

PRODUCTION HIGHLIGHTS

Gold Produced

30 June 2009	43,036 ozs
31 March 2009	32,992 ozs
30 June 2008	15,597 ozs

Cash Operating Costs

30 June 2009	US\$228/oz
31 March 2009	US\$364/oz
30 June 2008	US\$484/oz

Average Gold Price Received

30 June 2009	US\$923/oz
31 March 2009	US\$918/oz
30 June 2008	US\$898/oz

SECURITIES

As at 30 June 2009

Ordinary shares	96,136,392
Unlisted options	5,935,000



Gold assays in Chatree's laboratory

Gavin Thomas
Gavin Thomas, MD & CEO
16 July 2009

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KEY POINTS

- ◆ Quarterly Gold Production: 43,036 ounces.
- ◆ Quarterly Cash costs: US\$228/ounce gold.
- ◆ Annual Gold Production to June 2009: 93,002 ounces.
- ◆ Cash on Hand A\$30 million.
- ◆ Debt facility repaid in full.

OVERVIEW

Chatree Gold Mine

- ◆ Gold production increased to 43,036 ounces gold in the June quarter, up from 32,992 ounces gold for the March quarter, as the gold grade of the mill ore feed improved to 2.3 grams/tonne (g/t), as forecast.
- ◆ Cash costs reduced to US\$228/ounce (US\$169/ounce before Thai royalties) for the quarter. This maintains Kingsgate as a highly profitable and low cost gold producer. Total production costs after depreciation and amortisation were US\$324/ounce.
- ◆ Production for the Financial Year July 2008 – June 2009 was 93,002 ounces gold at an average cash cost of US\$401/ounce, of which 76,028 ounces gold was produced in the half year to June 2009 at a cash cost of US\$286/ounce. Gold cash costs since production ramped up in January 2009 are in the lowest quartile of global gold producers (GFMS, June 2009).

Plant Expansion

- ◆ A revised capital cost estimate from Ausenco for the processing plant expansion was received on 30 June 2009 and will be reviewed by the company. A decision on the expansion is still scheduled for late in the September quarter.

Resource Development

- ◆ Drilling to determine the final open pit potential of the main A Pit was completed during the quarter. Mineralisation was found to dip shallower than anticipated and this limited near-term upside to extending the open pit to the west.
- ◆ Drilling in the Q Pits area has shown that the larger A Pit and the southern Q Pits area will likely merge into one large open pit. The geological controls to the mineralisation in the north are different and are not fully delineated at present. In-fill drilling of the northern Q Pits area is still underway and final assessment will be completed in the second half of 2009. Future resource definition drilling will now focus on the underground potential of Chatree North, particularly under the main A Pit area.

Exploration

- ◆ Drilling at the Chokdee project continued although access was hampered by early rain. The aim of the drilling was to establish the extent of the Chokdee mineralised system and associated geophysical anomalies. The latter extends for approximately 3.5 kilometres and remains open to the north.

Corporate

- ◆ Total cash in bank was A\$30 million (US\$25 million) with no debt. The A\$17 million borrowings under the US\$30 million working capital debt facility was repaid in full. The cash balance continues to improve due to the healthy cash margin.

CHATREE GOLD MINE

OPERATIONAL PERFORMANCE

The Chatree and Chatree North mine operated at full capacity for the quarter and included a SAG and Ball Mill reline and a replacement of a Ball Mill gearbox. During the quarter, 1.58 million tonnes of ore was mined and nearly 650,000 tonnes treated. Whilst the mine is operating at lower than average strip ratios, the mining fleet is being fully utilised and is operating in excess of 5 million tonnes per annum mined.

The main open pit mining areas providing ore feed during the quarter are two separate A pits. The main A Hill has been reduced some 60 metres in height since mining commenced at the summit in January 2009, while a separate pit at the base of the hill, which is within the southern part of the final A Pit, has commenced. Additional ore feed was from K East within the Chatree North mine leases and a cut-back at C North extended the prior C pit in the Chatree mine leases. Mining of the high grade core (>3g/t gold) in the C North cut-back commenced in the last week of April.

