Kingsgate
Consolidated Limited

ABN 42 000 837 472

2009
Annual Report

Low Cost Gold Producer
Strong Cash Flow
Sustainability
Exploration

Annual Report 2009

Contents


56

Annual Report 2009

Chairman's Review

Kingsgate has returned to its core strengths – low cost gold production, exploration growth, strong cash flow and profitability providing dividends.

It was a transformational year where our Company delivered on many long held aims – the grant of new mining leases, a return to full production and low costs at the Chatree mine plus the drill testing of major exploration targets in and around the mine.

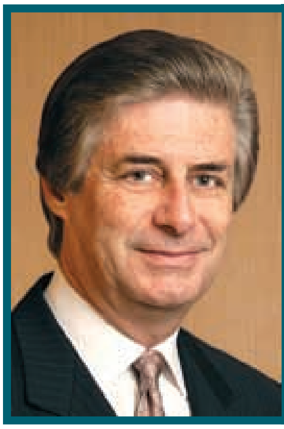
Operations are at full strength with a new fleet of mining equipment within the new Chatree North mining leases. Higher grades of gold bearing ore and improved productivity have returned Chatree to a low cost operation and these high margins have the potential to expand further in the current rising gold price environment.

Strong cash flow and the underlying operational profitability will continue to strengthen in the coming year as it will be the first full year of production for some time. The past year only reflected six months of full production. Your Board was pleased to demonstrate this return to a financially strong future by the recent declaration of a healthy dividend, subsequent to the year end financials.

New exploration areas were able to be drilled this past year leading to new discoveries, such as Chokdee, and more are eagerly anticipated in the coming year. Kingsgate has always been a focused and committed explorer. Our aim is to bring the benefits to shareholders of having secured a key position in a world class gold province in Thailand which will deliver a strong growth pipeline of future gold projects.

Shareholders can take comfort in Kingsgate's ability to conduct business in countries outside Australia as demonstrated by the continuing world class performance in sustainability and our proven ability to work closely with local communities. The team shows persistence and patience in understanding the culture to achieve mutually beneficial outcomes for all stakeholders. This is one of our key competitive advantages in the global gold industry.

I would like to thank the Managing Director, Gavin Thomas, and his team on behalf of the shareholders for their tireless persistence, dedication and professionalism in delivering a fast and successful ramp-up of the operation after securing granted leases. A strong focus on the control of costs, while boosting productivity, was outstanding, yet this was achieved without compromising the gold industry's leading example of a safe and sustainable workplace. Our people are what maintain and improve these high standards and the Company continues to be fortunate to be able to develop people in Thailand across all levels of operations and management.



"a return to full production and low costs at the Chatree mine"

Kingsgate has returned to a solid financial standing with no debt, a healthy cash position and a projected strong future cash flow. This means that the Company is well positioned to consider a variety of growth options to ensure long term shareholder value continues to increase. Industry commentators have remarked on the Company's past successful history of investments.

Strategic initiatives to grow the Company further include an expansion of the processing plant, organic exploration growth, a possible Initial Public Offering in Thailand of part of the operating asset, and actively seeking advanced development opportunities in other mining friendly geographies.

I wish to thank the longer term shareholders for their support during some difficult times. The achievements and success of the past year together with the underlying value in the Company have begun to be reflected in the recent share price performance. A strong year of growth in production, exploration and profitability is anticipated.

Ross Smyth-Kirk
Chairman

Annual Report 2009

Chief Executive Officer's Report

Kingsgate has returned to being a low cost gold producer this year after rapidly ramping up to full production from new mining leases granted in July 2008. For the half year to June 2009, Kingsgate was the lowest cost gold producer on the ASX-200 and in the lowest 10% of production costs for global gold miners (Source: Company reports, GFMS). The Chatree/Chatree North gold mine has maintained its sustainability credentials and also continues to be the world's safest gold mine with 11.3 million hours worked without a Lost Time Injury (LTI). Resource definition drilling will expand the resource base at Chatree and regional exploration has identified a new gold discovery at Chokdee 20 kilometres north of Chatree.

The Company will now focus on expanding the potential of the Chatree/Chatree North gold mine by:

- drill testing the potential for new open cut and underground resources,
- potentially constructing a new processing plant to double throughput, and
- exploring to find new deposits such as the recent Chokdee discovery in the 1,806 square kilometres area covered by 125 exploration tenements that the Company holds contiguous to the Chatree mine.

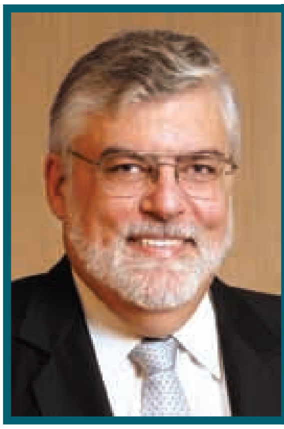
Operations

The 2009 fiscal year was a year of two distinct halves at both an operational and financial level.

The Chatree/Chatree North gold mine was back in full production during 2009 after a very successful and rapid ramp-up of operations at Chatree North when full access was finally gained to the newly granted mining leases. Due to restricted availability of ore supply, the plant operated less than 50% of the time during the December half 2008. The rapid opening of the new pits, thanks to a great effort made and dedication shown by the Chatree staff, meant that ore was available in January 2009 enabling the plant to be operated above design capacity at a rate of 2.6 million tonnes per annum, helped in part, by blending-in soft ore from near surface oxide deposits.

A new mining fleet, operated by the Thai contractor Lotus Hall, has also helped new pits to be opened in record time, improved productivity and allowed for the optimisation of ore feed to the plant by blending the grade from different pits.

Unit cash costs at Chatree have decreased substantially mainly due to constant availability of higher grades of ore feed averaging 2 grams per tonne in the June half of 2009. Cash costs were US$288 per ounce of gold in the June half 2009 (for 76,028 ounces of gold) the lowest of all the gold producers listed on the ASX-200. Included in the yearly cash costs are Thai royalties of nearly US$60 per ounce produced. Good infrastructure, efficient mining and tight controls on processing costs have seen direct cash costs decrease per tonne of ore processed.



"focus on expanding the potential of the Chatree/Chatree North gold mine"

The Company continued to benefit from high gold prices with average sales price for the year being US$904 per ounce. This translated into healthy cash margins because the Company was unhedged and all sales were into the spot market. Production was 93,002 ounces of gold for the 2009 year with a forecast of 120,000–140,000 ounces of gold to be produced in the fiscal year to June 2010.

Strong cash flows have allowed the Company to be profitable, repay all debt and have A$30 million cash in bank at end June 2009. The Company is therefore well positioned to assess fully the proposed new Chatree North gold processing plant which would be constructed alongside the existing facility to bring the combined plant throughput to 5 million tonnes of ore per annum. A decision on this proposal and its financing will be made around the end of the September 2009 quarter.

Exploration

Exploration was focused on defining and extending the gold mineralisation at Chatree (where reserves will expand) and drill testing new regional exploration targets which resulted in a new discovery.

An aggressive drilling campaign has been undertaken at Chatree North during the past year and will continue for the foreseeable future. The granting of the Chatree North mine leases allowed resource development drilling to recommence in the December quarter of 2008 and was focused on extending the known ore bodies. This program has led to the partial linking of the ore bodies in the southern Q Pits area with the northern A Pit ore body which will assist in the optimisation of the new mine plan being undertaken at present. Drilling will now focus on finalising the open pit potential of the Q Pits and determining if additional ore can be added to the north-eastern area of A Pit. In addition, a long term drilling program has commenced to determine the potential of the high-grade "feeder zones", previously identified at deeper levels in A Pit, in order to extend the open pit and underground mining potential.

Regional exploration, in the Company's 125 exploration tenements covering an area of 1,806 square kilometres contiguous to the Chatree mine, has resulted in a new gold discovery at Chokdee, 20 kilometres north of Chatree. High grade veins and a significant extent of lower grade gold mineralisation have been drilled within a large soil geochemical anomaly which covers an area over 30 square kilometres. Drill testing has been hampered by weather conditions and the requirement for drill rigs to work at Chatree North. Further drilling will be undertaken with the onset of the dry season in November. Other drill-ready regional targets will also be drilled next year.

Sustainability

Responsible mining and corporate social responsibility continue to be key themes at Chatree. The mine impacts positively on our workers, suppliers and local communities. A safe and healthy workplace is critical to efficient sustainable operations. Chatree has over 11.3 million hours worked (6 years) without a Lost Time Incident and continues to be the safest gold mine in the world based on publicly available data. It has no reportable environmental incidents during the life of the operation. All international standards have been maintained and the Company is accredited with: Social Accountability SA 8000, Health & Safety ISO 18001, Environment ISO 14001, Quality ISO 9001, Laboratory Standard ISO 17025 and Thai Labour Standard TLS 8001.

Past and Future

Kingsgate has spent 2009 delivering on the promise of bringing Chatree North into full production, returning to be a low cash cost mid-tier gold producer and positioning itself to be able to expand the processing plant and advance the exploration potential for future deposits. The new financial year promises to bring increased production, profitability and exploration upside.

Lastly, Kingsgate would not be where it is today without the large effort by all management in meeting the the challenges of creating Chatree North. The efforts of all management, staff and contractors are greatly appreciated.

Financial Summary		2009	2008
Revenue	$000	114,092	76,495
Other Income	$000	2,432	44,443
Income Tax	$000	(535)	(11,675)
Net Profit / (Loss) after Tax	$000	32,522	36,197
Cashflow from Operations	$000	18,058	18,657
Dividend Declared	¢/share	15	0

Sustainability Summary		2009	2008
Lost Time Injury (LTI) Frequency Rate	per million hours worked	0	0
Hours worked since last LTI	million	11.3	9.2
Sustainability Index Rating		A	A
Total energy use	GJ	468,385	466,390
Greenhouse gas emissions	tonnes CO_2 equivalent	50,565	59,937
Total water use / tonne of ore milled	litres	1,927	1,556
Total electricity use / tonne of ore milled	kWh	26.16	28.91
Reportable environmental incidents		0	0
Rehabilitation	hectares	11.2	30.5
Community expenditure	US$	115,765	187,750

Annual Report 2009

Finance Report

Summary

Kingsgate's financial outcomes for the year were a direct result of the grant of the Chatree North mining leases in July 2008 and the subsequent ramp-up to full production capacity in January 2009. The results were further enhanced by the buoyant spot gold price and the increase in the grade of ore treated. The second half financial performance completely overshadowed the first half with the second half profit contribution of $45 million recovering the first half loss of $11 million.

The operating performance is anticipated to continue to improve during the 2009–2010 year as the operation has returned to full capacity and the Company, being unhedged, can fully benefit from the continuing strength in the gold price.

Earnings

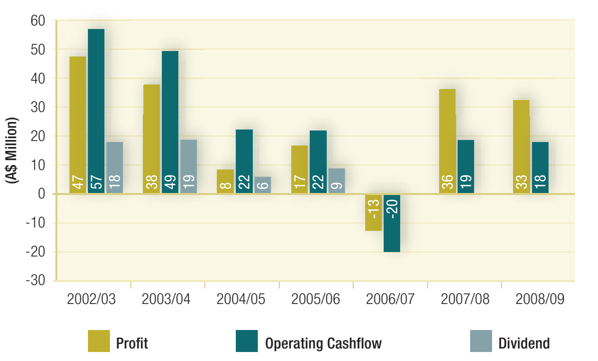
The net profit after tax for the year was $32.5 million. Whilst this was a decrease in profit of $3.7 million from the previous year, the 2008 profit was largely impacted by the $31 million after tax profit generated by the sale of the shares held in Andean Resources Limited. Revenue from gold and silver sales was $113 million, above the previous year of $74 million which was a result of the Company being fully exposed to the increasing gold prices during the year and the increased gold sales generated in the second half. All gold sales were delivered into spot gold prices which averaged US$904 per ounce compared to an average gold price of US$824 per ounce for 2008. Cash costs for the year were US$405 per ounce. The cost performance for the second half improved markedly as full capacity returned and averaged US$288 per ounce for that period.

The operating performance is anticipated to continue to improve during the 2009–2010 year as the operation has returned to full capacity and the Company, being unhedged, can fully benefit from the continuing strength in the gold price.

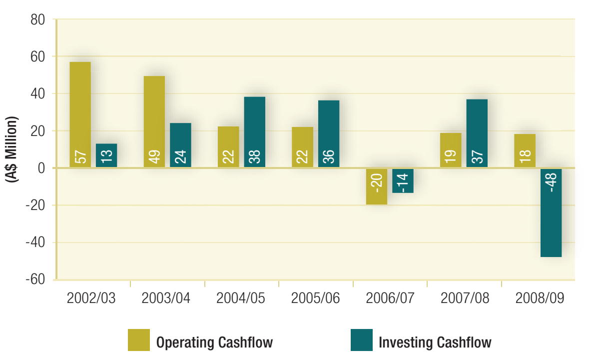
Cash Flow

The cash on hand at the end of the fiscal year was $29.6 million. This was a decrease of $10.5 million over the previous year end. The run down in cash resources has been mainly to due to the cost of mine development and land access related to the grant and subsequent development of the mining operations on the Chatree North mining leases. Regional exploration expenditure in Thailand, prepayment of capital expenditure associated with the proposed 5 Million tonnes per annum Expansion and payment of income tax relating to the sale of investments also drained cash resources. The exercise of share options provided an additional source of funds during the year.

Operating Profit and Cashflow



Operating and Investing Cashflow



Financing Arrangements

The Company has a financing facility with Investec Bank (Australia) Limited of US$30 million which is in the process of being extended. The Company will be seeking to implement additional financing arrangements as more detailed capital requirements for the proposed expansion become available.

Financial Position

Shareholders' equity at 30 June 2009 was $245 million, an increase of $64 million over the previous year. Shareholders' equity was impacted by the effect of the stronger Thai Baht on foreign exchange reserves, the exercise of share options and the favourable profit performance.

Income Tax

The mine operation in Thailand has approvals for tax benefits received from the Royal Thai Board of Investment (BOI) and as a consequence no tax payable was booked for the Thai operations.

Dividends

No dividends were paid this year, however, in August 2009 the Company declared a final dividend of fifteen cents per share.

Planned IPO in Thailand

In November 2006, Thai interests purchased preference shares in the Thai subsidiary, Akara Mining Limited, to hold 52% of the issued capital. Kingsgate retained the ordinary shares in Akara which have direct access to cashflow and dividends. This transaction satisfied the Thai legal requirement to have majority Thai ownership of Akara after five years of 100% foreign ownership. Kingsgate believes that an Initial Public Offering (IPO), on the Stock Exchange of Thailand, of the operations within Akara Mining, may be beneficial to shareholders and the Company's future ambitions. A Thai listed entity could be of strategic benefit in the development of any future gold discoveries or extensions to Chatree mine. The Company is progressing the work necessary to implement such an IPO but the timing of such a transaction would be dependent on market conditions. Kingsgate would continue to hold a 49% direct interest in the listed entity and would ensure effective management of Akara.

Business Development

Kingsgate continues to monitor opportunities in the gold sector for early to advanced stage projects which could deliver substantial value to Kingsgate shareholders.

Operations

Summary

The Chatree and Chatree North gold mine was back to full capacity during 2009 after a very successful and rapid ramp-up of operations at Chatree North when full access was finally gained to the newly granted mining leases. Cash costs for the June 2009 half year reduced dramatically to a low US$288 per ounce of gold as productivity improved with new equipment and additional mining areas became available with increased ore feed grade. The processing plant through-put was low during the December 2008 half year due to the limited availability of ore feed. From January 2009 the plant operated above its rated capacity with a throughput of 2.6 million tonnes per year as softer oxide ore was blended with harder material. The Chatree mine remained the safest gold mine in the world with over 11.3 million hours worked without a Lost Time Injury.

In the coming year processing plant throughput should remain reasonably constant. A decision will be made around the end of the September 2009 quarter on the proposed expansion of the processing capacity to 5 million tonnes per annum which, if approved, should be operating at the start of 2011.

Chatree North Mining Leases

In July 2008 the Chatree North Mining Leases were granted forming a northern extension to the existing Chatree mine. Full access was only available from November 2008 once all the mine permitting processes were completed. These permits included forestry access, establishment of new haul roads, construction of environmental bunds, sedimen-tation and catchment ponds and construction of a new explosives magazine to obtain the critical new blasting licence.

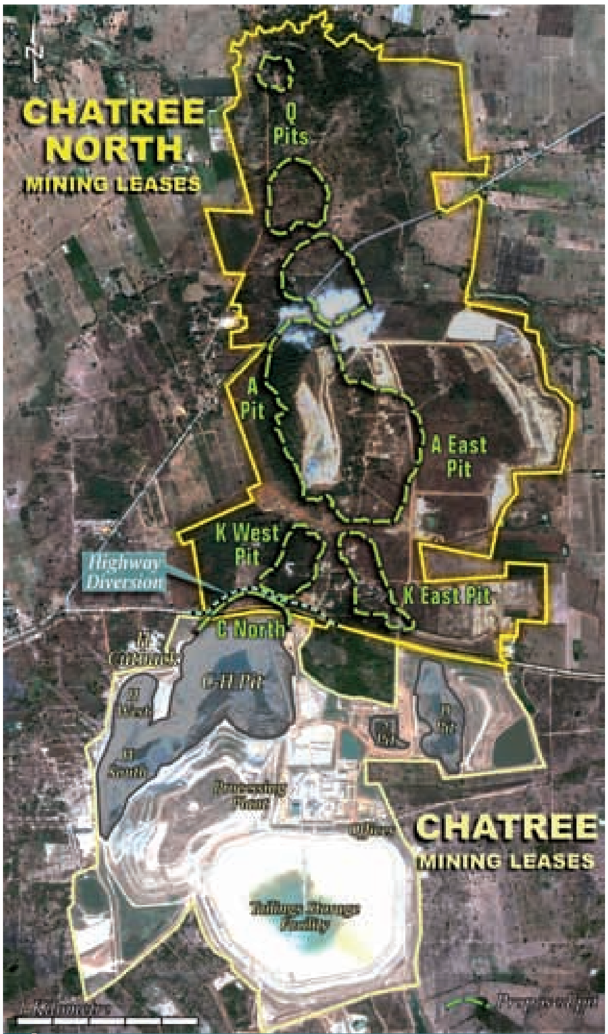
Mining

Thanks to a great effort made and dedication shown by the Chatree staff, mining quickly returned to full production from new pits opened at Chatree North. Ore feed was mainly from the A pit with lesser feed from K East pit as well as a cutback on the northern side of Chatree's C pit (C North). Ore feed for the December 2008 half year was limited to remnant parts of the C and H open pits at Chatree supplemented by stockpiled ore which was mostly of a marginal grade.

Mining at Chatree North was somewhat hampered by slower than expected access to the top of the hill within the A Prospect which was achieved at the end of January 2009. Since then the hill has been lowered about 40 metres with another pit opened at the southern end of the A prospect. The C North cutback has a high grade zone which was accessed from late April within a larger lower grade mineralised zone. A small slip has hampered the progress of the development of the C North cutback, however it still provided higher grade ore feed during the June quarter 2009.

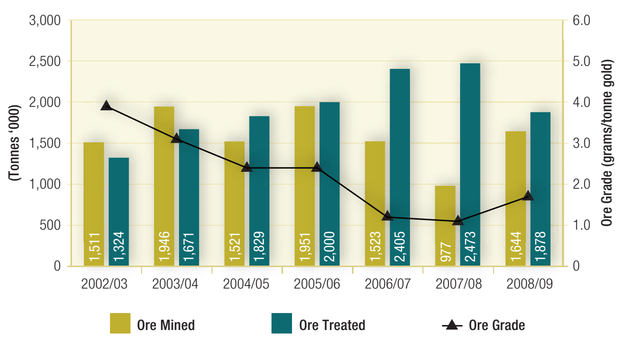
Lotus Hall, the Thai mining contractor, commenced mining Chatree North with a new fleet of mining equipment. Eleven new blast-hole drill rigs have been matched with three new excavators (O&K RH40's) and two smaller backup excavators (Cat 385's). Twelve 50 tonne trucks (Cat 773's) and eight 40 tonne trucks (Cat 740's) now work with the excavators. New support vehicles (water trucks, graders, dozers, loaders) are also part of the new fleet. Larger Cat 777 trucks will also be used in the future. A new maintenance facility, capable of handling Cat 777 trucks, and a fuel storage and distribution centre have been established at Chatree North to support all the new equipment.

