



Kingsgate

Consolidated Limited

ABN 42 000 837 472

Kingsgate Consolidated Limited

Half-Year Financial Report

For the six months ended 31 December 2013

CORPORATE INFORMATION

Directors

Ross Smyth-Kirk (Chairman)
Gavin Thomas (Managing Director)
Peter Alexander
Craig Carracher
Peter McAleer

Company Secretary

Ross Coyle

Chief Executive Officer

Gavin Thomas

Stock Exchange Listing

Kingsgate Consolidated Limited is a Company limited by shares, listed on the Australian Stock Exchange under the code KCN. The Company's shares also trade in the United States of America over-the-counter (OTC) as an American Depository Receipt (ADR) under the code OTC: KSKGY.

Registered Office & Principal Business Address

Kingsgate Consolidated Limited
Suite 801, Level 8, 14 Martin Place
Sydney NSW 2000
Australia
Tel: +61 2 8256 4800
Fax: +61 2 8256 4810
Email: info@kingsgate.com.au

Challenger Mine

Challenger Gold Operations Pty Ltd
C/- 14 Lum Street
Export Park SA 5950
Australia
Tel: +61 8 8450 0100
Fax: +61 8 8234 3956

Bangkok Office

Akara Resources Public Company Limited
19th Floor, Sathorn Thani Building 2
No. 92/54-55, North Sathorn Road,
Kwaeng Silom, Khet Bangrak
Bangkok 10500
Thailand
Tel: +66 2 233 9469
Fax: +66 2 236 5512

Chatree Mine Office

Akara Resources Public Company Limited
No. 99 Moo 9, Tambon Khao Chet Luk
Amphur Thap Khlo
Phichit 66230
Thailand
Tel: +66 56 614 500
Fax: +66 56 614 195

Thailand Exploration Office

Issara Mining Limited
156/9-10 Moo 11, Tambol Dong Khui
Amphur Chon Daen
Phetchabun 67190
Thailand
Tel: +66 56 649 253
Fax: +66 56 649 082

Chile Office

Laguna Resources Chile Ltda
San Pio X 2460, oficina 1202
Providencia
Santiago
Chile
Tel: +56 2 2231 7565

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway, Applecross WA 6153
PO Box 535, Applecross WA 6953
Australia
Tel: +61 8 9315 2333
Fax: +61 8 9315 2233
Email: registrar@securitytransfer.com.au
Website: www.securitytransfer.com.au

ADR Depository

(American Depository Receipts)
The Bank of New York Mellon, ADR Division
101 Barclay Street, 22nd Floor
New York, NY 10286
USA
Tel: +1 212 815 2293

Auditor

PricewaterhouseCoopers
201 Sussex Street
Sydney NSW 2000
Australia
Tel: +61 2 8266 0000
Fax: +61 2 8266 9999



CONTENTS

Results for Announcement to the Market	1
Directors' Report	2
Auditor's Independence Declaration	7
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12
Directors' Declaration	24
Independent Auditor's Review Report	25

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2013 and any public announcements made by Kingsgate Consolidated Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.



KINGSGATE CONSOLIDATED LIMITED
ABN 42 000 837 472

Appendix 4D
Half-Year Report
For the six months ended 31 December 2013

Results for Announcement to the Market:

	6 months 31 Dec 2013	6 months 31 Dec 2012	Percentage Increase/ (Decrease)
	\$'000	\$'000	
Sales revenue	165,086	161,690	2.1%
(Loss)/profit from continuing operations after tax attributable to members	(4,894)	8,103	(160.4%)
Net (loss)/profit attributable to members	(4,894)	8,103	(160.4%)

Dividends	Amount per security	Franked amount per security
Interim dividend		
- Current reporting period	Nil	Nil
- Previous reporting period	5 cents	Nil
Final dividend		
- Previous reporting period	Nil	Nil

	31 Dec 2013	31 Dec 2012
Net Tangible Assets Per Share	\$2.89	\$5.13

Dividend Reinvestment Plan

Kingsgate Consolidated Limited has a Dividend Reinvestment Plan in place under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than being paid in cash. The rules of the Dividend Reinvestment Plan are detailed on Kingsgate's website.

<http://www.kingsgate.com.au/company/dividend-reinvestment-plan.htm>.

DIRECTORS' REPORT

The Directors' of Kingsgate Consolidated Limited present their report for the half-year ended 31 December 2013.