Persistent early seasonal rainfall has been occurring throughout the quarter. Operations were only marginally impacted by this rain but it caused a small slip in the upper oxidized laterite and clay zones of the C North cut-back that started in April 2009 and has now become more pronounced. This slip has temporarily reduced access to some parts of the main high grade section of the C North cut-back until later in the year when remedial works will be complete. During the quarter, approximately 15,000 ounces were not accessible as a result of the slip.

In the quarter, the processing plant continued to process ore at a high annualised throughput rate of 2.6 million tonnes per annum. This was primarily due to some softer surface oxide ore being currently available to supplement throughput. As the mine moves more into fresh rock, the level of throughput will return to the normal rate of approximately 2.4 million tonnes per annum.

Gold production at Chatree for the quarter was 43,036 ounces at an average plant head grade of 2.3g/t gold. Silver production was 148,991 ounces due to higher grades of 24g/t gold.

Cash costs for the quarter reduced to US\$228/ounce (US\$169/ounce before Thai royalties). Total production costs after tax, depreciation and amortisation were US\$324/ounce. Since mining was ramped up to an increased capacity in January 2009 gold production has totalled 76,028 ounces and cash costs have averaged US\$286/ounce of gold produced. These cash costs clearly place the mine in the lowest quartile of global gold producers (source: GFMS June 2009).

Production at Chatree for the full financial year (1 July 2008 – 30 June 2009) was 93,002 ounces gold at an average grade of 1.7g/t gold, with 293,472 ounces silver. This compares with the previous year's

Chatree Mine	Units	Jun 2009 Quarter	Mar 2008 Quarter	Jun 2008 Quarter	FY 2009
Waste Mined	bcm	1,111,492	1,196,402	144,803	4,069,248
Ore Mined	bcm	674,093	648,886	190,855	1,644,094
Waste to Ore Ratio		1.6	1.8	0.8	2.5
Ore Mined	tonnes	1,579,134	1,507,947	507,799	3,874,110
Ore Treated	tonnes	648,393	648,970	544,252	1,878,031
Head Grade	Au g/t	2.3	1.7	1.0	1.7
	Ag g/t	24.0	16.7	5.0	15.8
Gold Recovery	%	91.2	91.8	90.2	91.4
Gold Poured	ounces	43,036	32,992	15,597	93,002
Silver Poured	ounces	148,991	101,199	41,032	293,472

Cost Category *	Jun 2009 Quarter US\$/oz Gold	Mar 2008 Quarter US\$/oz Gold	Jun 2008 Quarter US\$/oz Gold	FY 2009 US\$/oz Gold
Direct Mining Expense	211	337	486	379
Refining and Transport	2	2	2	2
By-product Credit	(44)	(30)	(50)	(36)
Cash Operating Cost	169	309	438	345
Royalty	59	55	46	56
Total Cash Cost	228	364	484	401
Depreciation/Amortisation	96	64	125	87
Total Production Cost	324	428	609	488

* Gold Institute Revised Standard for Reporting Production Costs.
Kingsgate reports unit costs in accordance with the Gold Institute Standard. Silver is accounted for as a by-product at Chatree whereby revenues from silver are deducted from operating costs in the calculation of cash costs per ounce. The Total Cash Cost of future production at Chatree will fluctuate due to changing grade, throughput, strip ratio and recovery outcomes.



CHATREE GOLD MINE (CONTINUED)

production of 74,137 ounces gold at an average grade of 1.1g/t gold, with 232,039 ounces silver. Cash costs for the full financial year to June 2009 were US\$401 per ounce, less than the US\$457 per ounce of the previous year. The processing plant throughput rate for the full financial year was 1.9 million tonnes, less than last year's 2.5 million tonnes per annum due to the low ore availability in the first half. Gold recoveries averaged 91.4% for the full financial year, up on last year's 88.8%.

The full financial year results reflect a tale of two halves. In the first half to December 2008, the company focused on obtaining its Chatree North mining leases and preparing the site to commence full scale mining operations while only having limited ore feed available. Gold production in this half was 16,974 ounces of gold and silver poured was 43,282 ounces. The second half reaped the benefit of this preparatory work and focused on ramping up operations until they were at full capacity in March, 2009.