The larger fleet has enabled the optimisation of mining at Chatree North. The current mining rate is significantly above the processing rate which has meant that the mill feed grade has been optimised with lower grade material being stockpiled. Existing stockpiles were depleted in September 2008 and replenishment of the lower grade stockpiles now allows flexibility in mining and the process plant to operate at maximum capacity. Additionally this has facilitated the blending of ore feed to the plant which improves its efficiency.



Chatree/Chatree North gold mine

Ore Mined and Treated



Processing

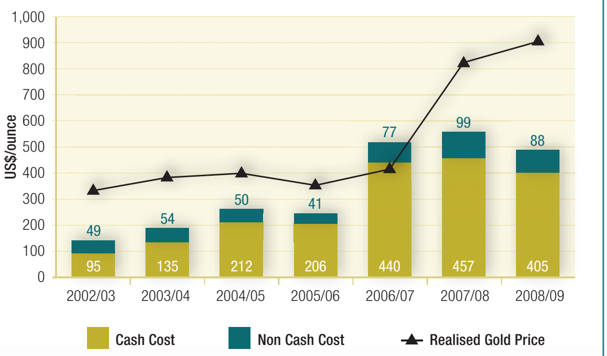
The throughput rate of the processing plant increased to 2.6 million tonnes per annum (Mtpa) in the June 2009 half year which is well above its rated capacity of 2.4Mtpa. Softer oxide ore currently available has been blended with harder fresh ore to achieve the higher rate which is anticipated to revert to 2.4Mtpa once all supply is sourced from fresh ore. Due to restricted availability of ore supply the plant operated less than 50% of the time during the December 2008 half year.

The gold recovery rate from the processing plant was 91.4% for the fiscal year 2009, slightly higher than the previous year. Recovery remained high regardless of grade. Gold grades were between 0.8–1.1 grams per tonne in the December half 2008 due to the reduced availability of ore feed and use of lower grade stockpiles. Gold grades increased to 1.7–2.3 grams per tonne during the June 2009 half year, due to access to the A and C North pits, which was much higher than the previous year's grade of 1.1 grams per tonne. Gold production increased correspondingly to 93,002 ounces for the fiscal year, of which 76,028 ounces were produced in the June 2009 half year, in comparison to 74,137 ounces gold produced in the prior year.

Gold production is forecast to increase in the coming fiscal year to 120,000–140,000 ounces.

Production

Cash Costs and Total Costs



Operating Costs

Operating cash costs were significantly reduced in 2009. Cash costs (including US$57 per ounce royalties to the Thai authorities – up from US$40 per ounce last year) reduced to US$288 per ounce in the June 2009 half year after the mine returned to full production in January with higher gold grades. The unit cost per tonne of ore processed decreased to between US$15–18 per tonne through greater efficiencies mainly in the mine. The cash costs for the entire fiscal year were US$405 per ounce in comparison with US$457 per ounce the previous year. The largest cost items continue to be royalties (currently 20%), the electricity to run the crushing and grinding mills, the mining contract and the grinding media. Unit costs per tonne of ore processed are expected to increase slightly in the coming year due to deeper open pits and a higher strip ratio. Costs will be partially offset when the highway underpass is completed later this year which will shorten haul distance to the processing plant and eliminate double handling of ore by small highway compliant trucks.

Average gold industry cash costs were US$459 per ounce in calendar year 2008 (Source: GFMS). This places Kingsgate's June 2009 half year costs in the lowest 10% of the global gold industry both on a cash and a total production cost basis. It also makes Kingsgate the lowest cash cost gold producer on the ASX-200 for the June 2009 half year.

The increase in royalty cost per ounce is due to the nature of the Thai royalty regime which is an incremental royalty rate based on the Baht denominated gold price. The gold sales price achieved has increased from US$824 per ounce last year to US$904 this year. Royalties are paid to the provincial government and the local village councils (60%) and the central government (40%).

Labour, Health, Safety and Environment

The Chatree gold mine continues to be the world's safest gold mine with over 11.3 million hours worked (over a 6 year period) without a Lost Time Injury (LTI). This translates into a Lost Time Injury Frequency Rate (LTIFR) of 0.07 for the mine's operating life versus an Australian mining industry average LTIFR of 5.0 (Source: Minerals Council of Australia, 2006–2007). Chatree was again awarded the Thai Zero Accident award.

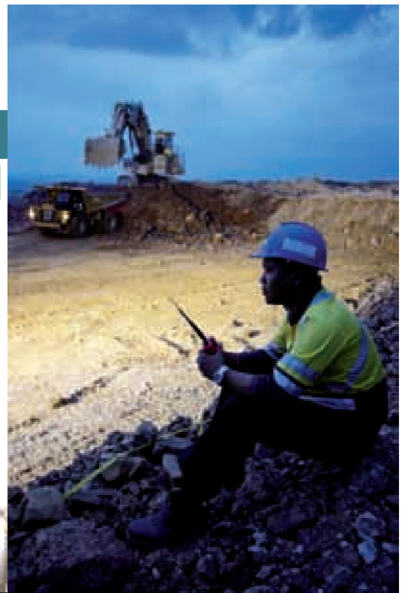
No reportable environmental incidents have occurred on site since operations began. The gold bearing ore is processed using cyanide the vast majority of which is recycled within the plant. The release of cyanide with the tailings into the tailings storage facility averaged 7 mg/L CN_{TOT} (milligrams per litre Total Cyanide), well below legal standards. Furthermore, all fluids are retained on site.

All international and local standards have been maintained during the year with accreditation for Social Accountability SA 8000, Health & Safety ISO 18001, Environment ISO 14001, Quality ISO 9001, Laboratory Standard ISO 17025 and the Thai Labour Standard TLS 8001.

Processing Plant Expansion

The Company is reviewing a proposal to increase ore processing capacity to 5 million tonnes per annum and a decision is expected at the end of the September 2009 quarter. Ausenco, the engineering designer and constructor, is in the process of finalising the capital cost estimate. A twelve to fifteen month construction period is anticipated which could result in the new Chatree North Gold Processing Plant being operational by the start of 2011.

The processing method and layout of the proposed plant is similar to the current plant. The crushing section of the present plant would be duplicated adding crushers and grinding mills, with a 2.6 million tonne per annum additional capacity, and four new leach tanks and seven new CIP tanks would also be added.



Operations Statistics

	Full Year 2008/09	Full Year 2007/08
Gold Production	93,002 ounces	74,137 ounces
Silver Production	293,472 ounces	232,039 ounces
Cash Costs per Ounce	US$405/ounce	US$457/ounce
Cash Costs per Tonne	US$18.90/tonne	US$13.70/tonne
Ore Treated (Mill Throughput)	1.9 Million tonnes	2.5 Million tonnes
Gold Grade	1.7 grams/tonne	1.1 grams/tonne
Gold Recovery	91.40%	88.80%
Waste to Ore Ratio	2.5	6.7
Hours without Lost Time Accident	11.3 Million hours	9.2 Million hours

Annual Report 2009

Exploration

Summary

Exploration was focused on defining and extending the gold mineralisation at Chatree North, where reserves have been expanded, and drill testing new regional exploration targets which resulted in a new discovery.

An aggressive drilling campaign has been undertaken at Chatree North during the past year that will continue for the foreseeable future. The granting of the Chatree North mining leases allowed resource development drilling to recommence in the December quarter of 2008 and was focused on extending the known ore bodies, particularly the western side of the A Pit and much of the Q Pits area. This program has led to the partial linking of ore bodies in the southern Q Pits area with the northern A Pit ore body, which will assist in the initial optimisation studies of the new mine plan being undertaken at present. Ongoing drilling is focussed on finalising the open pit potential of the Q Pits and determining if additional ore can be added to the north-eastern area of A Pit. In addition, a long term drilling program has commenced to determine the potential of the high-grade “feeder zones”, previously identified at deeper levels in A Pit, in order to extend the open pit and underground mining potential.

Regional exploration has resulted in a new gold discovery at Chokdee, 20 kilometres north of Chatree. High-grade veins and a significant extent of low-grade gold mineralisation have been drilled within a large soil geochemical anomaly that covers an area over 30 square kilometres. Drill testing has been hampered by weather conditions and the requirement for drill rigs at Chatree North. Further drilling will be undertaken with the onset of the dry season in November.

Additional drilling has identified new potential areas of mineralisation within close proximity to the Chatree mine and these will be further assessed over the forthcoming years. Other drill-ready regional targets will also be drilled next year.

Resource Development

Chatree/Chatree North

The main aim of the resource development drilling during 2008-2009 was to outline the significant gold mineralised zones with open pit potential in the Chatree North Mining Leases. Initial drilling, which has been essentially completed, focused on the western area of the A Pit so as to determine the full extent of the open pit material available and secondly to assess the whole of the Q Prospect area and test the western and northern parts of A Prospect where drill access had been restricted whilst awaiting grant of the Chatree North mining leases. This year’s resource definition drilling program has encompassed 48,633 metres of reverse circulation drilling and 4,672 metres of diamond drilling and has added to the extensive drilling database for Chatree North.

The aims of the drilling programs were successfully met with significant intersections in several areas confirming new mineralisation. The proposed drilling for the forthcoming year will complete the assessment of the open pit potential and begin drill testing the potential for underground mining.

Mineral Resources as at the end of June 2009 are 3.1 million ounces in 81.7 million tonnes of ore at an average grade of 1.2 grams/tonne gold. After mining depletion over the past year Ore Reserves increased to 1.5 million ounces of gold in 37.1 million tonnes at a grade of 1.2 grams/tonne gold.

To understand the potential of the Chatree North mine better, various pit optimisation studies using the Whittle Four-X program and utilising different gold price scenarios have been completed. Whittle Four-X is extensively used in the mining industry in order to determine optimum “pit shells”. For a given block model, slope data, costs and metallurgical recoveries, Whittle Four-X calculates a series of incremental pit shells in which each shell is an optimum for a slightly higher metal price factor. Final ore reserves may vary from optimised figures by approximately ±15%.

Using only Proven and Probable categories from the latest resource block model, scenario analyses were used at Chatree to determine the impact of higher gold prices on pit optimisations. Results are summarised in the following table:

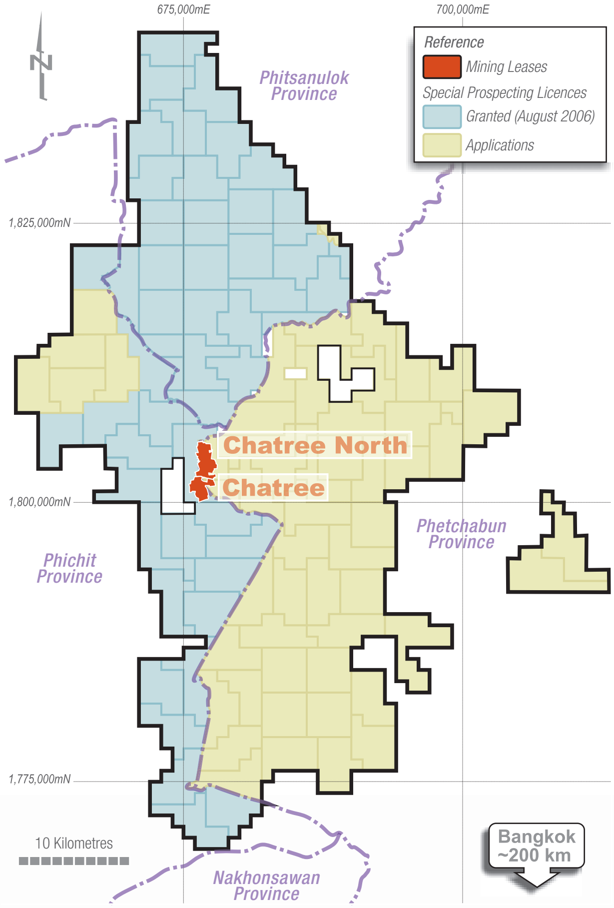
Chatree Grade/Tonnage Variance Versus Gold Price

Gold Price US$	Gold Grade grams/tonne	Tonnes Millions	Contained Gold Million ounces
750	1.28	40.4	1.66
850	1.27	46.7	1.91
950	1.26	50.5	2.05

This table demonstrates that pit optimisations at Chatree are sensitive to gold price with good potential to increase ore reserves at higher gold prices than the currently reported US$750/ounce scenario. Work is in progress on pit designs at higher gold prices in order to establish possible cut-backs and alternative mining scenarios.

A favourable volcanic sedimentary host sequence dipping gently to the east controls mineralisation at A Pit. However, the mineralisation itself is steep to moderately west dipping and often high-grade at deeper levels close to the contact with the underlying volcanic breccia. These zones are interpreted as "feeder zones" and are the target of a new campaign of resource development drilling that is currently underway for both open pit and underground mining potential.

Drilling on A Prospect concentrated on testing the areas previously not accessible to drill rigs on the western and northern zones of the known pit. Drilling along the western side of A Prospect confirmed the existence of shallow mineralisation and added some deeper intersections close to the current pit shell boundary and confirmed continuity of mineralisation to the north.



Results from the western side of A Pit returned numerous significant intersections including 21.55 metres @ 3.50 grams/tonne gold from 152 metres (6300DD), 21 metres @ 2.96 grams/tonne gold from 5 metres, 19 metres @ 2.46 grams/tonne gold from surface (6461RC), 8 metres @ 2.73 grams/tonne gold from 64 metres, 25 metres @ 2.14 grams/tonne gold from 77 metres (6331RC), 26 metres @ 1.72 grams/tonne gold from 1 metre and 18 metres @ 2.09 grams/tonne gold from 37 metres (6335RC).

Most of the recent drilling on Q Prospect was conducted on 50 metre sections and holes at 40 metre intervals which will require some infill drilling prior to completion of detailed pit designs. There are two areas where drill access is restricted and these zones may add to the open pit potential when access is gained. This drilling outlined the areas of open pit mineable resources in Q Prospect and on-going studies will determine the underground potential in Q Prospect plus test for extensions outside the current mining lease boundary but within our adjacent Special Prospecting Licences.

Drilling in the south-western part of Q Prospect successfully delineated a significant new mineralised zone associated with a 400 metre long resistivity anomaly. Intersections include 30 metres @ 5.09 grams/tonne gold from 103 metres (3199RC), 3 metres @ 8.52 grams/tonne gold from 55 metres and 18 metres @ 1.65 grams/tonne gold from 73 metres (3696RC), and 18.4 metres @ 2.05 grams/tonne gold from 104 metres (3862RD). This ore zone is north–south striking, dips moderately to the west and displays particularly good continuity.

A new mineralised zone was identified at the north end of Q Prospect, east of the currently planned pits. This mineralisation is mostly less than 50 metres from surface, however, additional drilling is required to fully delineate this zone. Intersections include 2 metres @ 5.75 grams/tonne gold from 46 metres and 2 metres @ 4.99 grams/tonne gold from 83 metres (3881RC), 4 metres @ 2.80 grams/tonne gold from 15 metres and 5 metres @ 4.35 grams/tonne gold from 11 metres (3980RC).
A shallow high-grade zone was also identified in the western part of Q Prospect in drill hole 7101RC (16 metres @ 9.90 grams/tonne gold from 34 metres). Further drilling is required to follow-up this zone.

Regional Exploration – Thailand

Regional exploration, in the Company's 125 exploration tenements covering an area of 1,806 square kilometres area contiguous to the Chatree mine, has resulted in the discovery of significant gold mineralisation in the Chokdee District, 20 kilometres north of Chatree. High-grade veins and a significant extent of low grade gold mineralisation have been drilled within a large soil geochemical anomaly that covers an area over 30 square kilometres. Selected intersections include 29 metres @ 1.96 grams/tonne gold from 18 metres (4239DD), 36.5 metres @ 2.91 grams/tonne gold from 50 metres (4240DD), 40.85 metres @ 1.20 grams/tonne gold from 6.25 metres (4260RC) and 66 metres @ 2.11 grams/tonne gold from 29 metres (4309RC). Several other prospects have also been identified within the Chokdee District with mineralisation styles identified as low-sulphidation epithermal, replacement and skarns. Some of these mineralisation styles are significant, being similar to the nearby Chatree system.

Prospecting in the Chokdee District uses proven methods including geochemical surveys (stream, soil and rock chip), geophysics (IP and resistivity), and drilling (Air Core followed up with Reverse Circulation and Diamond drilling).

The level of exploration within the various prospects in the Chokdee District is variable, with the Chokdee prospect being the most advanced prospect in the district. The current wet season and the requirement for drill rigs at Chatree North are affecting drilling which is set to recommence in November. In the meantime, planning for the next phase of exploration is ongoing.

Surface sampling, mapping, ground geophysics and Air Core drilling continued in other granted SPL's (Special Prospecting Licences) during the 2008-2009 period. Several drill-ready targets have been identified within the Company's SPL's. A major review aimed at ranking prospects and planning exploration programs for all targets within the SPL's and SPLA's (applications) is ongoing. This will define the work program over the 2009–2010 period and beyond.

Exploration – South America

After an in-depth review of the exploration tenements held by the Company's subsidiaries in Peru and Chile, most were discontinued. The tenements which remain active are either under option agreements with third parties or are incurring no cost and a Joint Venturer is being sought. The exploration tenements in Argentina are unchanged and incur minimal cost.

The corporate structures are maintained in each country and business opportunities are continually being assessed and contacts are being maintained locally.

Exploration – Australia

Kingsgate is awaiting final approval for the renewal of an exploration tenement, EPM 12409, located 25 kilometres east of Cloncurry, Queensland. This area hosts the Wynberg Prospect with a mineral resource of 20,000 ounces of gold within 330,000 tonnes grading 2.0 grams/tonne gold from surface to about 40 metres depth. A drilling program to assess possible extensions of the mineralisation along strike and at depth will occur once the extension to the tenement has been granted.

Another gold-copper exploration target near Cloncurry was recently drill tested under an option agreement with the tenement holders.

Kingsgate regularly reviews similar exploration joint venture opportunities where drill ready targets have been identified.

Chatree Mineral Resources Inclusive of Ore Reserves as at 30 June 2009 (>0.5 grams/tonne gold cut-off grade) iii

Source	Category	Tonnes Million	Grade: Gold grams/tonne	Grade: Silver grams/tonne	Contained Ounces: Gold Million ounces	Contained Ounces: Silver Million ounces
Chatree Mine Leases i, iv, v	Measured	7.4	1.22	6	0.29	1.49
	Indicated	6.1	1.36	6	0.27	1.25
	Inferred	3.9	1.26	6	0.16	0.78
	Total	**17.4**	**1.28**	**6**	**0.71**	**3.51**
Chatree North Mine Leases ii	Measured	33.4	1.20	11	1.29	12.04
	Indicated	22.1	1.13	9	0.80	6.29
	Inferred	7.0	1.05	7	0.24	1.50
	Total	**62.5**	**1.16**	**10**	**2.33**	**19.84**
Stockpiles	**Subtotal**	**1.9**	**0.91**	**13**	**0.06**	**0.80**
	Measured	40.8	1.21	10	1.58	13.53
	Indicated	28.2	1.18	8	1.07	7.54
	Inferred	10.9	1.13	6	0.39	2.28
Chatree Total	**Total**	**81.7**	**1.18**	**9**	**3.10**	**24.14**

Chatree Ore Reserves as at 30 June 2009 (>0.5 grams/tonne gold cut-off) iii

Source	Category	Tonnes Million	Grade: Gold grams/tonne	Grade: Silver grams/tonne	Contained Ounces: Gold Million ounces	Contained Ounces: Silver Million ounces
Chatree Mine Leases i, iv, v	Proved	1.9	1.5	8	0.09	0.45
	Probable	1.4	2.0	8	0.09	0.36
	Total	**3.2**	**1.7**	**8**	**0.18**	**0.81**
Chatree North Mine Leases ii	Proved	22.7	1.2	13	0.89	9.14
	Probable	9.3	1.2	11	0.35	3.29
	Total	**32.0**	**1.2**	**12**	**1.24**	**12.43**
Stockpiles	**Subtotal**	**1.9**	**0.9**	**13**	**0.06**	**0.80**
Total from Pits	Proved	24.6	1.2	12	0.98	9.59
	Probable	10.7	1.3	11	0.44	3.65
Chatree Total	**Total**	**37.1**	**1.2**	**12**	**1.47**	**14.04**

Notes for Mineral Resources and Ore Reserves Statement:

Some rounding of figures may cause numbers not to add correctly.

i Includes C, H, D, HS, HW, S, P and J cut to the end of June 2009 Chatree mine surface.

ii Includes A, AE, Q, KW and KE at Chatree North mine, cut to the end of June 2009 mine surface.

iii The ore reserves are based on a US$750/ounce gold price and US$12.50/ounce silver price, which is the approximate three-year average price, prior to 30 June 2009, prepared by Kingsgate from public data.