DIRECTORS

The following persons were Directors of Kingsgate during the whole of the half-year and up to the date of this report:

Name	Title
Ross Smyth-Kirk	Chairman
Peter Alexander	Non-Executive Director
Craig Carracher	Non-Executive Director
Peter McAleer	Non-Executive Director
Gavin Thomas	Executive Director

REVIEW OF OPERATIONS

Kingsgate is a gold mining, development and exploration company based in Sydney, Australia. Kingsgate owns and operates two gold mines, the world class Chatree Mine in Thailand and the underground Challenger Mine in South Australia. In addition, the Company has two advanced development projects, the Nueva Esperanza Silver/Gold Project, in the highly prospective Maricunga Gold/Silver Belt in Chile, and the Bowdens Silver Project in New South Wales, Australia. From this operating and development platform, Kingsgate aims to build value for all shareholders.

Operational Performance

Gold production for the half-year to 31 December 2013 was 105,325 ounces, an increase of 16% on the half-year to 31 December 2012. The contribution from Chatree was 66,462 ounces (Dec 2012: 57,018 ounces), while Challenger produced 38,863 ounces (Dec 2012: 33,395 ounces).

Chatree

Chatree continued its recent strong performance over the December half-year. Mining was mostly focussed on A Pit with further development at Q Pit on hold while a revision to the mine plan is undertaken. The increase in production was principally due to Chatree Plant 2 contributing 6 months of production in the current period compared to 4 months in the 2012 period while grade and recovery remained mostly steady at around 0.86 grams per tonnes gold and 80.2%.

Total mill throughput for the half-year was 3.1 million tonnes, 21% higher than 2012 mostly reflecting the additional contribution from Chatree Plant 2. The combined plant continues to operate around 24% above annual "nameplate" throughput rate at 6.2 million tonnes per annum and this is expected to continue.

While there remains a continued focus on cost saving initiatives total cash costs were US\$774 per ounce (US\$664 per ounce exclusive of Thai royalties). Total production costs after depreciation and amortisation were US\$998 per ounce of gold produced.

During the period, Kingsgate's Thai subsidiary, Akara Resources Public Company Limited ("Akara") submitted a listing application and draft Prospectus to the Thai Securities Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) for an initial public offering ("IPO") of its shares on the SET. The SEC

and SET are reviewing the draft Prospectus in order to approve the listing of Akara. The decision to list Akara will depend on market conditions and other factors at the time of approval.

Challenger

Challenger continued to benefit from its restructure with the new mine plan and new mining contractor delivering a strong performance in the December half-year. Gold production of 38,863 ounces was an increase of 16% over 2012. Operating costs were US\$1,327 per ounce (including US\$49 per ounce royalty). Note that operating costs at Challenger currently include all mine development expenditure for the site (ie no mine development costs are being capitalised).

The transition of the operating plan at Challenger to focus primarily on the higher grade Challenger West orebody was effectively completed in December with the mining of the last available prepared stopes from Challenger Deeps, at the base of the mine below the 215 Shear.

While the focus on cost reduction will remain, the mine has currently settled at an “All-in” cost base that is delivering a sustainable operation at the current spot gold price. This is being complemented by the hedge position implemented at the time of the Challenger restructure.

Financial Results

Kingsgate recorded an after tax loss of \$4.894 million for the half-year compared to an after tax profit of \$8.103 million for the previous corresponding period.

EBITDA before significant items was \$27.882 million, down from \$65.441 million in the previous period.

	Half-Year	
	2013 \$'000	2012 \$'000
(Loss)/profit after tax	(4,894)	8,103
Income tax expense	1,339	903
(Loss)/profit before tax	(3,555)	9,006
Significant items		
Foreign exchange loss	1,543	1,426
Write down of exploration assets	642	14,945
Write off of capitalised borrowing fees	-	1,773
Change in fair value of undesignated gold contracts held for trading	(2,532)	224
Change in fair value of available-for-sale financial assets	124	173
Share of loss in associate	216	-
(Loss)/profit before tax and significant items	(3,562)	27,547
Finance costs	5,509	4,789
Depreciation and amortisation	25,935	33,105
EBITDA before significant items	27,882	65,441

EBITDA before significant items is a financial measure which is not prescribed by International Financial Reporting Standards (“IFRS”) and represents the profit under IFRS adjusted for specific significant items. The table above summarises key items between statutory profit after tax and EBITDA before significant items. The EBITDA before significant items has not been subject to any specific review procedures by our auditor but has been extracted from the accompanying half-year report.

Dividends

No dividend was declared with respect of the half-year ended 31 December 2013.

The Kingsgate Dividend Reinvestment Plan remains active. The rules of the Dividend Reinvestment Plan are detailed on Kingsgate's website.