The second half's financial performance has demonstrated a significant overall improvement, primarily due to gold production increasing to 76,028 ounces in the half year to June 2009 at a cash cost of US\$286/ounce. The processing plant has averaged an annualised throughput rate of 2.6 million tonnes per annum for the June 2009 half as some oxide ore assisted in overall ore throughput rate and gold recoveries of 91.5%.

SAFETY AND ENVIRONMENT

Chatree continues to be the world's safest gold mine, based on publicly available data, having achieved over 11.3 million hours worked since the last and only Lost Time Injury (LTI) at the mine in nine years of mining and construction. In total, 13.4 million hours have been worked with one LTI. This generates a Lost Time Injury Frequency Rate (LTIFR) of 0.07 for the life of mine versus an Australian mining industry average LTIFR of 5.0, from 2006-07 data (Source: Minerals Council of Australia). This is also better than any of the ASX listed significant steel producers or oil & gas producers, based on end of 2007 data (Source: Citigroup).

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

FORECAST

Due to the uncertainty as to when the high grade ore in the C North cut-back can be accessed it is expected production over the next 12 months will be 120,000 to 140,000 ounces gold.

A geotechnical review of the slip area is being undertaken to ascertain remedial options and, consequently, the timing of access to the high grade sections of the C North cut-back should be known in the September quarter.

CHATREE NORTH DEVELOPMENT PROJECT

CHATREE NORTH EXPANSION PROPOSAL

The Company received a revised cost estimate from Ausenco and is in the process of reviewing the proposal to expand the processing plant capacity to 5 million tonnes per annum of ore treated (5MTPA). A decision is anticipated late in the September quarter once all updated data and financing options are available. The Company has been de-risking the expansion proposal to the fullest extent possible prior to making a decision to proceed and determining the most appropriate mix of funding.



Processing plant with Chatree North A Hill in background.



New mining contractor workshop for Chatree North.

EXPLORATION - THAILAND

CHATREE NORTH

A Pit

During the quarter, the Company continued its aggressive Resource Definition drilling program on the Chatree North mining leases which is aimed at better defining open pit limits for mining. This program consisted of 20,074 metres of reverse circulation drilling and 159 metres of diamond drilling during the quarter. The program is ongoing.

The primary focus of drilling to date has been to determine the ultimate extent of the mineralisation that may be contained within an open pit mining operation. Moving forward the focus will also shift more towards assessing the underground potential.

Results of the resource drilling along the western side of A Prospect, which was completed early in the quarter, show that the mineralization in this area was confirmed and found to be shallower dipping than expected and has thus limited large tonnage near term upside. The best intersection returned 4 metres @ 11.9g/t gold in 3975RC on section 20126N.

A PROSPECT HIGHLIGHT DRILL RESULTS

Hole No.	From (m)	To (m)	Interval (m)*	Au (g/t)
3975RC	80.00	84.00	4.00	11.90
6392RC	15.00	26.00	11.00	3.14

* Intersections may not be true width.

Resource definition drilling for open pit ore potential is near complete in A Pit and the focus is now on the northern Q Pit area and future underground potential. In the main A Pit provisional resource estimates indicate increases in line with ore mined over that past 12 months.

Future drilling will now test the underground resource potential of A-A East Prospect beneath the A Pit. A significant number of high-grade intersections remain open below the pit in several north-south trending structures over a known 500m-strike length. These high-grade zones are open at depth and along strike. Previous drilling has substantiated a large high grade resource that on an initial "scoping study" assessment was found to be economic. The aim of this ongoing drilling program is to prove the existence of economically viable underground ore reserves within the Chatree North mining leases.

Q Pits Area

During the quarter resource drilling concentrated more on the northern Q Prospect and this evaluation program is ongoing. A new trend was discovered in the western and south-central part of Q Prospect. Results along the western part of Q Prospect included 16m@9.9g/t gold from 34m in 7101RC on section 5106N and 22m@2.51g/t gold from 105m in 3989RC on section 4708N. In the south-central part of Q Prospect drill holes 7010RC (7m@1.34g/t gold and 36m@0.98g/t gold) and 7127RC (16m@1.47g/t gold) confirmed a broad zone of mineralisation down-dip. Further intersections are tabled in Appendix A.