Chatree Mine Leases:

iv Based on detailed mine designs, with the exception of D Pit where time constraints necessitated the use of optimised pit and 85% factor on gold ounces.

v C North is based on detailed mine designs and assumes approval to mine through a public road.

Competent Persons

Information in this report relates to Exploration Results, Mineral Resource and Ore Reserve estimates based on information compiled by the following Competent Persons: Ron James, Mike Garman, Guy Davies and Suphanit Suphananthi who are employees of the Kingsgate Group and members of The Australasian Institute of Mining and Metallurgy, and Rob Spiers who is an employee of Hellman & Schofield Pty Ltd and Member of the Australian Institute of Geoscientists. 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 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.

Annual Report 2009

Sustainability Report

Kingsgate Consolidated Limited is an expert in gold exploration, development and mining with a commitment to achieving the highest levels of sustainability through working with our stakeholders and also addressing environmental issues.

The 840 hectare Chatree gold mine expanded from 417 hectares last year.

An expansion of the mine processing plant is planned over the next 12 months. This will double the mine's throughput to more than 5 million tonnes of ore per annum.

All this expansion has been carefully managed to accommodate our sustainability goals.

A network of stakeholder interests

Kingsgate is at the centre of a network of interests that impact the way we work. This network includes our employees, our local communities, investors, suppliers, customers, local and Thai governments and their regulators. This report is developed from both the stakeholder and Company point of view to reflect the importance of our networks to our long term growth and to our operating style and success.

Kingsgate, the first modern gold mine operator in Thailand, manages the Chatree asset ethically so that not only Kingsgate benefits but the people of Thailand prosper as well, enjoying safe, fair and rewarding work relationships and a healthy living environment.

In this report, we have addressed the top five issues for our stakeholders and our response to those issues. However, this is not just a seek and respond exercise. In prioritising the main issues we looked at the number of stakeholders impacted and the importance of each issue.

Dust control, water quality and efficient use thereof are always of concern to communities near mines. At Chatree, the potential impact of our activities on local traditional agricultural practices is always taken into consideration.

Equally, managing the life-cycle of the cyanide we use in gold extraction is a critical component of our operation. We want all of us to continue to live in a safe un-contaminated environment.

As an employer of over 1,000 people, the continued outstanding safety record with no lost time injuries for the sixth year in a row is most rewarding. This record is upheld through the diligence and commitment of both our employees and contractors.

Snapshot

Our People

- 99% Thai workforce at Chatree mine.
- 80% of workforce local employees.
- 31% management positions held by women.
- Second employee survey conducted with most respondents positive about working for our Company.
- A further 12 months without a Lost Time Injury (bringing the record to 6 years without an LTI).
- Received the Thai National award for Health, Safety and Environment and the Prime Minister's Labour Relations award for the 5th consecutive year.

Our Communities

Community Development

- In 2007, Kingsgate became the world's only miner to achieve the Social Accountability SA 8000 accreditation which is maintained to date.
- 60% of mining royalties go directly to local provinces and village councils. This totalled $4.5 million this year.
- $153,000 spent on community development programs during 2009 in the form of individual scholarships, school contributions and charitable donations.
- Only one community complaint received during the year.
- Community relations and development plan updated.

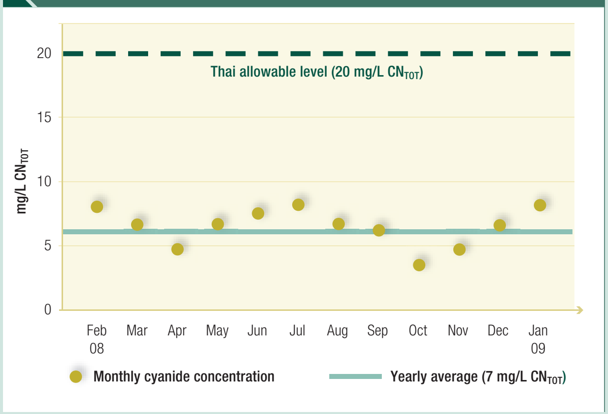
Our Environment

- $5.1 million is accrued in Akara's Environmental Levy Funds. These are financed by a $3.45 per ounce levy for mine closure and a $1.81 per ounce levy for ongoing environmental remediation.
- No reportable incidents occurred but 16 minor environmental incidents were recorded of which 6 were small oil spills from mobile equipment.
- Airborne dust levels reduced to very low levels due to increased road watering and main road gravel sheeting.
- Waste rock dumps rehabilitated with 100% vegetative cover.

Cyanide Management

- 5 of the 16 reported environmental incidents included short term overages of cyanide in tailings discharged to the tailings storage facility.
- The average monthly cyanide concentration for the year was 7 mg/L CN_{TOT} (milligrams per litre Total Cyanide) which was well below the standard of less than 20 mg/L CN_{TOT}.

Total Cyanide Measurement 2008/2009



Water Management

- Cessation of operations in the area of the original Chatree leases and the new operations in Chatree North means that dry season water shortage is no longer a concern and management of wet season excess in water storage pits is now a focus.

Our Supply Chain

- 88% of goods sourced in Thailand.

For Governments

- 100% compliance with all relevant laws governing mining and mineral processing in Thailand.

We also focus on the growth of our local team. Our investment in training and education continues with 26 Thai employees sponsored to study for a Masters degree. Twenty one of the 26 have graduated in recent years with Kingsgate's support. We are also sponsoring a PhD candidate at the University of Tasmania.

We have conducted our second staff survey this year, a practice that we hope to refine further in order to create greater employee engagement and more staff "voice" at the site.

Our community connections extend beyond philanthropy to true community capacity building. This is reflected in our ongoing contribution to local education through scholarships as well as school building and infrastructure projects. More than that, our supply chain policy is to buy local and to build the capabilities of local suppliers wherever we can.

In this report, we commit to further sustainability targets over the next 12 months. We intend to report back next year and look forward to continuing our dialogue with stakeholders as we strive together to achieve our targets.

The actions we are taking to respond to these principles are evidenced later in this report.

In the absence of a single world standard for "ethical gold" or "green gold", Kingsgate Consolidated Limited will continue to mine and process gold free from exploitative and harmful practices. We will work with all our stakeholders with integrity and for mutual benefit, while minimising our environmental impact and leaving a meaningful community legacy.

Success together

Kingsgate's Sustainability Policy

A full copy of our sustainability policy and further information can be found on our website www.kingsgate.com.au.

In essence, Kingsgate Consolidated Limited is committed to respecting the safety, health, social, economic and environmental needs of the stakeholders that could be influenced by our activities, and anticipate the needs of future generations in the communities where we work.

Our commitment is to operate at the forefront of recognised best practice for environmental achievement and community development. Our management systems support this commitment and we integrate sustainability as an essential element in the duties of all employees and contractors.

Kingsgate stakeholders and major material issues

	1. Our People	2. Our Community	3. Our Supply Chain	4. Government	5. Our Investors
Water quality and water efficiency		The potential impact of mining activities on farmland and local communities		Compliance with Licence to Operate conditions	
Cyanide management		Keeping tailings cyanide levels lower than allowed. Maintain all outputs on site, and avoiding any contamination			No long term operational issues Maintain the "Licence to Operate"
Safe, workplace and investing in people	Opportunity to thrive and grow at work, in a fair, diverse and healthy workplace				Low turnover of workforce
Local investment and capacity building		Opportunity to build skills and wealth in communities where Kingsgate operates	Participate in economic development of region. Build partnerships with other suppliers	Investment in Thai goods and services, commitment to contribute to infrastructure and compliance with Licence to Operate	
Profitable and generating returns				Royalties and foreign exchange	Managing risk and material issues so that future growth, reputation and profit is secured

Your Imperative is Our Imperative

To ensure the objectives outlined in our Sustainability Policy are met, we remain focused on all of the relevant governance, environmental and social issues. However, there are some issues that require more focus and management commitment because these issues are of higher importance to our stakeholders.

The consideration given to each issue in determining areas of greater priority and materiality is determined by assessing the importance of an issue for our stakeholders and the impact this issue may have on the community.

When considered in this way, five key issues emerge as material priorities:

- Continued economic growth for Thailand and Chatree
- Water management
- Cyanide management
- Workplace safety and training
- Local capacity building.

1 OUR PEOPLE

We aim to provide our people with a safe, healthy working environment, fair reward and remuneration and individual growth and development opportunities. Our company culture, defined as "the way we do things around here", is respectful and honest.

Safety

A safe workplace is created by:

- Management of safety systems and standards, and
- Active participation of all workers in using the systems and meeting the standards.

Safety Performance

	2009	2008	2007	2006	2005	2004
Lost Time Injuries	**0**	0	0	0	0	0
Total Recordable Injuries	**5**	4	8	4	2	3
Total Injuries	**12**	29	23	24	10	16
LTI Frequency Rate*	**0**	0	0	0	0	0
TRI Frequency Rate*	**2.5**	2.2	3.9	2	1.3	2.2
TI Frequency Rate*	**6**	15.7	11.3	12	6.4	11.8

Total Recordable Injuries includes all injuries excluding first aid cases
Total Injuries includes all injuries including first aid cases
** per million hours worked*

A gold mine and processing plant generates daily challenges to any safety culture and the people working at Chatree, including sub-contractors, have more than delivered on these challenges as evidenced by six years with no lost time injuries. We continue our commitment to safety excellence for all employees and subcontractors on our site.

Professional Safety

Taweesak Sornrach is the senior safety and medical supervisor heading-up the safety department. Taweesak has worked at Akara for six years, training as he progressed from safety and medical officer to professional safety officer and safety trainer.

"I supervise all safety issues in both Akara and its sub-contractors. To reach this level, I got a lot of training and studying support from the Company. Akara works to international safety standards. All procedures and rules are to make sure that workers are safe."

Development and Growth

We continue to invest in training and career growth for staff at all levels. During the year, the Thai workforce at Chatree remained steady at 99% of the total workforce. Apart from developing skill sets for our operations, we are also exporting skills and capacity across the region through sub-contractor or individual training and development.

Developing our people

Yuwathida Puk-orn has a Bachelor's degree in Public Administration and is currently being sponsored by Akara to study for a Masters in Public Administration at Naraesuan University.

Over 4 years ago, Yuwathida started as a receptionist. She was later promoted to document controller and has now moved into a community and external relations role.

"I got the chance to transfer to this area because my current degree is related to this job, Community and Government Relations. Also the mine has been sponsoring me to do my Masters degree. I take quite lot of knowledge from my study to work. It is a great opportunity for me to make the best of my job and my own capabilities to create my own future."

"Each day, I coordinate with government agencies and meet with villagers around the mine. As a company representative, I have to be confident that the mine is good enough to promote to the public and I feel good about the safety and environment at it."

Over 90 different training courses were offered through the year ranging from administrative to safety and technical courses. Additionally study tours were continued this year with five Thai employees travelling on separate trips to Australia for training purposes.

We are also pleased to report that 31% of management positions are now occupied by women. Women are also well represented in our training and development opportunities with 12 women among the 26 being sponsored through post-graduate education.

Employee Feedback

In 2009, an employee satisfaction survey was conducted at the Chatree gold mine. Across all work areas, 198 people responded out of a possible 250 people directly employed by Akara. This is a rate of 79.2%.

The survey consisted of 25 questions about working relationships, reward and recognition, company integrity and health and safety. The majority of responses demonstrated positive support for Kingsgate in most areas.

The statement "I am fairly paid for my contribution" received the most positive responses with nearly 60% agreeing and only 9% disagreeing.

The corollary of this was the response to the statement "My salary, benefits and welfare are sufficient to look after my family", with 33% agreeing, 40% neutral and 27% disagreeing.

The design of this survey invited a neutral response which will be avoided in future employee surveys.

Kingsgate intends to use this important feedback as a baseline to develop an ongoing feedback mechanism. The goal is not necessarily to create an annual survey but to build a tool that allows a confidential employee voice on genuine workforce issues. These issues, once identified, can be assessed and addressed on an ongoing basis. This may require lateral approaches in order to overcome shift work and language and literacy issues.

2 OUR COMMUNITY

In 2009, the Chatree Community Relations Procedure was updated, formalising the community relations approach. The procedure covers employment, conduct, complaints and communication. It also addresses community development activities such as purchasing of goods and services, community contributions and contingency provisions. The procedure is supported by a review and audit process.

Complaints are currently received in two ways. One is direct to mine management and the other is through local or regional officials. Only one direct community complaint was lodged this year.

The Akara General Manager is responsible for stakeholder consultation and engagement and heads the community and external relations management team consisting of the:

› Community and External Relations Manager
› Environment Manager
› Human Resources Manager
› Administration and Management Systems Manager.

The Community and External Relations Manager has overall responsibility for community relations and is the primary point of contact for complaints referral and resolution.

Local community meetings and petitions to local government have ensured and maintained an ongoing dialogue between Akara and the community in relation to specific concerns. While only one complaint was formally registered, the community meetings are legitimate forums for concerns to be raised. Most concerns from the previous year (dust, water, noise) have been addressed to the satisfaction of the environmental auditor and this is reflected in the low number of complaints registered.

Land purchase remains an ongoing issue with a small number of local land holders who are continuing to campaign for Akara to extend its holding. This issue is likely to continue for the foreseeable future and is being managed with local authorities in a transparent way.

Employee Feedback

	Strongly Agree %	Agree %	Neutral %	Disagree %	Strongly Disagree %
I am fairly paid for the contribution I make to the Company's success	20.7	38.4	32.3	3.5	5.1
My salary, benefits and welfare are sufficient to look after my family	8.6	24.2	39.9	17.7	9.6

Community Contributions

Our community contributions target activities broadly supportive of the United Nations Millennium Project goals. Education and health are the main areas where Chatree makes a direct contribution. In 2009, the focus was as follows:

Community Contributions

	2009 $	2008 $
Water Supply & Agriculture	0	24,023
Education	27,824	23,992
Public Health	40,592	36,138
Sport & Youth	26,245	43,346
Custom & Culture	12,379	49,016
Community & Road Infrastructure	12,659	0
Local Govt & Capacity Building	0	307
Religion	7,322	45,132
Other	24,535	0
Total	151,556	221,954

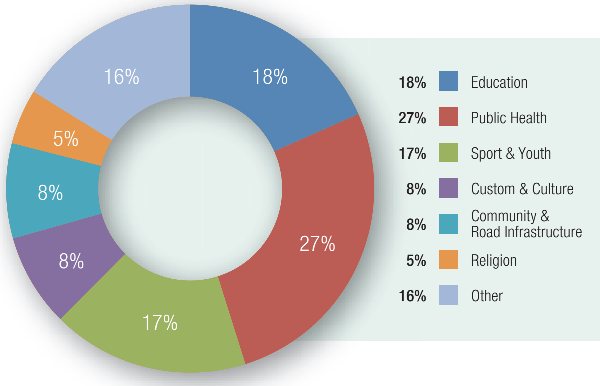
Our community

Samhai Sreesaha and Pattana Chainate are both farmers from Nongraman village, one kilometre from the mine.

Samhai has previously held a job at Akara and is supportive of the mine's contribution to local people. *"It's good. People who get a job here can move back to their home. They don't need to work far from home and can stay with their family. The mine has been donating drinking water to us but in future, if the mine shuts down, we are worried that no one will take care of us"* said Samhai.

Pattana agrees with Samhai: *"It's good the mine is near my home. People can work with the mine and save the cost of living and travelling cost for work."* She does, however, have some concerns for a future mine closure. *"Currently I am confident that the mine is safe but I worry about dust and pollution in the future. If the mine leaves, the community has fears about this issue. The community would like the mine to make sure that the community will be OK. So far, the mine has been looking after the villagers well."*

Community Development Expenditure 2008/2009



Water Quality, Water Efficiency and Dust Control

During 2009 the progressive finalisation of mining on the original Chatree leases and the start-up of operations in Chatree North have changed the project water balance. There is now ample storage so that there will be less chance of water shortage for the mine or the community during the dry season. However, wet season water deluges must be adequately managed. There was one small localised erosion overflow during the wet season on the eastern out-slope of the waste rock dump which was readily rectified by repairing the wall.

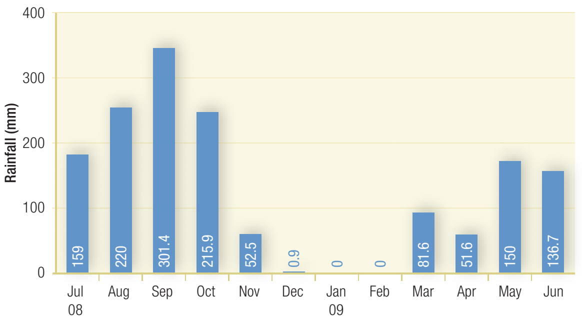
There were no new issues relating to groundwater this year. As previously reported, baseline levels of manganese, sulphate, and total dissolved solids were identified prior to any mining operations in the area. Only the sulphate levels exceed the Thai standard of 2000 milligrams per litre but the environmental auditor deems they relate to natural background oxidation of sulphide materials in the vicinity.

The Tawan Pit sump is intended to be a local water source after mining operations cease, however, there has been no water quality monitoring since August 2008 and the Environmental Audit 2009 has recommended re-establishing water quality monitoring.

Water Usage

	2009	2008	2007	2006	2005	2004	2003
Throughput ('000 tonnes)	**1,878**	2,474	2,405	2,000	1,829	1,671	1,324
Water use ('000 litres)	**3,618,000**	3,873,000	4,075,000	2,619,000	3,003,000	2,851,000	1,423,000
Litres/tonne of ore milled	**1,927**	1,566	1,694	1,309	1,641	1,706	1,074

Rainfall at Chatree 2008/2009



The increased water usage rate relates mainly to the need for continued dust suppression in all areas of the mine and plant even though the plant operated at low volumes during the first half of the year. This was followed by the intense activity during the opening of the new pits when the new mining leases were granted.

Dust

The dust monitoring program reported levels well below the Thai government standards indicating that Chatree has successfully implemented dust minimisation actions. These initiatives included a better program of watering roads and other dust prone areas, re-vegetation and other initiatives.

The continuous sampling program is ongoing, however, there were some problems with the monitoring equipment in the villages of Noengsaen and Nongraman.

Rehabilitation

A planned rehabilitation trial at the tailings storage facility was deferred because the facility will be full within three years and it was deemed excessive to establish a separate trial tailings pad outside the present facility.

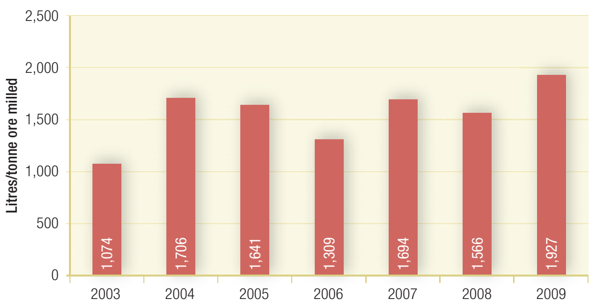
What has become apparent is that there are a number of linked factors to consider including:

- increased water availability,
- deferral of the second tailing storage facility, and
- assessment of requirement of a topsoil layer for rehabilitation.