DEVELOPMENT PROJECTS

Nueva Esperanza Silver / Gold Project - Chile

Nueva Esperanza project work during the half-year was focussed on progressing the definitive feasibility study and preparation for the submission of the additional environmental assessment requirements.

The project is now in the final feasibility and design stage of the Definitive Feasibility Study (DFS) with results expected to be available during the March 2014 quarter. The addendum to the Environmental Impact Assessment (EIA) is expected to be submitted in the first quarter of 2014 with approvals expected mid-year.

Bowdens Silver Project - New South Wales, Australia

Major elements of the Definitive Feasibility Study (DFS) have now been largely completed, particularly, the design of the process plant and related infrastructure. With the updated timetable for lodgement of the Environmental Impact Statement (EIS), now due in mid-2014, further technical analysis has been reduced and is being phased with the EIS work.

The sterilisation drilling program over the proposed plant site was completed with a total of 2,780 metres of RC and diamond drilling. Assay results received to date indicate no significant mineralisation was intersected in the proposed plant area.

Work continues on the preparation of an Environmental Monitoring Plan that includes surface water, groundwater, air quality, stream-gauging, noise, weather and lead studies. This study is a record of continuous environmental monitoring and is an important component of the Director General's Requirements (DGR's).

EXPLORATION

The Group has a portfolio of exploration tenements and applications in Thailand, Australia, Chile and Laos. Exploration expenditure was curtailed during the half-year in response to the on-going volatility in the gold price and as part of a Group-wide cost reduction focus.

OUTLOOK

Kingsgate is forecasting to comfortably meet gold production guidance for the year to 30 June 2014 following a strong performance in the first half of the year. Group production guidance for the year remains at 190,000 to 210,000 ounces, including 120,000 to 130,000 ounces from Chatree and 70,000 to 80,000 ounces from Challenger.

Kingsgate continues to pursue strategies to adapt to the volatile operating environment for gold producers in order to maximise shareholder returns. This may include consideration of partners for development projects and potential rationalisation of the asset base.

FINANCING ARRANGEMENTS

Corporate and Convertible Loan Facilities

Kingsgate has a three year secured loan facility with Investec with a limit of A\$40 million (30 June 2013: A\$40 million), of which A\$9 million has been drawn down as at 31 December 2013 (30 June 2013: A\$20 million). Kingsgate repaid \$11 million of this loan during the period. In addition Kingsgate has a five year A\$35 million convertible loan facility with Investec entered into in September 2011 to provide funding for the Bowdens acquisition.

Restructure of Corporate Loan and Convertible Loan Facilities

As previously advised, Kingsgate is in the process of restructuring these facilities. Following the completion of the restructure, the total amount outstanding will be reduced to \$40 million. This loan will be provided through a single senior corporate facility which will consist of two tranches:

- Tranche one will be a \$25 million Akara Pre IPO Bond with a maturity date of 31 July 2015. The current intention is for this tranche to be repaid as part of the Akara IPO although at Kingsgate's election repayment can be made by either cash or in Kingsgate's shares.
- Tranche two is an amortising facility with \$5 million to be repaid during the 2014 financial year and the balance of \$10 million repaid during the 2015 financial year.

Convertible Revolving Credit Facility

The Group also has a three year \$25 million Convertible Revolving Credit Facility available. During the period, Kingsgate drew A\$15 million under the facility. Of this \$11 million was used to repay part of the Corporate Loan Facility and the balance was used for general corporate purposes. The 15 million was subsequently repaid on 18 December 2013 through the issue of 11,774,572 ordinary shares at a price of approximately \$1.27 per share.

Multi-Currency and Syndicated Loan Facilities

Kingsgate's Thai operating subsidiary, Akara, has a six year amortising multi-currency loan facility equivalent to approximately \$131 million (fully drawn as at period end). Akara repaid \$6 million of this loan during the period. Akara also has a Thai Baht denominated working capital facility equivalent to \$17 million (undrawn as at period end). Under the terms of these loan facilities, Akara is required to maintain a minimum cash balance of US\$5 million.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

No material events occurred after reporting date.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

ROUNDING OF AMOUNTS TO NEAREST THOUSAND DOLLARS

Kingsgate is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investment Commission, relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

This report is made in accordance with a resolution of the Directors.



Ross Smyth-Kirk
Chairman
18 February 2014



Auditor's Independence Declaration

As lead auditor for the review of Kingsgate Consolidated Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Kingsgate Consolidated Limited and its controlled entities during the period.

A handwritten signature in blue ink, appearing to read 'B Entwistle', is written over a faint, light blue grid background.