Initial results from the Q Prospect drilling indicate that the gold mineralisation from the northern end of the main A Pit and the southern end of Q Pit merge into one large mineralized zone. Drilling in the northern section of the Q Pits is incomplete and is continuing to infill gaps in the drill density. Initial results show that the mineralisation trend is

less prominent than in the south and that there is a change in the geological controls to mineralisation that is yet to be fully delineated. The final potential for the northern Q Pit area has not yet been determined and will need additional drilling before initial assessments can be made.

Q PROSPECT HIGHLIGHT DRILL RESULTS

Hole No.	From (m)	To (m)	Interval (m)*	Au (g/t)
3980RC	11.00	16.00	5.00	4.35
7101RC	34.00	50.00	16.00	9.90
3989RC	105.00	127.00	22.00	2.51
	105.00	107.00	2.00	12.40
7000RC	113.00	132.00	19.00	1.77
7011RC	132.00	143.00	11.00	2.03
7128RC	100.00	117.00	17.00	1.05
7010RC	74.00	81.00	7.00	1.34
	95.00	131.00	36.00	0.98
7127RC	104.00	120.00	16.00	1.47

* Intersections may not be true width. Italics indicate previously reported results.

REGIONAL EXPLORATION - THAILAND

Chokdee Prospect

Drilling at Chokdee continued at wide-spaced intervals with line spacings of not less than 50 metres. The aim of the drilling was to establish the extent of the Chokdee mineralised system and associated geophysical anomalies. The latter extends for approximately 3.5 kilometres and remains open to the north.

Drilling at Chokdee confirmed extensions approximately one kilometre to the northwest of the original discovery area. Initial results in this area include 3m@6.06g/t gold in drill hole 4368RC. Drilling is in progress over a 250 metre strike length that has not yet been drill tested between the new zone and the previously identified north-western extent of mineralization.

Other smaller discrete geochemical anomalies within the larger Chokdee project area have been drill tested and show encouraging mineralisation. These mineralised areas are some 1.5 and 2.3 kilometres from the Chokdee mineralisation.

It is proposed to test other parts of the larger Chokdee geochemical anomaly with reconnaissance drilling in the next half year.