This points to the need, over the next 12 months, for a detailed tailings management plan (see sustainability targets for next 12 months) which should consider a range of production scenarios and rehabilitation prescriptions.

100% vegetative cover, including some tree species, grasses and low shrubs, has been achieved in the waste rock dumps. The local norm is to burn off cover when it dries but this practice is not condoned at Chatree hence the current local vegetation could provide a fire risk during the dry season. A long term future use assessment may target better future re-vegetation activities. This situation will continue to be monitored.

Water Efficiency



Cyanide Management

Chatree mine was independently audited by Independent Metallurgical Operations Pty. Ltd. (IMO) and found to be fully compliant with all standards of practice in the International Cyanide Management Code for Gold Mining Operations. The Code covers the life-cycle of cyanide including:

- where the cyanide is procured from,
- safe transport,
- emergency response plans,
- handling and storage,
- operations,
- environmental protection, and
- decommissioning.

Five short term overages of the 20mg/L CN_{TOT} standard were registered through 2008/09. These ranged from 21-35mg/L CN_{TOT}. Three of these overages were attributed to an abrupt change in ore grade and were not compensated for by reductions in cyanide dosage rate. Two overages were caused by short term equipment failures which were rapidly rectified.

Despite these five incidents, the monthly average cyanide concentrations were well below the minimum standard allowable. All measures show a high level of cyanide destruction is being achieved and the levels discharged to the tailings dam represent no hazard to any component of the environment.

Environmental Incidents

During the year, no reportable incidents occurred but 16 minor environmental incidents were recorded of which 6 were small oil spills from mobile equipment.

Climate Change

Thailand is a signatory to the Kyoto protocol, part of the United Nations Framework Convention on Climate Change. Industries in Thailand with the most capacity to reduce emissions and develop clean technologies include mining. At Chatree, the emissions levels reflect throughput activity.

CO_2 Emissions

Electricity usage is the focus for Chatree in reducing CO_2 emissions. Electricity accounts for 60% of overall emissions with fuel such as petrol and diesel accounting for a further 39%.

The drop in total emissions from last year is mainly due to the continuing Energy Reduction Program and the low rate of production in the first half of the year.

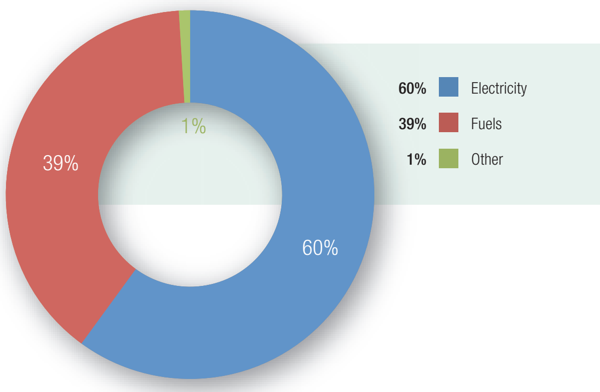
Energy Reduction Program

Energy saving initiatives introduced in 2004 have yielded increased efficiency in the mine processing plant. The Power Smart Committee drives the Energy Conservation Policy and the continued implementation of energy conservation ideas throughout our operations has resulted in continued reduction in electricity use per tonne of ore milled.

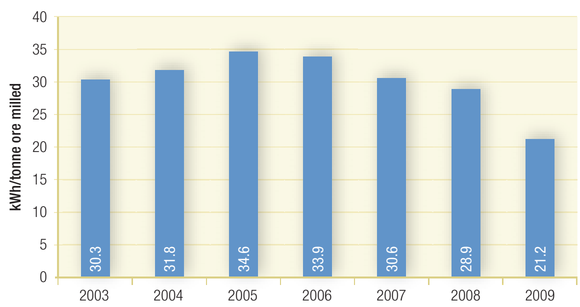
Environmental Audit

A comprehensive and independent environmental audit was conducted during 2009 by Environ Australia Pty Ltd. This was the seventh annual audit conducted by Environ and the targets in this sustainability report reflect recommendations contained in the audit.

Source of CO_2 emissions



Electricity use (kWh) per tonne of ore milled



Environmental Incidents

Category	Definition	2009	2008	2007	2006	2005	2004	2003
Level 1	Low severity (includes oil spills less than 10 litres)	16	4	20	15	2	2	3
Level 2	Minor severity (one off occurrence)	0	0	0	0	0	0	0
Level 3	Minor severity (repeated occurrence)	0	0	0	0	0	0	0
Level 4	Medium occurrence (effects can be reversed)	0	0	0	0	0	0	0
Level 5	High severity (non reversible, serious impact)	0	0	0	0	0	0	0

Sources of CO_2 emissions

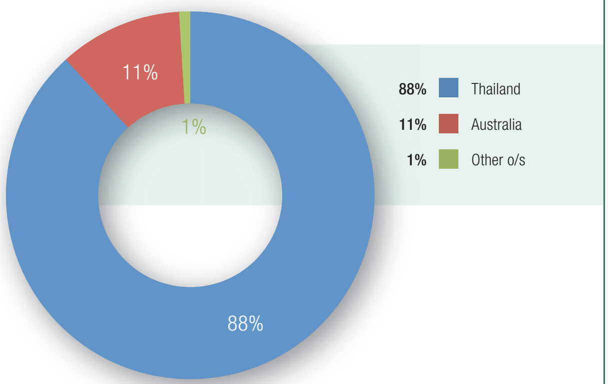
	2009	2008	2007	2006	2005	2004	2003
From electricity use (tonnes)	**30,359**	44,198	45,516	35,899	33,493	18,118	21,236
From mobile equipment (tonnes)	**18,848**	13,709	20,089	23,697	19,041	13,158	6,126
From LPG (tonnes)	**866**	833	873	849	786	856	814
From explosives (tonnes)	**492**	197	259	340	373	184	77
Total (tonnes)	**50,565**	58,937	66,737	60,785	53,693	42,316	28,253

3 OUR SUPPLY CHAIN

$92 million, or 88% of all purchases, is spent directly in Thailand.

This demonstrates our continued focus on local capacity building. Local sourcing also helps to reduce our overall carbon footprint.

Source of Goods & Services



Support for contractors

Chairat Nhongphed is the head of the security team provided by Risk Protection Thailand at Akara. Chairat has worked at the mine for eight years. He describes Akara as a good citizen, taking care of people and the environment. *"I feel really confident living here. I have no impact from the mine. The mine takes care of the environment and water is OK and don't have any problem."* Chairat sees many things provided for local people by the mine and that extends to contractor employees like him.

Rungthip Aoon-lhap is a sub-contractor working for the canteen service. Rungthip has worked for Akara since the mine opened and sees her chief benefit as good quality local employment. *"It's good that I joined Akara. I have a job here without moving to another province. I feel confident with Akara. I see the Company looking after people well and providing lots of training. The Company planting trees has created a good environment. I wish the mine would stay here forever so people can still have jobs with the Company."*

4 GOVERNMENT

Royalties and Taxes

The total royalties paid to the Thai authorities during the year was in excess of $7.5 million.

These royalties are paid to the provincial government and the local village councils (60%) and the central government (40%).

The royalty rose to almost US$60 per ounce, up from US$40 last year due to the nature of the Thai royalty regimen which is an incremental royalty rate based on the Baht denominated gold price.

Certification

Akara is the only mining company in the world to be certified in the SA 8000:2008 standard for social accountability. SA 8000 is based on the UN Universal Declaration of Human Rights, Convention on the Rights of the Child and various International Labour Organisation (ILO) conventions. It also has TLS 8001 (Thai Labour Standard 8001) certification.

The Chatree gold mine management systems are certified to ISO 9001:2008, ISO14001:2004 and OHSAS18001:2007 standards for environment, quality and occupational health and safety. The Company laboratory is certified to ISO 17025 for fire assaying and bullion assaying.

Kingsgate Consolidated Limited is also a signatory to the Extractive Industries Transparency Initiative. The EITI sets a global standard for transparency in oil, gas and mining industries. It aims to strengthen governance by improving transparency and accountability in the extractive sectors.

5 OUR INVESTORS

Kingsgate's activities and focus on the gold mining and exploration sector involve certain levels of risk for the Company and its investors. These risks include commodity price risk, market risk, currency exchange risk, regulatory risk, country risk, operational and workplace risk, environmental risk and risk of the local community withdrawing support, among others.

Risk Management is conducted by senior management (including supervisors) both at an operational level and at the corporate head office to minimise the magnitude and the severity of any risk, if possible, within the principles and specific policies established by the Board. Investors have regularly expressed a preference for full exposure to the commodity fluctuation (gold price) and Kingsgate provides that exposure. Regulatory, operational, environmental and local community risk is minimised by effective management of the mine and its potential impacts, as well as building constructive dialogue at all the various levels of federal, provincial and local government, including local community groups.

This process is designed to maintain the overall 'license to operate' and provides investors' confidence that the Company has a demonstrable ability to conduct business and understand the culture in other countries.

Annual Report 2009

Corporate Governance Statement

Corporate Governance Practices

This statement provides an outline of the main corporate governance policies and practices that the Company had in place during the financial year.

The Board places considerable importance on high standards of ethical behaviour, governance and accountability. The Board is committed to ensuring its corporate governance policies adhere, as much as is practicable, to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Board has recognised the need for the continual development of the Company's corporate governance policies and practices, particularly in view of the Corporate Governance Principles and Recommendations (Second Edition Corporate Guidelines) released in August 2007.

Roles and Responsibilities of the Board

The Board of Directors is accountable to shareholders for the proper and prudent investment and preservation of shareholder funds.

The Board is responsible for:

- overseeing the Company, including its control and accountability systems;
- providing leadership of the Company within a framework of prudent and effective controls which enable risks to be assessed and managed;
- providing input into and final approval of management's development of corporate strategy and performance objectives;
- reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance;
- setting the Company's direction, strategies and financial objectives;
- ensuring compliance with regulatory and ethical standards;
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- approving and monitoring financial and other reporting;
- appointing, terminating and reviewing the performance of the Managing Director;
- ratifying the appointment and the termination of senior executives;
- monitoring senior executives' performance and implementation of strategy; and
- ensuring appropriate resources are available to senior executives.

Responsibility for the day-to-day management of the Company is delegated to the Managing Director and the senior executives.

In carrying out its duties, the Board meets formally at least nine times per year. Additional meetings are held to address specific issues or are held as the need arises. Directors also participate in meetings of various Board committees. In the financial year ending 30 June 2009, the Board met nine times and there were six Committee meetings.

Composition of the Board

The Board may, in accordance with the Company's constitution, be comprised of a minimum of three and a maximum of ten Directors.

The roles of the Non-Executive Chairman and the Managing Director/Chief Executive Officer are exercised by different individuals.

During the 2009 financial year, there were five Directors; currently there are four (John Falconer resigned on 26 August 2009). Details of the Directors who held office during the 2009 financial year, including their qualifications, experience and the period for which each Director has held office are set out on pages 32 to 34 of this Report.

At each Annual General Meeting of the Company, one third of the Directors (or the number nearest one-third) must retire from office. In addition, any other Director who has held office (without re-election) for three years or more must also retire from office. The Directors to retire at any Annual General Meeting must be those who have been in office the longest since their last election. The retirement of Directors who were elected on the same day, must be determined by lot (unless they agree otherwise between themselves). A retiring Director is eligible for re-election.

A Director appointed to fill a casual vacancy or as an addition to the existing Directors will hold office until the next Annual General Meeting at which he or she may be re-elected.

The Managing Director is not subject to retirement by rotation and along with any Director appointed as an additional or casual Director, is not to be taken into account in determining the number of Directors required to retire by rotation.

Director Independence

The Board considers that independence from management and non-alignment with other interests or relationships with the Company is essential for impartial decision making and effective governance.

Directors are deemed to be independent if they are independent of management and have no material business or other relationship with the Company that could materially impede their objectivity or the exercise of independent judgement or materially influence their ability to act in the best interests of the Company.

For the 2009 financial year, four of the Company's five Directors (including the Non-Executive Chairman) were considered by the Board to be independent throughout the year. Those Directors were Mr Ross Smyth-Kirk, Mr John Falconer, Mr Peter McAleer and Mr Craig Carracher.

In assessing independence, the Board has regard to whether any Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional adviser or a material consultant to the Company, or an employee materially associated with the above mentioned adviser/consultant;
- is a material supplier or customer of the Company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; and
- has a material contractual relationship with the Company other than as a Director.

The concept of 'materiality' is considered from both the Company and the individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors.

Appointment of Directors

Nominations of new Directors, recommended by the Nomination Committee, are considered by the full Board.

The Nomination Committee employs external consultants to access a wide base of potential Directors, considering their range of skills and experience required in light of the:

- current composition of the Board;
- need for independence;
- strategic direction and progress of the Company; and
- nature of the Company's business.

The Board assesses nominated Directors against a range of criteria including experience, professional expertise, personal qualities, potential conflicts of interest and their capacity to commit themselves to the Board's activities.

Performance Review of the Board and Senior Executives

Each year, the Board receives reports from management detailing interactions with and outlining the expressed views of the Company's shareholders. The Nomination Committee is responsible for evaluation of the Board, its committees and its key executives.

Performance evaluations of the Board, its committees, the individual Directors and key executives were undertaken in the 2009 financial year in accordance with the above processes.

The Managing Director undertakes an annual review of the performance of each Senior Executive against individual tasks and objectives.

Independent Professional Advice

Directors are able to access members of the management team at any time to request relevant information.

It is also Board policy that Directors may seek independent advice at the Company's expense.

Board Committees

To assist the Board in fulfilling its responsibilities, the Board has established three committees to consider certain issues and functions. These committees are as follows:

- Audit Committee;
- Remuneration Committee; and
- Nomination Committee.

Each committee operates under its own charter.

Audit Committee

The members of the Audit Committee as at the date of this Report are:

- Mr Craig Carracher (Chairman of Audit Committee);
- Mr Ross Smyth-Kirk; and
- Mr Peter McAleer.

The Committee has appropriate financial expertise. All members of the Committee are financially literate and have an appropriate understanding of the industry in which the Company operates.

The Audit Committee's role is to assist the Board to fulfil its responsibilities associated with the Company's accounts, its external financial reporting, its internal control structure, risk management systems and audit function. The primary functions of the Audit Committee are to:

- review the financial information provided by the Board to shareholders and other parties ensuring that it is true and fair and complies with relevant accounting standards;
- ensure that corporate risk management policies and internal controls are in place and are maintained in accordance with appropriate standards and statutory requirements;
- oversee and evaluate the quality of the audits conducted by the external auditors;
- provide for open communication between the external auditors and the Board for the exchange of views and information; and
- recommend to the Board the nomination and remuneration of the external auditors and ensure their independence and integrity.

In fulfilling its responsibilities, the Audit Committee has rights of access to management and to auditors (external and internal) without management present and may seek explanations and additional information.

The Audit Committee met twice during the 2009 financial year.

The Audit Committee operates in accordance with a charter published in the 'Corporate Governance' section of the Company's website.

Auditor Independence and Engagement

The charter adopted by the Audit Committee confirms its role in assisting the Board in respect of the appointment, compensation, retention and oversight of the Company's external auditors. The external auditors are required to confirm that they have maintained their independence in accordance with the *Corporations Act 2001* (Cth) and the rules of professional accounting bodies.

The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested when deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the Directors' Report. It is the policy of the external auditors to provide an annual declaration of their independence to the Audit Committee.

The external auditor is requested to attend the Company's Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the Audit Report.

PricewaterhouseCoopers was appointed as external auditor of the Company for the 2009 financial year.

Risk Oversight and Management

The Board, through the Audit Committee, is responsible for ensuring that there are adequate policies in place in relation to risk management, compliance and internal control systems.

Kingsgate has a systematic and structured risk oversight and management program that involves a detailed analysis of material risks to the business and operates at various levels underpinned by specific systems and procedures.

Risk monitoring, managing, mitigating and reporting is conducted regularly and includes the following:

› regular internal management reporting;
› reporting at Board and Committee meetings by relevant managers;
› site visits by the Board and Senior management;
› internal and external audits; and
› training, procedural manuals and meetings.

The Board has received assurance from the Managing Director and the Chief Financial Officer that the solvency declaration provided in accordance with section 295A of the *Corporations Act 2001* (Cth) is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

A summary of the Company's risk oversight and management policy is published in the 'Corporate Governance' section of the Company's website.

Remuneration Committee

The members of the Remuneration Committee, as at the date of this Report, are:

› Mr Ross Smyth-Kirk (Chairman of Remuneration Committee);
› Mr Peter McAleer; and
› Mr Craig Carracher.

The Remuneration Committee's role is to oversee the Company's remuneration and compensation plans.

To ensure that the review of remuneration practices and strategies on which decision making is based is objective and well founded, the Remuneration Committee engages external remuneration consultants.

The Remuneration Committee supports and advises the Board in fulfilling its responsibilities to shareholders by:

› ensuring shareholder and employee interests are aligned;
› ensuring the Company is able to attract, develop and retain talented employees;
› recommending to the Board, with the Managing Director, an appropriate executive remuneration policy;
› determining the remuneration of Directors;
› reviewing and approving the remuneration of those reporting directly to the Managing Director and other senior executives, as appropriate; and
› reviewing all equity based plans for approval by the Board.

The Remuneration Committee operates in accordance with the Company's remuneration policy. The policy is designed so that it motivates senior executives to pursue the long-term growth and success of the Company and demonstrates a clear relationship between senior executives' performance and remuneration.

The Remuneration Committee met twice during the 2009 financial year.

The Remuneration Committee operates in accordance with a charter published in the 'Corporate Governance' section of the Company's website.

Nomination Committee

The members of the Nomination Committee, as at the date of this Report, are:

› Mr Ross Smyth-Kirk (Chairman of Remuneration Committee);
› Mr Peter McAleer; and
› Mr Craig Carracher.

The role of the Nomination Committee supports and advises the Board in fulfilling its responsibility to ensure that it comprises individuals who are best able to discharge the responsibilities of the Directors, having regard to the law and the highest standards of governance, by:

› assessing the skills required on the Board;
› reviewing the structure, size and composition of the Board;
› from time to time assessing the extent to which the required skills are represented on the Board and ensuring an appropriate succession planning is in place;
› establishing processes for the review of the performance of individual Directors and the Board as a whole, its committees and key executives; and
› establishing processes for the identification of suitable candidates for appointment to the Board.

To ensure that the Board has an appropriate mix of skills and experience, the Nomination Committee will consider individuals for Board membership who have demonstrated high levels of integrity and performance in improving shareholder returns, and who can apply such skills and experience to the benefit of the Company.

The Nomination Committee met twice during the 2009 financial year.

The Nomination Committee operates in accordance with a charter published in the 'Corporate Governance' section of the Company's website.

Ethical Standards and Code of Conduct

The Board and the Company's employees are expected to maintain the highest level of corporate ethics and personal behaviour.

The Company has established a Code of Conduct which provides an ethical and legal framework for all employees in the conduct of its business. The Code of Conduct defines how the Company relates to its employees, shareholders and the community in which the Company operates.

The core values of the Code of Conduct are:

- honesty and integrity;
- fairness and respect; and
- trust and openness.

The Code of Conduct provides clear directions on conducting business internationally, interacting with governments, communities, business partners and general workplace behaviour having regard to the best practice corporate governance models. The Code of Conduct sets out a behavioural framework for all employees in the context of a wide range of ethical and legal issues.

The Code of Conduct is published in the 'Corporate Governance' section of the Company's website.

Share Trading Policy

In the interests of shareholder confidence and compliance with insider trading laws, the Company has formal policies governing the trading of the Company's securities by Directors, officers and employees. Details of Directors' shareholdings are disclosed in the Directors' Report.