Brett Entwistle
Partner
PricewaterhouseCoopers

Sydney
18 February 2014

STATEMENT OF COMPREHENSIVE INCOME
For the half-year ended 31 December 2013

	Note	Half-Year	
		2013 \$'000	2012 \$'000
Sales revenue	3a)	165,086	161,690
Cost of sales	3b)	(153,570)	(119,545)
Gross Profit		11,516	42,145
Exploration expenses		(671)	(15,596)
Corporate and administration expenses	3c)	(9,626)	(10,135)
Other income and expenses	3d)	2,300	(230)
Foreign exchange gain/(loss)		2,340	(1,426)
Share of loss in associate		(216)	-
Profit before finance costs and income tax		5,643	14,758
Finance income		194	810
Finance costs	3e)	(9,392)	(6,562)
Net finance costs		(9,198)	(5,752)
(Loss)/profit before income tax		(3,555)	9,006
Income tax expense		(1,339)	(903)
(Loss)/profit after income tax attributable to owners of Kingsgate Consolidated Limited		(4,894)	8,103
Other comprehensive income			
<i>Items that may be reclassified to profit and loss:</i>			
Exchange differences on translation of foreign operations (net of tax)		(10,080)	7,458
Other comprehensive (loss)/income for the half-year (net of tax)		(10,080)	7,458
Total comprehensive (loss)/income for the half-year attributable to owners of Kingsgate Consolidated Limited		(14,974)	15,561
Earnings per share		Cents	Cents
Basic (loss)/earnings per share	12	(3.2)	5.3
Diluted (loss)/earnings per share	12	(3.2)	5.3

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
For the half-year ended 31 December 2013

	Note	31 Dec 2013 \$'000	30 Jun 2013 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		16,863	32,987
Receivables		16,251	9,431
Inventories		73,297	62,032
Derivatives held for trading		876	-
Other assets	4	34,094	38,112
Total current assets		141,381	142,562
Non-current assets			
Restricted cash		5,455	5,474
Inventories		29,403	44,731
Available-for-sale financial assets		430	767
Investment in associate		1,269	1,485
Property, plant and equipment		173,398	190,231
Exploration, evaluation and development		365,860	363,449
Other assets	4	10,921	10,894
Deferred tax assets		9,535	10,395
Total non-current assets		596,271	627,426
TOTAL ASSETS		737,652	769,988
LIABILITIES			
Current liabilities			
Payables		30,316	41,185
Borrowings	5	79,554	84,101
Derivatives held for trading		-	1,271
Current tax liabilities		922	272
Provisions		3,074	3,797
Total current liabilities		113,866	130,626
Non-current liabilities			
Payables		5,616	5,921
Borrowings	5	102,199	115,657
Deferred tax liabilities		9,647	10,228
Provisions		32,097	33,596
Total non-current liabilities		149,559	165,402
TOTAL LIABILITIES		263,425	296,028
NET ASSETS		474,227	473,960
EQUITY			
Contributed equity	6	620,853	605,504
Reserves	7	8,131	18,319
Accumulated losses		(154,757)	(149,863)
TOTAL EQUITY		474,227	473,960

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2013

	Contributed equity \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance as at 1 July 2012	599,618	(20,406)	196,601	775,813
Profit after income tax	-	-	8,103	8,103
Total other comprehensive income for the half-year	-	7,458	-	7,458
Total comprehensive income for the half-year	-	7,458	8,103	15,561
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	1,894	-	-	1,894
Issue of ordinary shares as part consideration for the settlement of a legal dispute	1,512	-	-	1,512
Performance rights to preference shareholder exercised	-	(1,512)	-	(1,512)
Dividends provided for or paid	-	-	(15,147)	(15,147)
Share-based payments	-	533	-	533
Total transactions with owners	3,406	(979)	(15,147)	(12,720)
Balance at 31 December 2012	603,024	(13,927)	189,557	778,654

	Contributed equity \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance as at 1 July 2013	605,504	18,319	(149,863)	473,960
Loss after income tax	-	-	(4,894)	(4,894)
Total other comprehensive income for the half-year	-	(10,080)	-	(10,080)
Total comprehensive income for the half-year	-	(10,080)	(4,894)	(14,974)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	14,862	-	-	14,862
Transfer on conversion of deferred rights	487	(487)	-	-
Share-based payments	-	379	-	379
Total transactions with owners	15,349	(108)	-	15,241
Balance at 31 December 2013	620,853	8,131	(154,757)	474,227