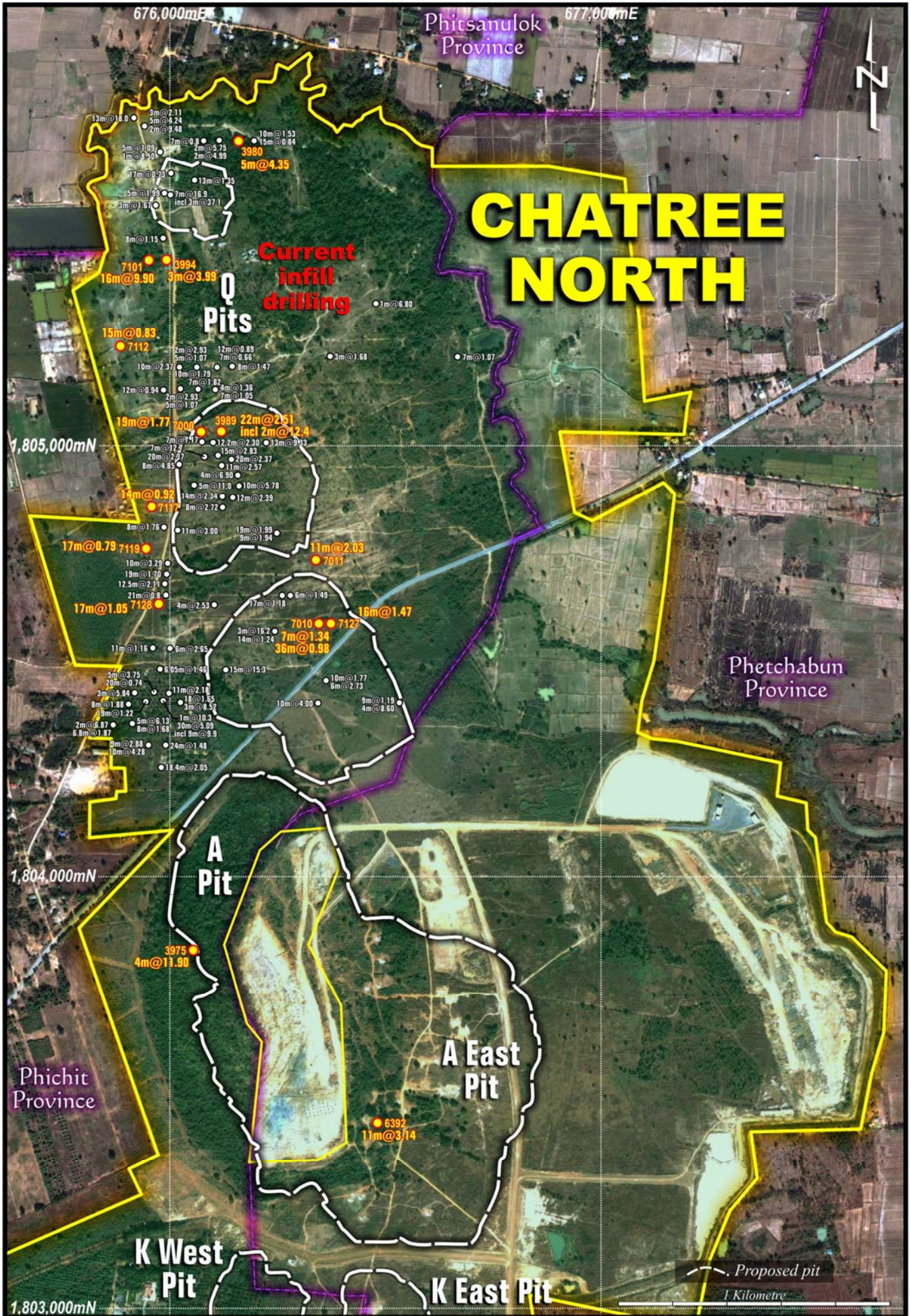
Chatree Region

Areas of geochemical anomalism have been located within 5 to 10 kilometres north to northwest of Chatree. These prospective areas will be tested and when evaluated results will be reported.

CHOKDEE PROSPECT HIGHLIGHT DRILL RESULTS

Hole No.	From (m)	To (m)	Interval (m)*	Au (g/t)
4368RC	90.00	93.00	3.00	6.05
4379RC	131.00	141.00	10.00	1.16
4388RC	46.00	52.00	6.00	2.14
4391RC	27.00	34.00	7.00	4.87
	30.00	32.00	2.00	13.60
4395RC	12.00	17.00	5.00	2.08

* Intersections may not be true width.



Chatree North Resource Development Drilling, A Pit and Q Pits.

CORPORATE

FINANCE

On 30 June 2009, the Company had cash in bank of A\$30 million (US\$25 million) with no bank debt. The working capital debt facility with Investec Bank (Australia) Ltd was repaid in full. The cash balance continues to improve due to the healthy cash margin.

GOLD SALES

Kingsgate is an unhedged gold producer. The average cash price received by Kingsgate for gold sales in the quarter was US\$923/oz, similar to the previous quarter.

SUMMARY SALES - GOLD & SILVER					
Category	Units	Jun 2009 Quarter	Mar 2008 Quarter	Jun 2008 Quarter	FY 2009
Average Cash Price Received (on gold production)	US\$/oz	923	918	898	904
Gold sold	ounces	43,679	28,449	16,323	89,724
Silver sold	ounces	152,611	84,819	49,136	281,557
Revenue from Metal Production	US\$M	42.4	27.2	15.5	84.9



C North cut-back at Chatree with Chatree North A Hill and A Pit in the background.

APPENDIX A

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)
3975RC	4876	20126	90	-55	104.00	80.00	84.00	4.00	11.90
6392RC	5222	19648	90	-55	54.00	15.00	26.00	11.00	3.14

* Intersections may not be true width.