The policy prohibits Directors and employees from engaging in short-term trading of any of the Company's securities and buying or selling the Company's securities if they possess unpublished, price-sensitive information.

Directors and senior management may buy or sell Company securities in the four week period following significant announcements by the Company, including the release of the quarterly report, half yearly results, the preliminary annual results and the lodgement of the Company's Annual Report (subject to the prohibition of dealing in the Company's securities if they possess unpublished price sensitive information).

Directors and senior management must also receive approval from the Chairman before buying or selling Company securities.

The Company's Share Trading Policy is available in the 'Corporate Governance' section of the Company's website.

Communication with Shareholders and Continuous Disclosure

The Company is committed to providing relevant and timely information to its shareholders in accordance with its continuous disclosure obligations under the ASX Listing Rules and the *Corporations Act 2001* (Cth).

Information is communicated to shareholders through the distribution of the Company's Annual Report and other communications. All releases are posted on the Company's website and released to the ASX in a timely manner.

The Company has practices in place throughout the year governing who may authorise and make disclosures and the method by which the market is to be informed of any price sensitive information.

The Company Secretary is responsible for communications with the ASX and ensuring that the Company meets its continuous disclosure obligations.

The Company's Continuous Disclosure Policy is available in the 'Corporate Governance' section of the Company's website.

Annual General Meeting

All shareholders are encouraged to attend and participate in the Company's Annual General Meeting. Shareholders may attend in person or send a proxy as their representative.

The Company's external auditor is routinely invited to, and attends, the Annual General Meeting in order to respond to questions raised by shareholders relating to the content and conduct of the audit and accounting policies adopted by the Company in relation to the preparation of the financial statements.

Corporate Governance Disclosure

The Company's governance policies and procedures comply in all substantial respects with the Australian Stock Exchange Corporate Governance Principles and Recommendations (Second Edition Corporate Guidelines, August 2007). The following table compares the ASX Recommendations and the Company's corporate governance policies and practices.

Corporate Governance Disclosure		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	✓
1.2	Companies should disclose the process for evaluating the performance of senior executives.	✓
2.1	A majority of the board should be independent directors.	✓
2.2	The chair should be an independent director.	✓
2.3	The roles of the chair and chief executive officer should not be exercised by the same individual.	✓
2.4	The board should establish a nomination committee.	✓
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	✓
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: › the practices necessary to maintain confidence in the company's integrity; › the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and › the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	✓
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	✓
4.1	The board should establish an audit committee.	✓
4.2	The audit committee should be structured so that it: › consists only of non-executive directors; › consists of a majority of independent directors; › is chaired by an independent chair, who is not chair of the Board; and › has at least three members.	✓
4.3	The audit committee should have a formal charter.	✓
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	✓
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	✓
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	✓
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	✓
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	✓
8.1	The board should establish a remuneration committee.	✓
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	✓

Annual Report 2009

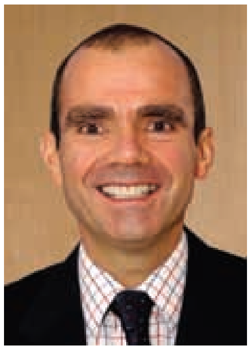
Senior Management


Gavin Thomas


Peter Warren


Philip MacIntyre


Stephen Promnitz


Ronald James

Kingsgate's executives have a comprehensive range of skills and experience including mine development and operations, exploration, finance and administration. They are supported by highly qualified specialists, whose backgrounds cover the full scope of mining resources activities.

Some of the senior members of Kingsgate's management team are:

Gavin Thomas BSc (Geology), FAusIMM
Managing Director and Chief Executive Officer

Gavin Thomas has had a successful career in developing mining companies from the exploration phase into mid-tier gold and/or copper production entities. He has over 38 years of international experience in exploring for, evaluating, developing, operating and reclaiming mines in North America, Australia, the Southwest Pacific, Asia, Europe and in particular, has extensive experience in Thailand and South America. Amongst Gavin's credits is the discovery, in Papua New Guinea, of "Lihir", one of the largest gold deposits in the world.

Mr Thomas was appointed to the Kingsgate Board on 16 November 2007. He is currently a director of Mercator Minerals Limited.

Peter Warren B Com, CPA
Chief Financial Officer & Company Secretary

Peter Warren joined Kingsgate in March 2006 as Chief Financial Officer and is a CPA of over 30 years standing, with an extensive involvement in the resources industry. Prior to Kingsgate, he was Company Secretary and Chief Financial Officer of Equatorial Mining Limited and of the Australian subsidiaries of the Swiss based Alusuisse Group and has held various financial and accounting positions for Peabody Resources and Hamersley Iron.

Philip MacIntyre BSc (Hons), FAusIMM, MCIM, SME
Chief Operating Officer and General Manager, Akara Mining Limited

Phil MacIntyre joined Kingsgate as the General Manager of Chatree gold mine in July 2001. He has a metallurgical and management background with over 30 years of mine operations experience in Canada, Papua New Guinea, Australia and Thailand. Previously, Phil was Mine General Manager at the Kidston gold mine in Queensland, Australia and, before that, Mill Superintendent at the Porgera Joint Venture in Papua New Guinea, at the Royal Oak Giant Mine, at Westmin Resources' Myra Falls Mine and at the Premier Gold Project and other projects in Canada.

Stephen Promnitz BSc (Hons)
Manager Corporate Development

Stephen Promnitz joined Kingsgate in August 2005 to cover business development, investor relations and commercial activities. He has extensive experience across the resources sector in acquisitions, investment banking, equity analysis, corporate finance and management, project management, mining and exploration geology. Previously, Stephen worked for Citigroup and Westpac and spent over 15 years with WMC Resources, Rio Tinto and Placer Dome including a global brief as manager-acquisitions for WMC and as country manager for WMC in Argentina. Prior to that, he worked in exploration for precious and base metals in Papua New Guinea, Indonesia and Australia.

Ronald James BSc (Geology), MAusIMM, MAIG
General Manager Exploration and Resource Development

Ron James has 25 years of experience in exploration and mining at management level inclusive of setting up gold mines and exploration projects from their earliest stages through to development and sustainability. Before joining Kingsgate, he was Chief Mine Geologist at the Gold Ridge mine in the Solomon Islands and later Group Exploration Manager for Ross Mining NL. Ron is familiar with the technical and operating requirements for emerging projects in a variety of terrains and environments and has a strong focus on maximising returns from ore bodies through optimum waste and ore classification as well as increasing reserves from near-mine resource development.

Annual Report 2009

Directors' Report

Your Directors present their report on the Group consisting of Kingsgate Consolidated Limited and the entities it controlled at the end of, or during, the year ended 30 June 2009.

Directors

The following persons were Directors of Kingsgate Consolidated Limited during the whole of the financial year and up to the date of this report:

- Ross Smyth-Kirk
- Gavin Thomas
- John Falconer
- Peter McAleer
- Craig Carracher

Principal activities

The principal continuing activities of Kingsgate Consolidated Limited were mining in Thailand and mineral exploration in Australia and Thailand. There have been no other significant changes in the principal activities of the Group during the financial year.

Dividends

Dividends paid to members during the financial year were as follows:

	2009 $'000	2008 $'000
No final dividend was declared in 2009 (2008 – Nil)	–	–
No interim dividend was declared in 2009 (2008 – Nil)	–	–
Total dividend payment	–	–

Review of operations and results

The following table shows the Group's performance over the last 5 years. The profit for 2009 was favourably impacted by the higher grade ore contained in Chatree North area and higher gold spot prices. The grant of the Chatree North Mining Leases occurred in July 2008 which allowed access to higher grade ore. The Group has made a major commitment to exploration in Thailand.

	2009	2008	2007	2006	2005
Net Profit/(Loss) After Tax ($'000)	**32,522**	36,197	(12,590)	16,662	8,391
Dividends Paid (Cash & DRP) ($'000)	**–**	–	4,513	8,669	11,973
Share Price 30 June ($)	**6.70**	5.23	5.55	5.14	2.84
Basic Earnings Per Share (Cents)	**34.9**	51.7	(17.3)	19.3	9.8
Diluted Earnings Per Share (Cents)	**34.9**	51.5	(17.3)	19.3	9.8

The Company has a Share Buy-back programme active. No shares were bought back during the year and a total of 376,167 shares have been bought back and cancelled under the programme. During the year, 3,456,000 options were exercised at various prices for $17.7 million equity.

Significant change in the state of affairs

There were no significant changes in the state of affairs of the Group that occurred during the financial year not otherwise disclosed in this report or the consolidated financial statements.

Matters subsequent to the end of the financial year

On 31 July 2009, 26,667 options with expiry date of 31 July 2009 and exercise price of $6.00 were exercised to acquire 26,667 fully paid ordinary shares in Kingsgate Consolidated Limited.

On 25 August 2009, Sinphum Co Ltd gave notice of exercise of their put options to Kingsgate Consolidated Limited in respect of 200,000 preference shares it holds in Akara Mining Ltd. Under the put option Kingsgate has 60 days to purchase the preference shares for Baht 260 per share.

A dividend of 15 cents per share was declared on 24 August 2009 with respect to the year end 30 June 2009. The record date is 9 September 2009 and the dividend will be paid on 23 September 2009.

No other matter or circumstance has arisen since 30 June 2009 that has significantly affected, or may significantly affect:

- the Group's operations in future financial years, or
- the results of those operations in future financial years, or
- the Group's state of affairs in future financial years.

Likely developments and expected results of operations

The likely developments of the Group in the subsequent financial year include further work on the expansion of the treatment plant to 5.0 million tonnes per annum, a continuation of the expanded exploration programme both near mine site and regionally within identified mineralised areas, and further increases in Mineral Resources and Ore Reserves.

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because Directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

The Group is subject to environmental regulation in respect to its gold mining operations and exploration activities in Australia, Thailand, Argentina, Chile and Peru. For the year ended 30 June 2009, the Group has operated within all environmental laws and there were no known contraventions at the date of this report.

Directors' attendance at meetings (1 July 2008 to 30 June 2009)

	Appointed	Independent	Board	Audit Committee	Nomination Committee	Remuneration Committee
Meetings Held:			9	2	2	2
Meetings Attended:						
Ross Smyth-Kirk	1994	Yes	9	2	2	2
Gavin Thomas	2007	No	9	–	–	–
John Falconer	1995	Yes	9	2	2	2
Peter McAleer	2000	Yes	9	2	2	2
Craig Carracher	2007	Yes	9	–	–	–

During the financial year, 9 Board meetings, 2 Audit Committee meetings, 2 Nomination Committee meetings and 2 Remuneration Committee meetings were held. The table above shows information on Board members and their attendance (including by telecommunication) during the year.

Information on Directors

Ross Smyth-Kirk | Gavin Thomas | John Falconer | Peter McAleer | Craig Carracher

Ross Smyth-Kirk, B Com, CPA, F Fin, Age: 62

Ross Smyth-Kirk was a founding Director of the former leading investment management company, Clayton Robard Management Limited and has had extensive experience over a number of years in investment management including a close involvement with the minerals and mining sectors. He was appointed to the Board on 29 November 1994 and has been a Director of a number of companies over the past 29 years in Australia and the UK. Mr Smyth-Kirk was previously Chairman of the Australian Jockey Club Limited.

Responsibilities: Chairman of the Board, member of the Audit Committee and Chairman of the Remuneration Committee and Nomination Committee.

Gavin Thomas, BSc FAusIMM, Age: 58

Gavin Thomas has had a successful career in developing mining companies from the exploration phase into mid-tier gold and/or copper production entities. He has over 38 years of international experience in exploring for, evaluating, developing, operating and reclaiming mines in North America, South America, Australia, the Southwest Pacific, Asia and Europe. Amongst other things he was credited with the discovery of the Lihir gold deposit in Papua New Guinea, one of the largest gold deposits in the world. In particular he has extensive experience in Thailand, Southwest Pacific and South America. Mr Thomas is currently a Director of Mercator Minerals Limited.

Responsibilities: Managing Director and Chief Executive Officer.

John Falconer, FCA, F FIN, Age: 61

John Falconer is a principal of Carbone Falconer & Co, a firm of Chartered Accountants practicing in Sydney, whose client base includes small publicly listed companies as well as a number of successful family businesses.

Responsibilities: Chairman of the Audit Committee and member of the Remuneration Committee and Nomination Committee.

Former directorship in the last 3 years: Taragon Property Fund and TZ Limited.

Peter McAleer, B Com (Hons), B L (Kings Inn – Dublin, Ireland), Age: 66

Peter McAleer is Chairman of Latin Gold Limited and a director of Kenmare Resources Plc (Ireland). Previously, he was a Director and Chief Executive Officer of Equatorial Mining Limited and a Director of Minera El Tesoro (Chile).

Responsibilities: Member of the Audit Committee, Remuneration Committee and Nomination Committee.

Craig Carracher, LLB (Sydney), BCL (Oxford), Age: 43

Craig Carracher brings considerable relevant Thai experience having been managing partner of an international law firm in Thailand for many years. Craig is CEO of Arctic Capital Limited, an Asian private equity management company which manages private equity investments across the Asian region including Thailand. His wide experience in Asian business circles brings value to the Company and his knowledge of mining and resource work is beneficial. He was appointed to the Board on 16 November 2007.

Mr Carracher is a Director of Living and Leisure Australia Group (LLA:ASX) and was previously a director of Ellerston Capital Ltd, the manager of Ellerston GEMS Fund (previously ASX listed), and was an Alternate Director of Sunland Group Limited. He was also a Director of Adkinsons Securities Ltd (now Country Group Securities and listed on the Thai Stock Exchange).

Company Secretary

The Company Secretary is Peter Warren. Mr Warren was appointed to the position of Company Secretary in 2006. Before joining Kingsgate Consolidated Limited he held similar positions with listed and unlisted public companies for 17 years.

Remuneration report

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration

B Details of remuneration

C Service agreements

D Share-based compensation

E Additional information

The information provided in this report has been audited as required by section 308 (3c) of the *Corporations Act 2001*.

A Principles used to determine the nature and amount of remuneration

The Group's policy for determining the nature and amount of emoluments of Board members and senior executives is set by the Board's Remuneration Committee. The Committee makes recommendations to the Board concerning the remuneration of executive and non-executive Directors having regard to the Group's stage of development, remuneration in the industry and performance.

The objectives of this policy are:

- to motivate executive management to manage and lead the business successfully and to drive strong long term organisational growth in line with the Company's strategy and business objectives;
- to encourage executives to align their interest with those of shareholders;
- to encourage executives to perform to their fullest capacity;
- to make sure that there is transparency and fairness in executive remuneration policy and practices;
- to deliver a balanced solution addressing all elements of remuneration;

- to make sure appropriate superannuation arrangements are in place for executives;
- to be competitive and cost effective in the current employment market; and
- to contribute to appropriate attraction and retention strategies for executives.

In consultation with external remuneration consultants, the Group seeks to structure an executive remuneration programme that is market competitive and complimentary to the reward strategy of the organisation.

The programme is intended to provide a mix of fixed and variable pay, and a blend of short and long-term incentives, as appropriate. As executives gain seniority with the Group, the balance of this mix shifts to a higher proportion of "at risk" rewards.

Non-executive Directors

The aggregate remuneration of Directors is set by shareholders in general meeting, in accordance with the Constitution of the Company, with individual Director's remuneration determined by the Board within the aggregate total. In determining the level of fees, data from surveys undertaken by outside consultants is taken into account. The aggregate amount of non-executive Directors' fees approved by shareholders on 13 November 2008 is $1,000,000.

The level of non-executive Director remuneration is to be set so as to attract the best candidates for the Board while maintaining a level commensurate with boards of similar size and type.

The Board also has regard to the advice of independent remuneration consultants to ensure non-executive Directors' fees and payments are appropriate and in line with the market.

The Chairman's fees are determined independently to the fees of non-executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

Retirement allowances for Directors

There are no retirement allowances for non-executive Directors.

Executive pay

The executive pay and reward programme is comprised of three components:

- Base pay and benefits, including superannuation
- Short-term performance incentives and
- Long-term incentives through participation in an option plan

The combination of these comprises the executive's total remuneration.

Base pay

This is structured as a total employment cost package which may be delivered as a mix of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases fixed in any senior executives' contracts.

Benefits

Executives may receive benefits including car allowances and car parking.

Short-term incentives

Short-term bonus payments are made to executives at the discretion of the Remuneration Committee.

Long-term incentive

Long-term incentives are provided to certain employees through the issue of options to acquire Kingsgate shares. Options are issued to employees to provide long-term incentives for employees to deliver long-term shareholder returns.

In general, the options vest over 3 years and the executive must still be employed by the Group. The options expire 5 years from the date of issue. The exercise price of the options is at a premium to the market price of Kingsgate shares at the date of grant.

B Details of remuneration

Amounts of remuneration

Details of the remuneration of the Directors, the key management personnel of the Group (as defined in AASB 124 Related Party Disclosures) and specified executives of Kingsgate Consolidated Limited and the Kingsgate Consolidated Limited Group are set out in the following tables.

The key management personnel of the Group are the Directors of Kingsgate Consolidated Limited (see pages 33 to 34) and those executives that report directly to the Managing Director being:

- Peter Warren – Company Secretary and Chief Financial Officer
- Phil MacIntyre – Chief Operating Officer, Akara Mining Limited
- Stephen Promnitz – Corporate Development Manager
- Ron James – General Manager Exploration and Resource Development, Kingsgate Consolidated Limited

In addition, the following person must be disclosed under the *Corporations Act 2001* as he is among the 5 highest remunerated Group and/or Company executives:

- Arthur Ellis – Group Financial Controller

Key management personnel of the Group and other executives of the Company and the Group

2009	Short-term benefits			Post-employment benefits		Share-based payment	
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Retirement benefits $	Options $	Total $
Non-executive directors							
Ross Smyth-Kirk	160,000	–	4,290	14,400	–	(488,000)+	(309,310)
John Falconer	100,000	–	–	9,000	–	(244,000)+	(135,000)
Peter McAleer*	100,000	–	–	–	–	(244,000)+	(144,000)
Craig Carracher	100,000	–	–	–	–	(244,000)+	(144,000)
Sub-total non-executive directors	**460,000**	**–**	**4,290**	**23,400**	**–**	**(1,220,000)**	**(732,310)**
Executive director							
Gavin Thomas^ #	800,004	400,000	30,440	99,996	–	–	1,330,440
Other key management personnel							
Peter Warren^ #	375,000	200,000	9,800	108,492	–	140,461	833,753
Phil MacIntyre^	701,565	113,634	11,861	–	–	105,109	932,169
Stephen Promnitz^ #	368,623	–	2,563	31,377	–	2,821	405,384
Ron James^ + #	350,100	50,000	3,767	–	–	56,058	459,925
Total key management personnel compensation	**3,055,292**	**763,634**	**62,721**	**263,265**	**–**	**(915,551)**	**3,229,361**
Other Company and Group executives							
Arthur Ellis#	231,200	25,000	–	14,963	–	35,037	306,200

* Consulting fees of $100,000 (2008: $86,667) were paid or payable to Norwest Mining Consultants Ltd, of which Peter McAleer is an officer and Director.

^ Denotes one of the 5 highest paid executives of the Group, as required to be disclosed under the *Corporations Act 2001*.

# Denotes one of the 5 highest paid executives of the Company, as required to be disclosed under the *Corporations Act 2001*.

+ The options were revalued following shareholders approval in general meeting (please refer to Note 25 on page 81).