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2013

	Half-Year	
	2013 \$'000	2012 \$'000
Cash flows from operating activities		
Receipts from customers	157,586	160,742
Payments to suppliers and employees	(137,610)	(116,668)
Interest received	194	791
Finance costs paid	(4,294)	(5,274)
Income tax paid	(286)	(11,535)
Net cash inflow from operating activities	15,590	28,056
Cash flows from investing activities		
Payments for property, plant and equipment	(1,817)	(12,900)
Payments for mine properties, exploration and evaluation	(23,078)	(58,755)
Interest capitalised to expansion and development projects	(1,463)	(2,939)
Deposits and debt service reserve account	118	(167)
Payments for other assets	(2,013)	-
Net cash outflow from investing activities	(28,253)	(74,761)
Cash flows from financing activities		
Proceeds from borrowings, net of transaction costs	15,000	126,559
Repayment of borrowings	(17,919)	(116,017)
Dividends paid	-	(13,239)
Net cash outflow from financing activities	(2,919)	(2,697)
Net decrease in cash held	(15,582)	(49,402)
Cash at the beginning of the reporting period	32,987	90,623
Effects of exchange rates on cash and cash equivalents	(542)	294
Cash at the end of the half-year	16,863	41,515

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2013

1. BASIS OF PREPARATION OF THE HALF-YEAR REPORT

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2013 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made by Kingsgate Consolidated Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies applied are the same as those applied by Kingsgate in its annual financial report for the year ended 30 June 2013.

New or Revised Standards and Interpretations that are First Effective in the Current Reporting Period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period. None of the new and revised standards and interpretations adopted during the period had a material impact nor did they result in any changes to the Group's presentation of, or disclosure in, its half-year financial statements.

New Accounting Standards for Application in Future Periods

There are no new and revised Standards and amendments thereof and Interpretations effective for future reporting periods issued during the current reporting period that are relevant to the Group.

Group Liquidity

The financial statements have been prepared on the basis that the Group will continue to meet its commitments and can therefore continue normal business activities.

The Group recorded a net cash outflow of \$15.582 million for the period. This included a net cash surplus of \$15.590 million from operating activities, offset by net cash outflows of \$28.253 million from investing activities and \$2.919 million from financing activities. The cash outflow from investing activities included \$23.078 million spent on mine properties, exploration and project evaluation.

At period end Kingsgate had net current assets of \$27.515 million, including cash available of \$16.863 million.

The Directors are of the opinion that the operational and financial plans in place are appropriate to provide the Group with adequate liquidity to meet its commitments and continue normal business operations, including future committed and sustaining capital expenditure. In arriving at this opinion the Directors have considered the following pertinent matters:

- The ability to draw down on the existing unused working capital facility of Akara equivalent to \$17 million.
- The potential for future equity raising. The use of the Convertible Revolving Credit Facility amounting to \$25 million (under the term of this facility, Kingsgate has the option of repaying funds raised by issuing shares).
- The opportunities to rationalise the Group's asset base, including asset sales and divestment of a share of existing development projects.

- The potential IPO of the Group's Thai subsidiary, Akara Resources Public Company Limited.
- The flexibility to reduce or delay mine development, exploration and project evaluation expenditure.

2. SEGMENT INFORMATION

The Group's operating segments are based on the internal management reports that are reviewed and used by the Board of Directors (chief operating decision maker). The operating segments represent the Group's operating mines and projects and include the following:

- Chatree Mine - Thailand
- Challenger Mine - South Australia, Australia
- Bowdens Silver Project - New South Wales, Australia
- Nueva Esperanza Silver / Gold Project - Chile; and
- Exploration - South East Asia.

Information regarding the results of each reportable segment is included as follows:

SEGMENT INFORMATION (Continued)

2013	Operation		Development		Exploration	Corporate	Total Group
	Chatree \$'000	Challenger \$'000	Bowdens \$'000	Nueva Esperanza \$'000			
External sales revenue	110,321	54,765	-	-	-	-	165,086
Other revenue	139	65	-	-	-	-	204
Total segment revenue	110,460	54,830	-	-	-	-	165,290
Segment EBITDA	40,622	(15)	(35)	(1,748)	(294)	(6,310)	32,220
Depreciation, amortisation and exploration write-down	(17,986)	(7,902)	(10)	(5)	(642)	(32)	(26,577)
Segment result (Operating EBIT)	22,636	(7,917)	(45)	(1,753)	(936)	(6,342)	5,643
Finance income	131	35	3	-	-	25	194
Finance costs	(7,757)	(174)	(4)	(3)	-	(1,454)	(9,392)
Net finance costs	(7,626)	(139)	(1)	(3)	-	(1,429)	(9,198)
Profit before tax	15,010	(8,056)	(46)	(1,756)	(936)	(7,771)	(3,555)
Other segment information							
Segment assets	510,488	34,540	111,664	68,212	4,566	8,182	737,652
Segment liabilities	(180,854)	(25,049)	(990)	(5,977)	(1,024)	(49,531)	(263,425)
Segment intercompany assets / liabilities	54,197	(65,922)	(26,614)	(49,334)	(14,728)	102,401	-