Q 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)
<i>3980RC</i>	<i>6510</i>	<i>5383</i>	<i>90</i>	<i>-55</i>	<i>100.00</i>	<i>11.00</i>	<i>16.00</i>	<i>5.00</i>	<i>4.35</i>
<i>3994RC</i>	<i>6342</i>	<i>5107</i>	<i>90</i>	<i>-55</i>	<i>150.00</i>	<i>10.00</i>	<i>13.00</i>	<i>3.00</i>	<i>3.99</i>
<i>7101RC</i>	<i>6302</i>	<i>5106</i>	<i>90</i>	<i>-55</i>	<i>150.00</i>	<i>34.00</i>	<i>50.00</i>	<i>16.00</i>	<i>9.90</i>
<i>3989RC</i>	<i>6469</i>	<i>4708</i>	<i>90</i>	<i>-55</i>	<i>175.00</i>	<i>105.00</i>	<i>127.00</i>	<i>22.00</i>	<i>2.51</i>
					<i>incl.</i>	<i>105.00</i>	<i>107.00</i>	<i>2.00</i>	<i>12.40</i>
7000RC	6423	4708	90	-55	180.00	113.00	132.00	19.00	1.77
7112RC	6234	4906	90	-55	140.00	74.00	89.00	15.00	0.83
7117RC	6304	4531	90	-55	140.00	100.00	114.00	14.00	0.92
7119RC	6293	4429	90	-55	171.00	114.00	131.00	17.00	0.79
7011RC	6688	4405	90	-55	183.00	132.00	143.00	11.00	2.03
7128RC	6321	4304	90	-55	141.00	100.00	117.00	17.00	1.05
7010RC	6688	4256	90	-55	140.00	74.00	81.00	7.00	1.34
				-55		95.00	131.00	36.00	0.98
7127RC	6724	4257	90	-55	180.00	104.00	120.00	16.00	1.47

* Intersections may not be true width. *Italics indicate previously released results.*

CHOKDEE 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)
4368RC	7631	13584	240	-55	146.00	90.00	93.00	3.00	6.05
4379RC	7787	13378	240	-55	153.00	131.00	141.00	10.00	1.16
4388RC	7728	13290	240	-55	95.00	46.00	52.00	6.00	2.14
4391RC	7884	13209	240	-55	203.00	27.00	34.00	7.00	4.87
					incl.	30.00	32.00	2.00	13.60
4395RC	7686	13268	240	-55	100.00	12.00	17.00	5.00	2.08

* Intersections may not be true width.



Chatree North A Hill, A Pit and K East Pit.

KINGSGATE CONSOLIDATED LIMITED

BOARD OF DIRECTORS

Ross Smyth-Kirk
Chairman

Gavin Thomas
Managing Director and Chief Executive Officer

Craig Carracher
Non-Executive Director

John Falconer
Non-Executive Director

Peter McAleer
Non-Executive Director

COMPANY SECRETARY

Peter Warren

SENIOR MANAGEMENT TEAM

Peter Warren
Chief Financial Officer

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

Stephen Promnitz
Corporate Development Manager

Ron James
General Manager, Exploration & Resources Development

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COMPETENT PERSONS STATEMENT

Information in this report that relates to Exploration Results, Mineral Resource and Ore Reserves estimates is based on information compiled by Ron James, Mike Garman, Suphanit Suphananthi and Guy Davies, who are employees of the Kingsgate Group and members of the Australasian Institute of Mining and Metallurgy. These people are Competent Persons under the meaning of the JORC Code with respect to Exploration Results, Mineral Resource and Ore Reserves being reported on. All have given their consent to the Public Reporting of these statements and are in agreement with the contents and format of this report.

ISSUED SHARE CAPITAL

As at 30 June 2009, Kingsgate had 96,136,392 ordinary shares on issue and 5,935,000 unlisted options. During the quarter, 3,176,000 options were exercised and the same number of shares issued.

QUARTERLY SHARE PRICE ACTIVITY

QUARTER	HIGH	LOW	LAST
March 2005	\$2.75	\$2.05	\$2.26
June 2005	\$2.98	\$2.02	\$2.84
September 2005	\$3.75	\$3.08	\$3.72
December 2005	\$4.67	\$3.55	\$4.60
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

SHARE REGISTRY

Security Transfer Registrars Pty Ltd
770 Canning Highway, Applecross, WA 6953 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.



*Processing plant with cleared area (to left) created for the proposed plant expansion with Chatree North A Hill in background.
Kingsgate Consolidated Limited - Quarterly Report for three months ended 30 June 2009*