Key management personnel of the Group and other executives of the Company and the Group

2008	Short-term benefits			Post-employment benefits		Share-based payment	
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Retirement benefits $	Options $	Total $
Non-executive directors							
Ross Smyth-Kirk	146,667	–	1,454	15,900	–	622,000+	786,021
John Falconer	86,667	–	–	9,150	–	311,000+	406,817
Peter McAleer*	86,667	–	–	–	–	311,000+	397,667
Craig Carracher *(appointed 16 Nov 2007)*	62,308	–	–	–	–	311,000+	373,308
Sub-total non-executive directors	**382,309**	**–**	**1,454**	**25,050**	**–**	**1,555,000**	**1,963,813**
Executive director							
Gavin Thomas	500,004	–	27,706	99,996	–	65,813	693,519
Other key management personnel							
Peter Warren^ #	300,000	–	10,880	100,000	–	200,226	611,106
Phil MacIntyre^	551,592	–	11,363	–	–	55,441	618,396
Stephen Promnitz^ #	348,624	–	–	31,376	–	36,047	416,047
Ron James^	312,149	–	5,489	–	–	33,139	350,777
John McDougall^	377,930	–	8,321	–	–	25,870	412,121
Total key management personnel compensation	**2,772,608**	**–**	**65,213**	**256,422**	**–**	**1,971,536**	**5,065,779**
Other Company and Group executives							
Arthur Ellis#	211,800	–	–	13,200	–	16,168	241,168

* Consulting fees of $86,667 (2007: $60,000) were paid or payable to Norwest Mining Consultants Ltd, of which Peter McAleer is an officer and Director.

^ Denotes one of the 5 highest paid executives of the Group, as required to be disclosed under the *Corporations Act 2001*.

# Denotes one of the 5 highest paid executives of the Company, as required to be disclosed under the *Corporations Act 2001*. Note there are only 3 executives at the parent Company.

\+ The share options are subject to shareholders approval. The valuation of the options are based on the Company's share price of $5.23. The options will be revalued based on the date shareholders approve their issue.

C Service agreements

Remuneration and other terms of employment for the Chief Executive Officer and the other key management personnel are formalised in service agreements. Each of these agreements provide for the provision of performance-related cash bonuses, other benefits including car allowances and car parking, and participation, when eligible, in share and incentive plans. Other major provisions of the agreements relating to remuneration are set out below.

Gavin Thomas – Chief Executive Officer

- Term of agreement – 3 years commencing on 1 July 2008.
- Base salary, inclusive of superannuation, as at 30 June 2009 of $900,000 to be reviewed annually by the Remuneration Committee.
- The agreement may be terminated early by the Company, other than for gross misconduct with one month notice. Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equals the base salary for the remaining term of the agreement.

Peter Warren – Chief Financial Officer/Company Secretary

- Term of agreement – 3 years commencing on 1 July 2008.
- Base salary, inclusive of superannuation, as at 30 June 2009 of $475,000 to be reviewed annually by the Remuneration Committee.
- The agreement may be terminated early by the Company, other than for gross misconduct with one month notice. Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to base salary for the remaining term of the agreement.

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

- Term of agreement – 3 years commencing on 1 July 2008.
- Base salary as at 30 June 2009 of Canadian $408,860 net of applicable tax to be reviewed annually by the Remuneration Committee.
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to 6 months base salary plus one month base salary for each completed year of service.

Stephen Promnitz – Corporate Development Manager

- Term of agreement – No fixed term.
- Base salary, inclusive of superannuation, as at 30 June 2009 of $400,000 to be reviewed annually by the Remuneration Committee.
- No termination or bonus payments.

Ron James – General Manager, Exploration and Resource Development, Kingsgate Consolidated Limited

- Term of agreement – 3 years commencing on 1 July 2008.
- Base salary as at 30 June 2009 of $120,000 plus $2,000 per day for each day or part thereof worked in excess of 5 days in any calendar month.

Arthur Ellis – Group Financial Controller

- Term of agreement – 3 years commencing on 1 July 2008.
- Base salary, inclusive of superannuation, as at 30 June 2009 of $245,000 to be reviewed annually by the Remuneration Committee.
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to 12 months base salary.

D Share-based compensation

Options

Options are issued to executives to provide long-term incentives for executives to deliver long-term shareholder returns. In general, the options vest over 3 years and the executive must still be employed by the Group. The options expire 5 years from the date of issue. The exercise price of the options is at a premium to the market price of Kingsgate shares at the date of grant.

The options are issued pursuant to Board's discretion and no individual has a contractual right to receive options or any guaranteed benefits. The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods is as follows:

Grant date	Expiry date	Exercise price	Value per option at grant date	Date vested and exercisable
31 March 2005	1 April 2010	$2.69	$0.36	1 April 2005
7 July 2005	1 July 2010	$4.00	$0.39 $0.43 $0.47	36% on 1 July 2006, 36% on 1 July 2007 and 28% on 1 July 2008
7 July 2005	1 July 2010	$5.00	$0.25 $0.29 $0.33	36% on 1 July 2006, 36% on 1 July 2007 and 28% on 1 July 2008
7 July 2005	1 July 2010	$6.00	$0.17 $0.21 $0.24	36% on 1 July 2006, 36% on 1 July 2007 and 28% on 1 July 2008
7 July 2005	1 July 2010	$7.00	$0.11 $0.15 $0.18	36% on 1 July 2006, 36% on 1 July 2007 and 28% on 1 July 2008
26 October 2005	26 October 2010	$3.00	$1.52	26 October 2005
26 October 2005	26 October 2010	$4.00	$1.15 $1.24	50% on 1 November 2006 and 50% on 1 November 2007
26 October 2005	26 October 2010	$5.00	$0.85 $0.94	50% on 1 November 2006 and 50% on 1 November 2007
26 October 2005	26 October 2010	$6.00	$0.63 $0.72	50% on 1 November 2006 and 50% on 1 November 2007
26 October 2005	1 August 2010	$3.25	$1.44 $1.51 $1.58	50% on 1 August 2006, 25% on 1 August 2007 and 25% on 1 August 2008
26 October 2005	1 August 2010	$4.00	$1.12 $1.21 $1.29	50% on 1 August 2006, 25% on 1 August 2007 and 25% on 1 August 2008
26 October 2005	1 August 2010	$5.00	$0.80 $0.90 $0.99	50% on 1 August 2006, 25% on 1 August 2007 and 25% on 1 August 2008
26 October 2005	1 August 2010	$6.00	$0.58 $0.68 $0.77	50% on 1 August 2006, 25% on 1 August 2007 and 25% on 1 August 2008
26 October 2005	1 August 2010	$7.00	$0.43 $0.52 $0.61	50% on 1 August 2006, 25% on 1 August 2007 and 25% on 1 August 2008
7 July 2006	1 July 2011	$5.50	$1.60 $1.73 $1.84	33% on 1 July 2007, 33% on 1 July 2008 and 34% on 1 July 2009
7 July 2006	1 July 2011	$6.00	$1.46 $1.59 $1.71	33% on 1 July 2007, 33% on 1 July 2008 and 34% on 1 July 2009
7 July 2006	1 July 2011	$7.00	$1.22 $1.36 $1.48	33% on 1 July 2007, 33% on 1 July 2008 and 34% on 1 July 2009
7 July 2006	1 July 2011	$8.00	$1.22 $1.36 $1.48	33% on 1 July 2007, 33% on 1 July 2008 and 34% on 1 July 2009
4 April 2008	3 April 2013	$6.00	$1.21 $1.36 $1.50	33% on 3 April 2009, 33% on 3 April 2010 and 34% on 3 April 2011
4 April 2008	3 April 2013	$6.00	$0.37	100% on 21 November 2008
4 April 2008	3 April 2013	$7.00	$0.30	100% on 21 November 2008

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share. Once vested the options may be exercised at any time. The exercise price is based on the Company's share price at the time of grant and usually includes a premium. Option holders may not enter into any transactions designed to remove the "at risk" aspect of the instrument before it vests.

Details of options over ordinary shares in the Company provided as remuneration to each of the key management personnel of the parent entity and Group are set out below. When exercisable, each option is convertible into one ordinary share of Kingsgate Consolidated Limited. Further information on the options is set out in Note 25 to the financial statements.

Name	Number of options granted during the year		Number of options vested during the year	
	2009	2008	2009	2008
Non-executive directors				
Ross Smyth-Kirk	–	400,000	**400,000**	–
John Falconer	–	200,000	**200,000**	–
Peter McAleer	–	200,000	**200,000**	–
Craig Carracher	–	200,000	**200,000**	–
Other key management personnel of the Group				
Gavin Thomas	–	–	**700,000**	900,000
Stephen Promnitz	–	–	**100,000**	100,000
Peter Warren	–	101,000	**167,001**	133,334
Phil MacIntyre	–	150,000	**50,000**	50,000
Ron James	–	80,000	**26,667**	45,000
Arthur Ellis	–	50,000	**16,667**	–
John McDougall +	–	80,000	**26,667**	–

+ Retired 30 April 2009

The expected price volatility is based on the historic volatility adjusted for any expected changes to future volatility due to publicly available information.

Shares provided on exercise of remuneration options

Details of ordinary shares in the Company provided as a result of the exercise of remuneration options to each Director of Kingsgate Consolidated Limited and other key management personnel of the Group are set out below.

Name	Number of ordinary shares issued on exercise of options during the year	
	2009	2008
Directors of Kingsgate Consolidated Limited		
Ross Smyth-Kirk	–	–
Gavin Thomas	–	–
John Falconer	–	–
Peter McAleer	–	–
Craig Carracher	–	–
Other key management personnel of the Group		
Peter Warren	–	–
Stephen Promnitz	–	–
Phil MacIntyre	50,000	–
Ron James	30,000	–
Arthur Ellis	–	–

E Additional information

Principles used to determine the nature and amount of remuneration: relationship between remuneration and Company performance

The overall level of executive reward takes into account the performance of the Group over a number of years, with greater emphasis given to the current and prior year. Emphasis is also placed on the level of executive remuneration paid by the Company peers in the Australian gold industry.

Details of remuneration: cash bonus and options

For each bonus and grant of options included in the tables on pages 36 to 37 and 39 to 41, the percentage of the available bonus or grant that was paid or that was vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonus is payable in future years. The options vest over a 3 year period and will vest if the executive remains an employee of the Company on the vesting date and the options will vest immediately if the executive's employment is terminated as a result of a change in control of the Company. No options will vest if the above conditions are not satisfied, hence the minimum value of the options yet to vest is nil.

The maximum value of the options yet to vest has been determined assuming the share price on the date the options are exercised will not exceed $2.82 for the options issued in July 2005, $4.00 for the options issued in October 2005, $5.12 for the options issued in July 2006 and $4.05 for options issued in April 2008.

	Cash Bonus		Options					
Name	Paid %	Forfeited %	Year granted	Vested %	Forfeited %	Financial years in which the options may vest	Minimum total value of grant yet to vest $	Maximum total value of grant yet to vest $
Gavin Thomas	nil	nil	2006	100	–	–	nil	–
			2005	100	–	–	nil	–
Stephen Promnitz	nil	nil	2006	100	–	–	nil	–
Peter Warren	nil	nil	2007	87.5	–	2009	nil	–
					–	2010	nil	210,998
			2008	33	–	2009	nil	–
					–	2010	nil	45,787
					–	2011	nil	50,499
Phil MacIntyre	nil	nil	2006	100	–	2008	nil	–
			2008	33	–	2009	nil	–
					–	2010	nil	68,000
					–	2011	nil	75,000
Ron James	nil	nil	2006	100	–	2008	nil	–
			2008	33	–	2009	nil	–
					–	2010	nil	36,266
					–	2011	nil	39,999
Arthur Ellis	nil	nil	2008	33	–	2009	nil	–
					–	2010	nil	22,667
					–	2011	nil	24,999

Share-based compensation: options

The terms and conditions of each grant of options affecting remuneration in this or future reporting periods are in accordance with the Kingsgate Executive Option Plan. For details of these plans and the valuation of options, including models and assumptions used, please refer to Note 25.

	A	B	C	D
Name	Remuneration consisting of options %	Value at grant date $	Value at exercise date $	Value at lapse date $
Gavin Thomas	–	65,813	–	–
Peter Warren	17	200,226	–	–
Phil MacIntyre	11	55,441	35,850	–
Stephen Promnitz	1	36,047	–	–
Ron James	12	33,139	76,000	–
Arthur Ellis	12	16,168	–	–

A. The percentage of the value of remuneration consisting of options, based on the value of options expensed during the current year.

B. The value at grant date calculated in accordance with AASB 2 Share-based Payment of options granted during the years as part of remuneration.

C. The value at exercise date of options that were granted as part of remuneration and were exercised during the year.

D. The value at lapse date of options that were granted as part of remuneration and that lapsed during the year because a vesting condition was not satisfied. The value is determined at the time of lapsing, but assuming the condition was satisfied.

Shares under options

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Date of grant	Number of options	Terms
8 July 2005	60,000	$2.69 expiring 1 April 2010
8 July 2005	2,500,000	$4.00 to $7.00 expiring 1 July 2010
13 October 2005	80,000	$5.00 expiring 26 October 2010
	80,000	$6.00 expiring 26 October 2010
	25,000	$3.25 expiring 1 August 2010
	50,000	$4.00 expiring 1 August 2010
	100,000	$5.00 expiring 1 August 2010
	100,000	$6.00 expiring 1 August 2010
	125,000	$7.00 expiring 1 August 2010
7 July 2006	50,000	$5.50 expiring 1 July 2011
	100,000	$6.00 expiring 1 July 2011
	100,000	$7.00 expiring 1 July 2011
	150,000	$8.00 expiring 1 July 2011
4 April 2008	1,000,000	$4.68 and $6.00 expiring 3 April 2013
	415,000	$6.00 expiring 3 April 2013
4 April 2008	1,000,000	$6.00 and $7.00 expiring 3 April 2013

Shares issued on the exercise of options

In July 2008, 30,000 $4.00 options expiring on 26 October 2010 and 250,000 $4.68 options were exercised and 280,000 fully paid ordinary shares were issued. In April 2009, 1,126,000 $4.55 options expiring on 23 April 2009 were exercised and 1,126,000 fully paid ordinary shares were issued. On 3 April 2009, 2,000,000 $4.68 options expiring on 3 April 2009 were exercised and 2,000,000 fully paid ordinary shares were issued. On 13 May 2009, 50,000 $3.00 options expiring on 26 October 2010 were exercised and 50,000 fully paid ordinary shares were issued. No amounts are unpaid on any of the shares.

Interest in shares and options of the Company

As at the date of this report, the interests of the Directors and key management personnel in the shares and options of Kingsgate Consolidated Limited were:

Name	Ordinary shares	Options over ordinary shares
Directors of Kingsgate Consolidated Limited		
Ross Smyth-Kirk	4,586,271	400,000
Gavin Thomas	703,921	2,560,000
John Falconer	271,275	200,000
Peter McAleer	300,000	200,000
Craig Carracher	–	200,000
Other key management personnel of the Group		
Stephen Promnitz	–	400,000
Peter Warren	15,000	501,000
Phil MacIntyre	195,000	250,000
Ron James	–	140,000
Arthur Ellis	3,000	50,000

Insurance of officers

During the financial year, the Group paid premiums to insure Directors and Officers of the Group. The contracts include a prohibition on disclosure of the premium paid and nature of the liabilities covered under the policy.

Directors' interest in contracts

No material contracts involving Directors' interests were entered into since the end of the previous financial year or existed at the end of the financial year other than the transactions detailed in the note to the accounts.

Non-audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for the audit and non-audit services provided during the year are set out as follows.

The Board of Directors has considered the position and, in accordance with advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as shown, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor;
- None of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants.*

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

REMUNERATION OF AUDITORS	Consolidated 2009 $	Consolidated 2008 $	Parent entity 2009 $	Parent entity 2008 $
(a) Audit services				
PricewaterhouseCoopers Australian Firm				
Audit and review of the financial reports	**331,500**	335,950	**331,500**	335,950
Related practices of PricewaterhouseCoopers Australian Firm	**122,159**	85,288	**–**	–
Total remuneration for audit services	**453,659**	421,238	**331,500**	335,950
(b) Non-audit services				
PricewaterhouseCoopers Australian Firm				
Workers compensation review	**–**	3,500	**–**	3,500
Other services	**51,000**	–	**51,000**	–
Related practices of PricewaterhouseCoopers Australian Firm – other services	**182,940**	–	**–**	–
Total remuneration for audit-related services	**233,940**	3,500	**51,000**	3,500
Taxation services				
PricewaterhouseCoopers Australian Firm				
Tax compliance services	**153,600**	154,275	**153,600**	154,275
Related practices of PricewaterhouseCoopers Australian Firm				
Tax compliance services	**18,787**	52,482	**–**	–
Total remuneration for tax related services	**172,387**	206,757	**153,600**	154,275

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 46.

Rounding of amounts

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

Auditors

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

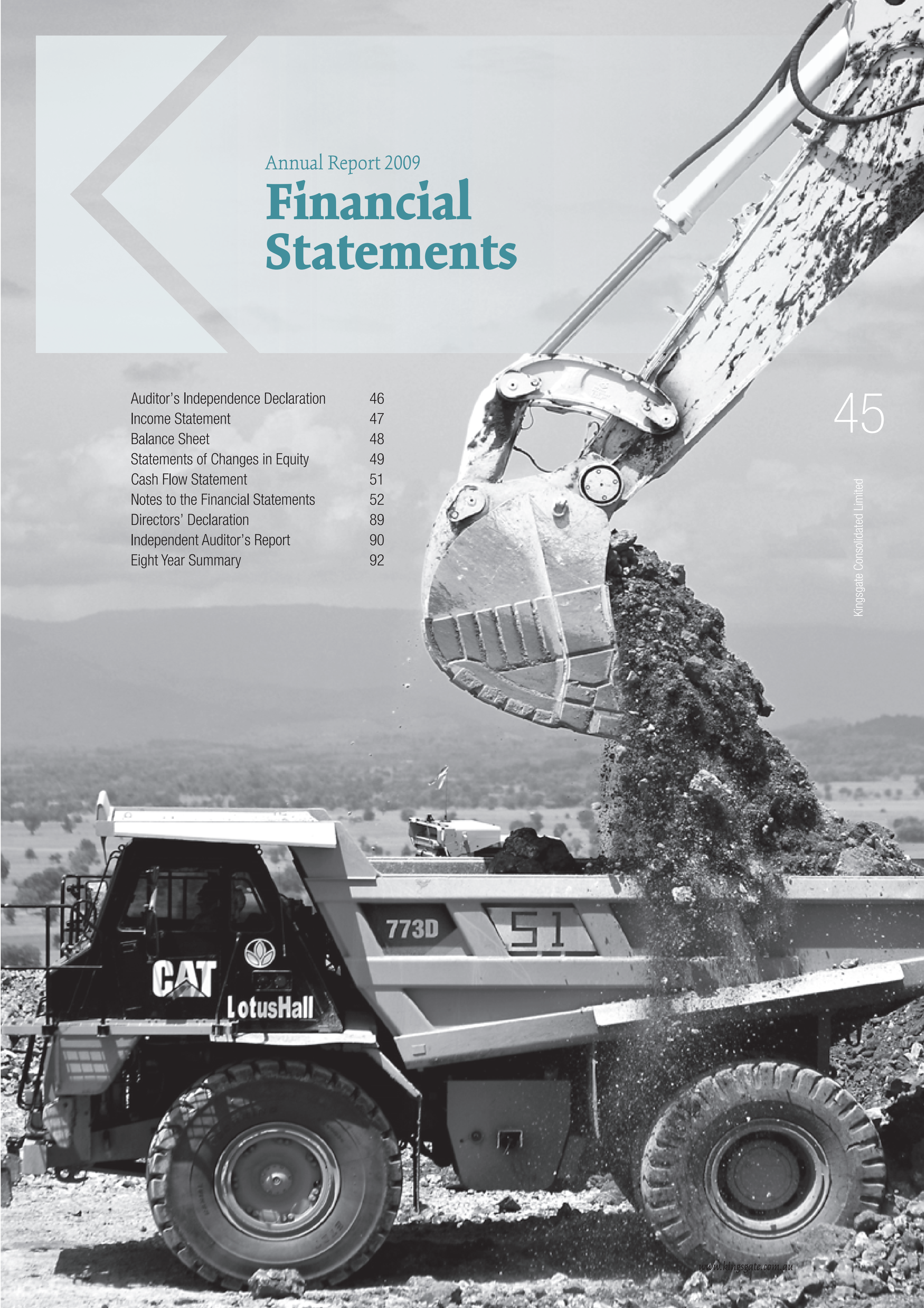
This report is made in accordance with a resolution of Directors.