SEGMENT INFORMATION (Continued)

2012	Operation		Development		Exploration	Corporate	Total Group
	Chatree \$'000	Challenger \$'000	Bowdens \$'000	Nueva Esperanza \$'000			
External sales revenue	107,892	53,798	-	-	-	-	161,690
Other revenue	313	53	-	-	-	(199)	167
Total segment revenue	108,205	53,851	-	-	-	(199)	161,857
Segment EBITDA	49,529	6,649	(195)	(962)	(856)	(6,302)	47,863
Depreciation and amortisation	(7,732)	(24,066)	(9)	(5)	-	(1,293)	(33,105)
Segment result (Operating EBIT)	41,797	(17,417)	(204)	(967)	(856)	(7,595)	14,758
Finance income	482	85	1	-	5	237	810
Finance costs	(4,498)	(71)	(2)	(559)	2	(1,434)	(6,562)
Net finance costs	(4,016)	14	(1)	(559)	7	(1,197)	(5,752)
Profit before tax	37,781	(17,403)	(205)	(1,526)	(849)	(8,792)	9,006
Other segment information							
Segment assets	482,106	390,730	98,154	57,580	11,226	8,376	1,048,172
Segment liabilities	(166,593)	(82,198)	(351)	(4,675)	(1,088)	(14,613)	(269,518)
Segment intercompany assets / liabilities	29,638	(46,010)	(16,474)	(31,711)	(13,316)	77,873	-

3. REVENUE AND EXPENSES

a) Sales revenue

	Half-Year	
	2013 \$'000	2012 \$'000
Gold sales	152,698	148,114
Silver sales	12,388	13,576
Total sales revenue	165,086	161,690

b) Cost of sales

	Half-Year	
	2013 \$'000	2012 \$'000
Direct costs of mining and processing	112,174	82,906
Royalties	11,388	13,026
Inventory movements	3,297	(7,772)
Deferred mining costs	849	(1,627)
Depreciation (operations)	25,862	33,012
Total costs of sales	153,570	119,545

c) Corporate and administration expenses

	Half-Year	
	2013 \$'000	2012 \$'000
Administration	7,366	7,243
Technical support and business development	722	988
Statutory and professional fees	1,465	1,811
Depreciation	73	93
Total corporate and administration expenses	9,626	10,135

d) Other income and expenses

	Half-Year	
	2013 \$'000	2012 \$'000
Sale of mineral rights	-	53
Net (loss) / gain on the sale of fixed assets	(311)	36
(Loss) / gain on the change in fair value of undesignated gold contracts held for trading	2,532	(224)
(Loss) on the change in fair value of available-for-sale financial assets	(124)	(173)
Other revenue	203	78
Total other income and (expense)	2,300	(230)

REVENUE AND EXPENSES (Continued)

e) Finance costs

	Half-Year	
	2013 \$'000	2012 \$'000
Interest and finance charges	6,342	8,040
Foreign exchange loss on loans	3,883	-
Unwinding of discount	585	285
Amortisation of deferred borrowing costs	45	325
Less: borrowing costs capitalised	(1,463)	(2,088)
Total finance costs	9,392	6,562

f) Depreciation and amortisation

	Half-Year	
	2013 \$'000	2012 \$'000
Property, plant and equipment	8,813	9,054
Mine properties	17,284	24,433
Less: Depreciation capitalised	(162)	(382)
Total depreciation and amortisation expenses	25,935	33,105
Included in:		
Costs of sales depreciation	25,862	33,012
Corporate depreciation	73	93

g) Employee benefits expenses

	Half-Year	
	2013 \$'000	2012 \$'000
Included in:		
Costs of sales	11,531	10,178
Corporate and administration expenses	5,704	5,231
Total employee benefits expenses⁽ⁱ⁾	17,235	15,409

⁽ⁱ⁾ Includes share-based payment expenses of \$379,000 (2012: \$533,000).

h) Significant items

	Half-Year	
	2013 \$'000	2012 \$'000
Foreign exchange (gain) / loss	(2,340)	1,426
Foreign exchange loss on loans	3,883	-
Write down of exploration assets	642	14,945
Write off of capitalised borrowing fees	-	1,773
Change in fair value of undesignated gold contracts held for trading	(2,532)	224
Change in fair value of available-for-sale financial assets	124	173
Share of loss in associate	216	-
Total significant items (pre-tax)	(7)	18,541

4. OTHER ASSETS

	31 Dec 2013 \$'000	30 Jun 2012 \$'000
Current		
Prepaid mining services	13,620	15,921
Prepayments	9,384	12,489
Deferred cost of divestment	9,867	8,408
Other deposits	1,223	1,294
Total other assets - current	34,094	38,112
Non-current		
Prepayments	4,508	4,380
Other deposits	6,413	6,514
Total other assets - non-current	10,921	10,894

Prepaid mining services

Prepaid mining services relate to mining contractor for Chatree Mine.

