). Note 3: Silver Equivalent on the basis of gold/silver revenue ratio of 45; calculated as Au x EQ + Ag ([gold x 45] plus silver). Note 4: EQ = (Price Gold x Recovery Gold) / (Price Silver x Recovery Silver). Note 5: Price basis US\$1250/oz Au and US\$30/oz Ag. Note 6: Metallurgical recovery basis 85% Au and 78% Ag. Note 7: Rounding of numbers may generate rounding errors.

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

Joel Forwood
General Manager Corporate & Markets

Ross Coyle
General Manager Finance and Administration

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

Ron James
General Manager, Exploration & Resources Development

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

Website: www.kingsgate.com.au

ISSUED SHARE CAPITAL

Kingsgate had 139,039,834 ordinary shares on issue and 6,301,203 unlisted options.

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

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

Please direct all shareholding enquiries to the share registry.

EXCHANGE LISTING

ASX:KCN; OTC:KSKGY (ADR)

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 Resources and Ore Reserves'. Mr Abbott consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to data quality, comments on the resource estimates and economic potential of the estimated resources for Bowdens and Laguna Resources is based on information compiled by Ron James who is a member of the Australasian Institute of Mining and Metallurgy. Mr James 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 Resources and Ore Reserves'.