Ross Smyth-Kirk
Director

Sydney
26 August 2009

Annual Report 2009

Financial Statements



Auditor's Independence Declaration

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Auditor's Independence Declaration

As lead auditor for the audit of Kingsgate Consolidated Limited for the year ended 30 June 2009, 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 audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Marc Upcroft
Partner
PricewaterhouseCoopers

Sydney
26 August 2009

Annual Report 2009

Income Statement

for the year ended 30 June 2009

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Revenue from continuing operations	3	**114,092**	76,495	**33,108**	3,360
Other income	4	**2,432**	44,443	**13**	–
Changes in inventories of finished goods and work in progress		**5,462**	802	**–**	–
Direct costs of mining and processing		**(55,099)**	(40,135)	**–**	–
Employee benefits expense		**(11,647)**	(8,082)	**(2,524)**	(4,046)
Depreciation and amortisation expenses	5	**(11,575)**	(9,284)	**(45)**	(60)
Finance costs	5	**(1,854)**	(4,100)	**(1,978)**	(2,565)
Exploration expensed		**(294)**	(382)	**–**	–
Foreign exchange losses	5	**–**	(216)	**–**	(1)
Gain/(loss) on derivative financial instruments		**–**	(4,514)	**–**	–
Other expenses from ordinary activities	5	**(8,460)**	(7,155)	**(6,509)**	(5,343)
Profit/(Loss) before income tax		**33,057**	47,872	**22,065**	(8,655)
Income tax benefit (expense)	6	**(535)**	(11,675)	**685**	1,896
Profit/(Loss) for the year		**32,522**	36,197	**22,750**	(6,759)
Net Profit/(Loss) attributable to members of Kingsgate Consolidated Limited		**32,522**	36,197	**22,750**	(6,759)
		Cents	**Cents**		
Basic earnings per share	33	**34.9**	51.7		
Diluted earnings per share	33	**34.9**	51.5		

The above income statement should be read in conjunction with the accompanying notes.

Balance Sheet

as at 30 June 2009

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
CURRENT ASSETS					
Cash and cash equivalents	7	**29,680**	40,226	**7,800**	36,286
Receivables	8	**7,522**	3,245	**152,179**	172
Inventories	9	**10,521**	4,594	**–**	–
Other assets	10	**9,805**	8,558	**533**	1,535
TOTAL CURRENT ASSETS		**57,528**	56,623	**160,512**	37,993
NON-CURRENT ASSETS					
Other financial assets	8	**–**	–	**504**	118,520
Inventories	9	**9,393**	–	**–**	–
Mine property, plant and equipment	12	**199,700**	140,315	**110**	61
Deferred tax assets	13	**136**	3,852	**103**	169
Other assets	10	**3,890**	2,459	**260**	787
TOTAL NON-CURRENT ASSETS		**213,119**	146,626	**977**	119,537
TOTAL ASSETS		**270,647**	203,249	**161,489**	157,530
CURRENT LIABILITIES					
Payables	15	**13,665**	7,317	**4,865**	31,806
Provisions	16	**1,448**	788	**345**	199
Current tax liabilities	17	**–**	7,798	**–**	7,798
Borrowings	14	**2,103**	–	**–**	–
TOTAL CURRENT LIABILITIES		**17,216**	15,903	**5,210**	39,803
NON-CURRENT LIABILITIES					
Provision	16	**7,162**	4,566	**–**	–
Borrowings	14	**41**	1,599	**–**	–
Deferred tax liabilities	18	**1,188**	168	**148**	168
TOTAL NON-CURRENT LIABILITIES		**8,391**	6,333	**148**	168
TOTAL LIABILITIES		**25,607**	22,236	**5,358**	39,971
NET ASSETS		**245,040**	181,013	**156,131**	117,559
EQUITY					
Parent entity interest					
Contributed entity	19	**129,300**	111,576	**129,300**	111,576
Reserves	20	**4,579**	(9,202)	**3,358**	5,261
Retained profits	20	**111,161**	78,639	**23,473**	722
TOTAL EQUITY		**245,040**	181,013	**156,131**	117,559

The above balance sheet should be read in conjunction with the accompanying notes.

Annual Report 2009

Statements of Changes in Equity

for the year ended 30 June 2009

CONSOLIDATED	Notes	Attributable to owners of Kingsgate Consolidated Limited – Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2007		**92,091**	30,216	**42,442**	164,749
Profit for the year		**–**	–	**36,197**	36,197
Exchange difference on translation of foreign operations associates and ventures		**–**	(22,473)	**–**	(22,473)
Changes in equity for the year		**–**	(22,473)	**36,197**	13,724
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs		**19,485**	–	**–**	19,485
General reserve		**–**	24	**–**	24
Employee share options – value of employee services		**–**	3,174	**–**	3,174
Available-for-sale investment		**–**	(24,658)	**–**	(24,658)
Hedges written off		**–**	4,515	**–**	4,515
		111,576	(9,202)	**78,639**	181,013
Balance at 1 July 2008		**111,576**	(9,202)	**78,639**	181,013
Profit for the year		**–**	–	**32,522**	32,522
Exchange differences on translation of foreign operations associates and ventures		**–**	15,911	**–**	15,911
Changes in equity for the year		**–**	15,911	**32,522**	48,433
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	19	**17,724**	–	**–**	17,724
General reserve		**–**	(227)	**–**	(227)
Movement in share option reserve	20	**–**	(1,903)	**–**	(1,903)
		17,724	(2,130)	**–**	15,594
Balance at 30 June 2009		**129,300**	4,579	**111,161**	245,040

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Statements of Changes in Equity

for the year ended 30 June 2009

PARENT ENTITY	Notes	Attributable to owners of Kingsgate Consolidated Limited Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2007		**111,576**	2,087	**7,481**	121,144
Profit for the year		**–**	–	**(6,759)**	(6,759)
Changes in equity for the year		**–**	–	**(6,759)**	(6,759)
Transactions with owners in their capacity as owners:					
Employee share options – value of employee services	20	**–**	2,065	**–**	2,065
Employee share options – options issued to employee of subsidiaries	20	**–**	1,109	**–**	1,109
		–	3,174	**–**	3,174
Balance at 1 July 2008		**111,576**	5,261	**722**	117,559
Profit for the year		**–**	–	**22,750**	22,750
Changes in equity for the year		**–**	–	**22,750**	22,750
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	19	**17,724**	–	**–**	17,724
Movements in share option reserves	20	**–**	(1,903)	**–**	(1,903)
		17,724	(1,903)	**–**	15,821
Balance at 30 June 2009		**129,300**	3,358	**23,472**	156,130

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Annual Report 2009

Cash Flow Statements

for the year ended 30 June 2009

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers (inclusive of goods and services tax)		**113,015**	75,371	**1,206**	1,358
Payments to suppliers and employees (inclusive of goods and services tax)		**(87,602)**	(55,584)	**(4,738)**	(8,898)
Interest received		**998**	2,202	**723**	2,002
Finance costs paid		**(1,286)**	(3,332)	**(1,615)**	(1,134)
Income tax paid		**(7,067)**	–	**(7,067)**	–
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	26	**18,058**	18,657	**(11,491)**	(6,672)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for exploration acquisitions		**(5,983)**	(4,722)	**–**	–
Loans to controlled entities		**–**	–	**(51,118)**	(9,234)
Repayment from controlled entity		**–**	–	**18,443**	69,908
Payments for mine properties and development expenditure		**(30,430)**	(7,963)	**–**	–
Payments for property, plant and equipment		**(11,768)**	(20,485)	**(94)**	(30)
Proceeds from the sale of available-for-sale financial assets		**–**	69,908	**–**	–
Proceeds from disposal of property, plant and equipment		**–**	71	**–**	–
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		**(48,181)**	36,809	**(32,769)**	60,644
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings, net of transaction costs		**17,000**	7,040	**17,000**	7,000
Repayment of borrowings		**(17,000)**	(27,000)	**(17,000)**	(27,000)
Proceeds from issue of shares		**15,774**	–	**15,774**	–
Dividends paid		**–**	–	**–**	–
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		**15,774**	(19,960)	**15,774**	(20,000)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(14,349)**	35,506	**(28,486)**	33,972
Cash at the beginning of the financial year		**40,226**	5,148	**36,286**	2,314
Effects of exchange rate changes on cash and cash equivalents		**545**	(428)	**–**	–
Reclassification of other deposits		**3,258**	–	**–**	–
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		**29,680**	40,226	**7,800**	36,286

The above cash flow statements should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

30 June 2009

The Financial Report of Kingsgate Consolidated Limited for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of Directors on 24 August 2009.

Kingsgate Consolidated Limited is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange using the ASX code KCN.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the Financial Report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Financial Report includes separate financial statements for Kingsgate Consolidated Limited as an individual entity and the Group consisting of Kingsgate Consolidated Limited and its subsidiaries.

(a) Basis of preparation

This general purpose Financial Report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRS
The Financial Report of Kingsgate Consolidated Limited also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates
The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

(b) Principles of consolidation

Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Kingsgate Consolidated Limited ("Company" or "parent entity") as at 30 June 2009 and the results of all subsidiaries for the year then ended. Kingsgate Consolidated Limited and its subsidiaries together are referred to in this Financial Report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to Note 1(h)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Kingsgate Consolidated Limited.

(c) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Kingsgate Consolidated Limited's functional and presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

On consolidation, income statement items are translated from the functional currency into Australian dollars at average exchange rates. Balance sheet items are translated into Australian dollars at the year end exchange rate. Exchange gains and losses which arise on balances between Group entities are taken to the foreign currency translated reserve where the intra-group balances are in substance part of the Group's net investment in the entity.

Where as a result of a change in circumstances, a previously designated intra-group balance is intended to be settled in the foreseeable future, the intra-group balance is no longer regarded as part of net investment. The exchange differences for such balance previously taken directly to the foreign currency translation reserves are recognised in the income statement. Deferred tax previously recognised in the foreign currency translation reserves is directly taken to income tax expense.

(iii) Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the income statement, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Sales revenue represents the net proceeds receivable from the customer.

Gold and silver revenue is recognised when the refinery process has been finalised and the sale transaction to a third party has been completed. Transportation and refinery costs are expensed when incurred.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation
Kingsgate Consolidated Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Kingsgate Consolidated Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Kingsgate Consolidated Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details about the tax funding agreement are disclosed in Note 6.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (Note 21). Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (Note 21). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(h) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(i) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment.

Receivables from gold and silver are due for settlement no more than 3 days from the date of recognition. Other receivables are due for settlement no more than 90 days from the date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(l) Inventories

Raw materials and stores, work in progress and finished goods
Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Stockpiles represent ore that has been extracted and is available for further processing. If there is significant uncertainty as to when the stockpiled ore will be processed it is expensed as incurred. Where the future processing of this ore can be predicted with confidence, e.g. because it exceeds the mine's cut off grade, it is valued at the lower of cost and net realisable value. If the ore will not be processed within the 12 months after the balance sheet date it is included within non current assets. Work in progress inventory includes ore stockpiles and other partly processed material. Quantities are assessed primarily through surveys and assays.

(m) Investments and other financial assets

Classification
The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

(iii) Available-for-sale financial assets
Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and derecognition
Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement
Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment
The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for- sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the income statement.

(n) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation and amortisation of mine buildings, plant, machinery and equipment is provided over the assessed life of the relevant mine or asset, whichever is the shorter.

Depreciation and amortisation is determined on a units-of-production basis over the estimated recoverable reserves from the related area. In some circumstances, where conversion of resources into reserves is expected, some elements of resources may be included. For mine plant, machinery and equipment, which have an expected economic life shorter than the life of the mine, a straight line basis is adopted.

The expected useful lives are as follows:

› mine buildings – the shorter of applicable mine life and 25 years;
› plant, machinery and equipment – the shorter of applicable mine life and 3-15 years depending on the nature of the asset.

The estimated recoverable reserves and life of each mine and the remaining useful life of each class of asset are reassessed at least annually. Where there is a change in the reserves during the period, depreciation and amortisation rates are adjusted prospectively from the beginning of the reporting period.

Major spares purchased specifically for a particular plant are capitalised and depreciated on the same basis as the plant to which they relate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(o) Deferred stripping costs

Stripping costs represent mining costs of waste materials. Stripping costs incurred by the Group prior to production in relation to accessing recoverable reserves are carried forward as part of 'Mine Properties' when future economic benefits are established, otherwise such expenditure is expensed as part of the cost of production.

Amortisation of costs is provided on the unit-of-production method. The unit-of-production basis results in an amortisation charge proportional to the depletion of the estimated recoverable reserves.

Where there is a change in the reserves during a six month period, depreciation and amortisation rates are adjusted prospectively from the beginning of that reporting period.

Deferred stripping costs (pre-production) are included under 'Mine Properties'.

The Group also defers stripping costs incurred during production where this is the most appropriate basis for matching the costs against the related economic benefits and the effect is material. This is generally the case where there are fluctuations in waste costs over the life of a pit, and the effect is material.

The amount of stripping costs deferred is based on the ratio ('Ratio') obtained by dividing the amount of waste mined by the ore mined. Waste costs incurred in the period are deferred to the extent that the current period Ratio exceeds the life of the pit Ratio. Such deferred costs are then charged against reported profits to the extent that in subsequent periods the current period Ratio falls short of the life of the pit Ratio. The life of pit Ratio is based on ore reserves of the pit.

The life of pit waste-to-ore ratio is a function of the pit design(s) and therefore changes to that design will generally result in changes to the Ratio. Changes in other technical or economic parameters that impact on reserves will also have an impact on the life of the pit Ratio even if they do not affect the pit design(s). Changes to the life of the pit Ratio are accounted for prospectively.

Deferred stripping costs incurred during the production stage of operations are included in 'Other assets'.

(p) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises direct costs and depreciation and does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Exploration expenditure for each area of interest is carried forward as an asset provided the rights to tenure of the area of interest are current and one of the following conditions is met:

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration expenditure is written off when it fails to meet at least one of the conditions outlined above or on area of interest is abandoned.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount the impairment loss will be measured and disclosed in accordance with AASB 136 Impairment of Assets.

When a decision is made to develop an area of interest, all carried forward exploration expenditure in relation to the area of interest is transferred to mine properties.

(q) Mine Properties

Mine properties represents the accumulated exploration, evaluation, land and development expenditure incurred by or on behalf of the Group in relation to areas of interest in which mining of a mineral resource has commenced.

When further development expenditure is incurred in respect of a mine property after commencement of production, such expenditure is carried forward as part of the mine property only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production.

Amortisation of costs is provided on the unit-of-production method with separate calculations being made for each area of interest. The unit-of-production basis results in an amortisation charge proportional to the depletion of the estimated recoverable reserves. In some circumstances, where conversion of resources into reserves is expected, some elements of resources may be included. Development and land expenditure still to be incurred in relation to the current reserves are included in the amortisation calculation. Where the life of the assets are shorter than the mine life their costs are amortised based on the useful life of the assets.

The estimated recoverable reserves and life of each mine and the remaining useful life of each class of asset are reassessed at least annually. Where there is a change in the reserves during a six month period, depreciation and amortisation rates are adjusted prospectively from the beginning of that reporting period.

(r) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as finance costs.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(t) Borrowing costs

Loan establishment costs are capitalised and written off over the life of the loan. Other borrowing costs are expensed, unless they relate to a qualifying asset in which case they are capitalised.

(u) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to anyone item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provision due to the passage of time is recognised as interest expense.

(v) Restoration and Rehabilitation Provision

A provision for restoration and rehabilitation is recognised for the costs expected to be incurred on cessation of producing operations and are measured at the present value of expected future cash flows.

The increase in the rehabilitation provision relating to the unwinding of the discount and depreciation on the rehabilitation asset are recorded as a charge to earnings.

(w) Employee Benefits

(i) Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave and severance pay
The liability for long service leave and severance pay is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations
Contributions to defined contribution funds are recognised as an expense as they become payable.

(x) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(y) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing:

› the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares; and
› by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (Note 33).

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(z) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of the cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(aa) Rounding of amounts

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

(ab) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* (effective from 1 January 2009)

AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group will adopt AASB 8 from 1 July 2009. The segments will be reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. As goodwill is allocated by management to groups of cash-generating units on a segment level, the change in reportable segment may also require a reallocation of goodwill. However, this is not expected to result in any additional impairment of goodwill.

(ii) Revised AASB 123 *Borrowing Costs* and AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123* (effective from 1 January 2009)

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and – when adopted – will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the Financial Report of the Group, as the Group already capitalises borrowing costs relating to qualifying assets.

(iii) Revised AASB 101 *Presentation of Financial Statements* and AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101* (effective from 1 January 2009)

The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group will apply the revised standard from 1 July 2009.

(iv) AASB 2008-1 *Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations* (effective 1 January 2009)

AASB 2008-1 clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group will apply the revised standard from 1 July 2009, but it is not expected to affect the accounting for the Group's share-based payments.

(v) Revised AASB 3 *Business Combinations,* AASB 127 *Consolidated and Separate Financial Statements* and AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127* (effective from 1 July 2009)

The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs must be expensed. This is different to the Group's current policy which is set out in Note 1(h) above.

The revised AASB 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses, see Note 1(b). The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. This is consistent with the Group's current accounting policy.

The Group will apply the revised standards prospectively to all business combinations and transactions with non-controlling interests from 1 July 2009.

(vi) AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the AnnualImprovements Project* (effective 1 July 2009)

The amendments to AASB 5 Discontinued Operations and AASB 1 First-Time Adoption of Australian-Equivalents to International Financial Reporting Standards are part of the IASB's annual improvements project published in May 2008. They clarify that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosures should be made for this subsidiary if the definition of a discontinued operation is met. The Group will apply the amendments prospectively to all partial disposals of subsidiaries from 1 July 2009.

(vii) AASB 2008-7 *Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* (effective 1 July 2009)

In July 2008, the AASB approved amendments to AASB 1 First-time Adoption of International Financial Reporting Standards and AABS 127 Consolidated and Separate Financial Statements. The Group will apply the revised rules prospectively from 1 July 2009. After that date, all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment. Under the entity's current policy, these dividends are deducted from the cost of the investment. Furthermore, when a new intermediate parent entity is created in internal reorganisations it will measure its investment in subsidiaries at the carrying amounts of the net assets of the subsidiary rather than the subsidiary's fair value.

(viii) AASB Interpretation 16 *Hedges of a Net Investment in a Foreign Operation* (effective 1 October 2008)

AASB-I 16 clarifies which foreign currency risks qualify as hedged risk in the hedge of a net investment in a foreign operation and that hedging instruments may be held by any entity or entities within the group. It also provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item. The Group will apply the interpretation prospectively from 1 July 2009.

(ix) AASB 2008-8 Amendment to IAS 39 *Financial Instruments: Recognition and Measurement* (effective 1 July 2009)

AASB 2008-8 amends AASB 139 Financial Instruments: Recognition and Measurement and must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. The Group will apply the amended standard from 1 July 2009. It is not expected to have a material impact on the Group's financial statements.

2. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below:

(i) Exploration and evaluation assets

Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided certain conditions are met (Note 1(o)). Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. These calculations and reviews require the use of assumptions and judgement. The related carrying amounts are disclosed in Note 12.

(ii) Restoration and rehabilitation provision

Significant judgement is required in determining the restoration and rehabilitation provision as there are many transactions and factors that will affect the ultimate liability payable to rehabilitate the mine site. Factors that will affect this liability includes future development, changes in technology, commodity price changes and changes in interest rates. The related carrying amounts are disclosed in Note 16.

(iii) Units of production method of depreciation

The Group applies the units production method for depreciation of its mine properties. Mine buildings, plant and equipment (Notes 1(p)). These calculations require the use of estimates and assumptions and significant judgement is required in assessing the estimated recoverable reserves used in the determination of the depreciation and amortisation charges. Significant judgement is required in assessing the available reserves and the production capacity of the plant to be depreciated under this method. Factors that must be considered in determining estimated recoverable reserves (which includes both reserves and resources) and production capacity are the history of converting resources to reserves and the relevant time frames, anticipated mining method and costs, the complexity of metallurgy, markets, and future developments. The related carrying amounts are disclosed in Note 12.