Deferred cost of divestment

Deferred cost of divestment relate to Akara IPO.

Prepayments

Non-current prepayments include prepaid royalties in respect of the Nueva Esperanza Silver / Gold Project in Chile and electricity and fuel supplies for Chatree Mine in Thailand.

Other deposits

Other deposits non-current includes \$1,838,000 restricted cash deposits against bank guarantees supporting the rehabilitation bond requirements against the Group's mining operations.

5. BORROWINGS

	31 Dec 2013 \$'000	30 Jun 2012 \$'000
Current		
Secured bank loans		
Corporate loan facility	9,000	20,000
Convertible loan facility	35,000	35,000
Multi-currency and syndicated loan facilities		
- Thai Baht	10,960	8,453
- USD	15,847	11,045
Less capitalised borrowing costs	(909)	(885)
Preference shares in controlled entity	9,656	10,488
Total borrowings - current	79,554	84,101
Non-current		
Secured bank loans		
Multi-currency and syndicated loan facilities		
- Thai Baht	43,840	50,718
- USD	59,991	66,779
Less capitalised borrowing costs	(1,714)	(1,922)
Preference shares in controlled entity	82	82
Total borrowings - non-current	102,199	115,657
Borrowings		
Secured bank loans		
Corporate loan facility	9,000	20,000
Convertible loan facility	35,000	35,000
Multi-currency and syndicated loan facilities		
- Thai Baht	54,800	59,171
- USD	75,838	77,824
Less capitalised borrowing costs	(2,623)	(2,807)
Preference shares in controlled equity	9,738	10,570
Total borrowings	181,753	199,758

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

	Currency	Nominal interest	Year of maturity	Face Value \$'000	Carrying Amount \$'000
Corporate loan facility	AUD	BBSY + margin	⁽ⁱ⁾ 2016	9,000	⁽ⁱ⁾ 9,000
Convertible loan facility	AUD	BBSY + margin	⁽ⁱ⁾ 2016	35,000	⁽ⁱ⁾ 35,000
Syndicated loan facilities	Thai Baht	THBFIX + margin	2018	54,800	54,800
Syndicated loan facilities	USD	LIBOR + margin	2018	75,838	75,838
Less capitalised borrowing costs					(2,623)
Total					172,015

BORROWINGS (Continued)

- (i) These facilities are currently being restructured. Following the completion of the restructure, the total amount outstanding will be reduced to \$40,000,000. This loan will be provided through a single senior corporate facility which will consist of two tranches:
- Tranche one will be a \$25,000,000 Akara Pre IPO Bond with a maturity date of 31 July 2015. The current intention is for this tranche to be repaid as part of the Akara IPO although at Kingsgate's election repayment can be made by either cash or in Kingsgate's shares.
 - Tranche two is an amortising facility with \$5,000,000 to be repaid during the 2014 financial year and the balance of \$10,000,000 repaid during the 2015 financial year.

Multi-Currency and Syndicated Loan Facilities

Kingsgate's Thai operating subsidiary, Akara, has a six year amortising multi-currency loan facility equivalent to approximately \$131 million (fully drawn as at period end). Akara repaid \$6 million of this loan during the period. Akara also has a Thai Baht denominated working capital facility equivalent to \$17 million (undrawn as at period end). Under the terms of these loan facilities, Akara is required to maintain a minimum cash balance of US\$5 million.

Convertible Revolving Credit Facility

The Group also has a three year \$25,000,000 Convertible Revolving Credit Facility available. At period end the facility is undrawn. Under the terms of this facility, Kingsgate has the option of repaying any funds drawn down under the facility through either cash or by issuing ordinary shares. It is intended that this facility will be utilised during the 2014 financial year for corporate and working capital purposes. It is the current intention of the Company to repay any cash drawdown under the facility by issuance of fully paid ordinary shares which would rank parri pasu with all existing ordinary shares, although this position will be reviewed at the appropriate time. The number of shares has not yet been determined and they will be issued at a 2.5% discount to VWAP over a period by reference to the draw down date. Shareholder approval is not required.

During the period, Kingsgate drew \$15 million under the facility. Of this \$11 million was used to repay part of the Corporate Loan Facility and the balance was used for general corporate purposes. The A\$15 million was subsequently repaid on 18 December 2013 through the issue of 11,774,572 ordinary shares at a price of approximately \$1.27 per share.

6. CONTRIBUTED EQUITY

	2013 Shares	2012 Shares	2013 \$'000	2012 \$'000
Issue of ordinary shares during half-year:				
Issue of ordinary shares on conversion of deferred rights	92,872 ⁽ⁱ⁾	-	487	-
Dividend reinvestment plan	-	397,716	-	1,908
Issue of ordinary shares as part consideration for the settlement of a legal dispute	-	166,668		1,512
Issue of ordinary shares to repay funds drawn down under the convertible revolving credit facility	11,774,572	-	15,001	-
Share issue costs	-	-	(139)	(14)
Total ordinary shares issues	11,867,444	564,384	15,349	3,406

⁽ⁱ⁾ During the period these shares were issued to a wholly owned subsidiary, Kingsgate Nominees Pty Ltd, as trustee of the Kingsgate Executive Rights Plan to satisfy settlement of employee performance and deferred rights as they vest. At period end Kingsgate Nominees Pty Ltd held 92,872 shares.

7. RESERVES

	31 Dec 2013 \$'000	30 Jun 2013 \$'000
Foreign currency translation reserve	3,917	13,997
Share-based payment reserve	8,594	8,702
General reserve	(4,380)	(4,380)
Total reserves	8,131	18,319

8. DIVIDENDS

	Half-Year	
	2013 \$'000	2012 \$'000
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the half-year:		
Paid in cash	-	13,239
Satisfied by the issue of shares	-	1,908
Total dividends paid	-	15,147

9. NON-CASH FINANCING ACTIVITIES

	Half-Year	
	2013 \$'000	2012 \$'000
Repayment of loan by issue of ordinary shares	15,000	-

During the period Kingsgate repaid part of its corporate loan facility (note 5) through the issue of ordinary shares.

10. CONTINGENT LIABILITIES

The Group had contingent liabilities at 31 December 2013 in respect of guarantees. Bank guarantees have been given by Kingsgate's controlled entities to participating banks in the syndicated loan facility and corporate loan facility as described in Note 5 as part of the security package. These guarantees may give rise to liabilities in the parent entity if the controlled entities do not meet their obligations under the terms of the loans subject to guarantees. No material losses are anticipated in respect of the above contingent liabilities.

11. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

No material events occurred after reporting date.

12. EARNINGS PER SHARE

	Half-Year	
	2013 Cents	2012 Cents
Basic (loss)/earnings per share	(3.2)	5.3
Diluted (loss)/earnings per share	(3.2)	5.3
	\$'000	\$'000
Net (loss)/profit used to calculate basic and diluted earnings per share	(4,894)	8,103
	Number	Number
Weighted average number of shares used as the denominator	153,027,447	151,549,110

Diluted loss per share

As the Group made a loss for the period, diluted loss per share is the same as basic loss per share as the impact of dilution would be to reduce the loss per share.

13. FINANCIAL INSTRUMENTS

The carrying values of financial assets and liabilities of the Group approximate their fair values. Fair values of financial assets and liabilities have been determined for measurement and / or disclosure purposes.

Fair value hierarchy

The Group classifies assets and liabilities carried at fair value using a fair value hierarchy that reflects the significance of the inputs used in determining that value. The table following analyses financial instruments carried at fair value by the valuation method. The different levels in the hierarchy have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2013				
Available-for-sale financial asset	430	-	-	430
Derivatives held for trading	-	876	-	876
Total as at 31 December 2013	430	876	-	1,306
30 June 2013				
Available-for-sale financial asset	767	-	-	767
Derivatives held for trading	-	(1,271)	-	(1,271)
Total as at 30 June 2013	767	(1,271)	-	(504)

DIRECTORS' DECLARATION

In the Directors' opinion:

- a) The financial statements and notes set out on pages 8 to 23 are in accordance with the *Corporations Act 2001*, including:
 - i. comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii. give a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- b) There are reasonable grounds to believe that Kingsgate will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



ROSS SMYTH-KIRK
Director

18 February 2014
On behalf of the Board



Independent auditor's review report to the members of Kingsgate Consolidated Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Kingsgate Consolidated Limited (the Company), which comprises the statement of financial position as at 31 December 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Kingsgate Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Kingsgate Consolidated Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Kingsgate Consolidated Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date;
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Brett Entwistle

Brett Entwistle

Partner

Sydney
18 February 2014

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.