(iv) Share-based payments

The Group measures share-based payments at fair value at the grant date using the Black Scholes formula taking into account the terms and conditions upon which the instrument were granted, as discussed in Note 25.

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
3. REVENUE				
Revenue from continuing operations				
Sales revenue				
Gold sales	108,065	70,163	–	–
Silver sales	4,950	4,122	–	–
Services	–	–	1,206	1,358
Totals	113,015	74,285	1,206	1,358
Other revenue				
Interest	826	2,202	723	2,002
Dividends	–	–	31,179	–
Other revenue	251	8	–	–
Totals	1,077	2,210	31,902	2,002
Revenue from continuing operations	114,092	76,495	33,108	3,360
4. OTHER INCOME				
Net gain on sale of available-for-sale assets	–	44,443	–	–
Foreign exchange gains	2,432	–	13	–
	2,432	44,443	13	–
5. EXPENSES				
Cost of sales	66,501	52,276	–	–
Foreign exchange (gains) / losses	–	216	–	1
Finance costs				
Interest and finance charges paid/payable	1,286	2,239	1,615	1,473
Rehabilitation provision discount adjustment	205	126	–	–
Amortisation and write-off of deferred borrowing costs	363	1,735	363	1,092
Finance costs expensed	1,854	4,100	1,978	2,565
Write down of raw materials and stores	317	589	–	–
Rental expense relating to operating leases	220	190	220	190
Depreciation and amortisation				
Mine properties	9,502	7,854	–	–
Mine buildings, plant and equipment	1,753	1,253	–	–
Non-mining property, plant and equipment	340	426	45	60
Depreciation capitalised	(20)	(249)	–	–
Total depreciation and amortisation	11,575	9,284	45	60
Other expenses from ordinary activities				
Business development	1,163	738	1,564	738
Investor and community relations	698	1,074	697	934
Professional fees	2,144	1,278	2,063	1,917
Administration	4,455	4,065	2,185	1,754
Totals	8,460	7,155	6,509	5,343

6. INCOME TAX

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
(a) Income tax expense					
Current tax		**(731)**	7,807	**(731)**	(1,911)
Deferred tax		**1,202**	3,827	**46**	125
Adjustment for current tax of prior periods		**–**	41	**–**	(110)
Adjustment for exchange rate		**64**	–	**–**	–
Prior year tax losses recognised in the financial year previously not recognised		**–**	–	**–**	–
Income tax expense/(benefit)		**535**	11,675	**(685)**	(1,896)
Deferred income tax (revenue) expense included in income tax expenses comprises:					
Decrease (increase) in deferred tax assets	13	**(754)**	3,688	**66**	(14)
Increase (decrease) in deferred tax liabilities	18	**1,956**	139	**(20)**	139
		1,202	3,827	**46**	125
(b) Numerical reconciliation of income tax expense to prima facie tax payable					
Profit/(Loss) from continuing operations before income tax		**33,057**	47,872	**22,065**	(8,655)
Tax at Australian tax rate of 30%		**9,919**	14,361	**6,619**	(2,595)
Tax effect of amounts not deductible/assessable in calculating taxable income:					
Non-taxable dividends		**–**	–	**(9,354)**	–
Share-based remuneration		**(225)**	619	**(225)**	619
Other non-deductibles		**90**	80	**90**	80
Loan impairment		**–**	139	**–**	–
Non-deductible depreciation		**219**	–	**–**	–
Tax exempt profits – Thailand		**(11,344)**	(3,833)	**–**	–
Adjustments for current tax of prior periods		**–**	–	**85**	–
Prior overprovision of tax		**(731)**	–	**(731)**	–
Prior year tax losses recognised in the financial year previously not recognised		**–**	309	**–**	–
Unused Australian tax losses not recognised		**2,607**	–	**2,831**	–
Income tax expense/(benefits)		**535**	11,675	**(685)**	(1,896)
Amounts recognised directly in equity					
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly into equity					
Current tax credited directly to equity		**–**	(4,770)	**–**	–
Net deferred tax debit (credit) directly to equity		**3,534**	(10,567)	**–**	–
		3,534	(15,337)	**–**	–

6. INCOME TAX continued

Akara Mining Limited, a controlled entity, has received approval from the Royal Thai Board of Investment (BOI) of the Office of the Prime Minister for promotion of the Chatree Gold Mine.

Subject to meeting BOI conditions and based on a production of 178,416 ounces of gold and 583,733 ounces of silver per year, Akara Mining Limited's Chatree Gold Mine is entitled to:

a) an 8 year full corporate tax holiday commencing at first gold pour on metal sales;

b) a further 5 year half tax holiday following a) above (at 15% tax rate); and

c) other benefits.

The start of the promotion period was 27 November 2001.

Tax losses in Thailand

Deferred tax assets of $4,327,000 (2008: $3,836,000) attributable to Thai tax losses carried forward by Akara Mining have been brought to account to offset deferred tax liabilities on exploration expenditure incurred by this company which are capitalised in the Group's accounts. The benefits of the tax losses will only be obtained if:

a) Akara Mining Limited derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;

b) Akara Mining Limited continues to comply with the conditions for deductibility imposed by tax legislation;

c) no changes in tax legislation adversely affect Akara Mining Limited in realising the benefit from the deductions for the losses; and

d) the losses are available for a period of 5 years.

Potential future income tax benefits of $1,011,000 (2008 – $1,011,000) attributable to a pre-tax consolidated period have not been recognised.

Tax losses in Australia

Tax losses of $11,810,000 are available in respect of Kingsgate tax consolidated group. The amount of $936,000 has been recognised as a deferred tax asset in respect of these tax losses to offset against tax liabilities. Unused tax losses of $8,700,000 have not been recognised. The unrecognised potential tax benefit at 30% is $2,607,000.

Tax consolidation legislation in Australia

Kingsgate Consolidated Limited and its wholly-owned Australian subsidiary have implemented the tax consolidation legislation as of 1 July 2003. The accounting policy in relation to this legislation is set out in Note 1(f).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly-owned entities in the case of default by the head entity, Kingsgate Consolidated Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Kingsgate Consolidated Limited for any current tax payable assumed and are compensated for any current tax receivable and deferred assets relating to the unused tax losses or unused tax credits that are transferred to Kingsgate Consolidated Limited under the tax legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amount receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables (see Note 8).

7. CASH AND CASH EQUIVALENTS

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Cash at bank and in hand	**3,869**	401	**144**	209
Deposits at call	**22,553**	39,825	**7,656**	36,077
	26,422	40,226	**7,800**	36,286
Other deposits	**3,258**	–	**–**	–
	29,680	40,226	**7,800**	36,286

Cash at bank and in hand

These are non-interest bearing.

Deposits at call

The deposits at call are bearing floating interest rates between 0.15% – 7.52% (2008 – 0.15% – 7.89%) and they may be accessed daily.

Other deposits

Other deposits represent deposits held with financial institutions which have been used as collateral for credit facilities issued by those financial institutions.

Risk exposure

The Group's and the parent entity's exposure to interest rate risk is discussed in Note 30. The maximum exposure to credit risk at the reporting date is the carrying amount of each class and cash equivalents mentioned above.

8. RECEIVABLES AND OTHER FINANCIAL ASSETS

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Current				
Other debtors	**7,522**	3,245	**1,488**	172
Investments	**–**	–	**1,756**	–
Receivables – Loans to controlled entities	**–**	–	**148,935**	–
	7,522	3,245	**152,179**	172
Non-current – other financial assets				
Loans to controlled entities (Note 22)	**–**	–	504	118,520

The loans are interest free and repayable on demand and are clarified as current assets. Loans are classified as non-current where the parent entity is unlikely to demand repayment in the next 12 months from these entities. Investments in subsidiaries are accounted for at cost. Such investments include both investments in shares issued by the subsidiary and the other parent entity interests that in substance form part of the parent entity's investment in the subsidiary. These include investments in the form of interest free loans (refer above) which have no fixed repayment terms and which have been provided to the subsidiaries as an additional source of long term capital.

Trade amounts receivables in the normal course of business and other amounts advanced on commercial terms and conditions are included in receivables.

Risk exposure

Information about the Group's and the parent entity's exposure to credit risk, foreign exchange and interest rate risk is provided in Note 30. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

Other debtors

Other debtors are VAT receivables and include amounts placed on deposits with suppliers and government bodies as security in accordance with regulation and commercial practice.

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
9. INVENTORIES				
Current				
Raw materials and stores – at cost	4,090	3,123	–	–
Provision for obsolescence	(1,814)	(1,312)	–	–
Work in progress – at net realisable value	–	2,783	–	–
Work in progress – at cost	8,245	–	–	–
	10,521	4,594	–	–
Non-current				
Stockpiles	9,393	–	–	–
10. OTHER ASSETS				
Current				
Deposit for land	–	112	–	–
Other deposits	3,296	1,549	61	46
Loan establishment fees	–	320	–	320
Prepayments	1,765	5,859	472	1,169
Prepaid mining services	4,030	–	–	–
Deferred stripping costs	714	718	–	–
	9,805	8,558	533	1,535
Non-current				
Prepaid mining services	3,890	–	–	–
Deferred borrowing costs	–	–	260	787
Other cash deposits	–	2,459	–	–
	3,890	2,459	260	787

In 2008, other deposits were deposits with financial institutions which have been used as collateral for over 12 months for letters of credit facilities and guarantees issued by the financial institutions.

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
11. AVAILABLE-FOR-SALE FINANCIAL ASSETS				
Equity securities				
At the beginning of the financial year	–	60,693	–	–
Additions	–	–	–	–
Disposals	–	(60,693)	–	–
Revaluation	–	–	–	–
At the end of the financial year	–	–	–	–

12. MINE PROPERTY, PLANT AND EQUIPMENT

	Exploration and evaluation $'000	Mine properties $'000	Mine buildings, plant and equipment $'000	Non-mining plant and equipment $'000	Total $'000
CONSOLIDATED					
At 30 June 2007					
Cost	27,300	106,458	63,580	2,813	**200,151**
Accumulated depreciation and amortisation	–	(31,093)	(25,674)	(1,452)	**(58,219)**
Net book amount	27,300	75,365	37,906	1,361	**141,932**
CONSOLIDATED					
Year ended 30 June 2008					
Opening net book amount	27,300	75,365	37,906	1,361	**141,932**
Additions	4,342	8,976	20,431	54	**33,803**
Reclassified	–	6,109	(6,109)	–	**–**
Disposals	–	–	(66)	(1)	**(67)**
Depreciation and amortisation expense	–	(7,854)	(1,253)	(426)	**(9,533)**
Foreign currency exchange differences	(4,734)	(13,167)	(7,757)	(162)	**(25,820)**
Closing net book amount	26,908	69,429	43,152	826	**140,315**
At 30 June 2008					
Cost	26,908	102,435	65,709	2,395	**197,447**
Accumulated depreciation and amortisation	–	(33,006)	(22,557)	(1,569)	**(57,132)**
Net book amount	26,908	69,429	43,152	826	**140,315**
Year ended 30 June 2009					
Opening net book amount	26,908	69,429	43,152	826	**140,315**
Additions	5,689	30,430	11,534	234	**47,887**
Reclassified	(32,506)	32,512	106	(112)	**–**
Disposals	–	(885)	(4)	–	**(889)**
Depreciation and amortisation expense	–	(9,502)	(1,753)	(340)	**(11,595)**
Foreign currency exchange differences	5,870	10,730	7,232	150	**23,982**
Closing net book amount	5,961	132,714	60,267	758	**199,700**
At 30 June 2009					
Cost	5,961	180,655	88,963	2,403	**277,982**
Accumulated depreciation and amortisation	–	(47,941)	(28,696)	(1,645)	**(78,282)**
Net book amount	5,961	132,714	60,267	758	**199,700**

12. MINE PROPERTY, PLANT AND EQUIPMENT continued

	Non-mining plant and equipment $'000	Total $'000
PARENT ENTITY		
Year ended 30 June 2008		
Opening net book amount	92	**92**
Additions	30	**30**
Disposals	(1)	**(1)**
Depreciation expense	(60)	**(60)**
Closing net book amount	61	**61**
At 30 June 2008		
Cost	236	**236**
Accumulated depreciation	(175)	**(175)**
Net book amount	61	**61**
Year ended 30 June 2009		
Opening net book amount	61	**61**
Additions	94	**94**
Disposals	–	**–**
Depreciation expense	(45)	**(45)**
Closing net book amount	110	**110**
At 30 June 2009		
Cost	316	**316**
Accumulated depreciation	(206)	**(206)**
Net book amount	110	**110**

13. DEFERRED TAX ASSETS

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
The balance comprises temporary differences attributable to:				
Tax losses *	936	–	–	–
Set off of deferred tax liabilities	(936)	–	–	–
Employee benefits	103	60	103	60
Accruals	–	109	–	109
Unrealised exchange losses	33	3,683	–	–
Net deferred tax assets	136	3,852	103	169
Deferred tax assets to be recovered within 12 months	136	3,852	103	169
Deferred tax assets to be recovered after more than 12 months	–	–	–	–
	136	3,852	103	169

* Deferred tax assets attributable to tax losses incurred in Thailand have been offset against deferred tax liabilities for an amount of $4,327,000 (2008: $3,863,000) on capitalised mine properties and exploration.

	Tax losses $'000	Employee benefits $'000	Accruals $'000	Unrealised exchange losses $'000	Total $'000
Movements – Consolidated					
At 30 June 2007	3,752	67	116	72	4,007
Charged (credited) to the income statement	(3,752)	(7)	(7)	77	(3,689)
Charged directly to equity	–	–	–	3,534	3,534
At 30 June 2008	**–**	**60**	**109**	**3,683**	**3,852**
Charged (credited) to the income statement	936	43	(109)	(116)	754
Set off of deferred tax liabilities	(936)	–	–	–	(936)
Charged directly to equity	–	–	–	(3,534)	(3,534)
At 30 June 2009	**–**	**103**	**–**	**33**	**136**
Movements – Parent					
At 30 June 2007	3,752	67	116	–	3,935
Charged (credited) to the income statement	(3,752)	(7)	(7)	–	(3,766)
Charged directly to equity	–	–	–	–	–
At 30 June 2008	**–**	**60**	**109**	**–**	**169**
Charged (credited) to the income statement	–	43	(109)	–	(66)
Charged directly to equity	–	–	–	–	–
At 30 June 2009	**–**	**103**	**–**	**–**	**103**

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
14. BORROWINGS				
CURRENT LIABILITIES – BORROWINGS				
Secured				
Revolving credit facility	–	–	–	–
Preference shares in controlled entity	2,103	–	–	–
	2,103	–	–	–
NON-CURRENT LIABILITIES – BORROWINGS				
Preference shares in controlled entity	41	1,599	–	–
Total secured liabilities				
The total secured liabilities (current and non-current) are as follows:				
Revolving credit facility	–	–	–	–
Preference shares in controlled entity	2,103	1,599	–	–
Total secured liabilities	2,103	1,599	–	–

Revolving credit facilities

As at 30 June 2009, the Company had US$30,000,000 in revolving credit facilities with a financial institution. In June 2009, the facility was repaid in full.

Preference shares

The preference shares were issued by the Group's Thai subsidiary. They are classified as borrowings as the consolidated entity has put options to acquire the preference shares and are net of establishment fees. The establishment fees are amortised over a 3 year period.

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
NON-CURRENT LIABILITIES – BORROWINGS				
Financing arrangements				
Unrestricted access was available at balance date to the following lines of credit:				
Credit standby arrangements				
Total facilities:				
Revolving credit facility	37,278	–	37,278	–
Unused at balance date				
Revolving credit facility	37,278	–	37,278	–

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
15. PAYABLES				
Current				
Trade creditors	**6,923**	7,317	**4,585**	633
Accrued expenses	**6,742**	–	**280**	–
Intercompany payable	**–**	–	**–**	31,173
	13,665	7,317	**4,865**	31,806
16. PROVISIONS				
Current				
Employee benefits (Note 1(v) and 25)	**1,448**	788	**345**	199
Non-Current				
Restoration and rehabilitation (Note 1(u))	**5,130**	3,598	**–**	–
Employee benefits severance (Note 1(v) and 25)	**2,032**	968	**–**	–
	7,162	4,566	**–**	–
Movements in provision				
Movements in each class of provision during the financial year other than employee benefits, are set out below:				
Restoration and rehabilitation				
At the beginning of the financial year	**3,598**	3,509	**–**	–
Revision of rehabilitation provision	**682**	185	**–**	–
Provision discount adjustment	**205**	126	**–**	–
Foreign currency exchange differences	**645**	(222)	**–**	–
At the end of the financial year	**5,130**	3,598	**–**	–
17. CURRENT TAX LIABILITIES				
Current				
Taxation	**–**	7,798	**–**	7,798

18. DEFERRED TAX LIABILITIES

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
The balance comprises temporary differences attributable to:				
Mine properties and exploration, net*	**(1,188)**	–	**–**	–
Prepayment and interest	**(148)**	(168)	**(148)**	(168)
Unrealised exchange gains	**(788)**	–	**–**	–
Set off of deferred tax liabilities – tax losses	**936**	–	**–**	–
Total deferred tax liabilities	**(1,188)**	(168)	**(148)**	(168)
Deferred tax liabilities to be recovered within 12 months	**(148)**	(168)	**(148)**	(168)
Deferred tax liabilities to be recovered after 12 months	**(1,040)**	–	**–**	–
	(1,188)	(168)	**(148)**	(168)

* Deferred tax liabilities attributable to mine properties and exploration capitalised in Thailand have been offset by deferred tax assets of $4,327,000 (2008: $3,836,000) from tax losses.

	Mine properties and exploration $'000	Prepayment and interest $'000	Loan establishment fee $'000	Unrealised exchange gains $'000	Unrealised profit on available-for-sale assets $'000	Total $'000
Movements – Consolidated						
At 30 June 2007	–	–	(29)	(1,237)	(10,567)	(11,833)
Charged (credited) to the income statement	–	(168)	29	–	–	(139)
Charged directly to equity	–	–	–	1,237	10,567	11,804
At 30 June 2008	–	(168)	–	–	–	(168)
Charged (credited) to the income statement	(1,188)	20	–	(788)	–	(1,956)
Charged directly to equity	–	–	–	–	–	–
At 30 June 2009	**(1,188)**	**(148)**	**–**	**(788)**	**–**	**(2,124)**
Deferred assets recognised						936
At 30 June 2009						**(1,188)**
Movements – Parent						
At 30 June 2007		–	(29)	–	–	**(29)**
Charged (credited) to the income statement		(168)	29	–	–	**(139)**
Charged directly to equity		–	–	–	–	**–**
At 30 June 2008		(168)	–	–	–	**(168)**
Charged (credited) to the income statement		20	–	–	–	**20**
At 30 June 2009		**(148)**	**–**	**–**	**–**	**(148)**

19. CONTRIBUTED EQUITY

	2009 No of shares	2008 No of shares	2009 $'000	2008 $'000
Share capital				
Ordinary shares fully paid (a)	**96,136,392**	92,680,392	**129,300**	111,576

Movements in ordinary share capital:

Date	Details	Notes	Number of shares	$'000
1 July 2008	Opening balance		92,680,392	111,576
29 July 2008	Share Options Exercised	(b)	250,000	1,282
29 Jul 2008	Share Options Exercised	(c)	30,000	156
3 April to 19 April 2009	Share Options Exercised	(d)	1,126,000	5,799
3 April 2009	Share Options Exercised	(e)	2,000,000	10,261
13 May 2009	Share Options Exercised	(f)	50,000	226
30 June 2009	Closing balance		96,136,392	129,300

(a) Ordinary shares

Ordinary shares have no par value and entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Details of share options are disclosed in Note 25.

(b) Share options exercised

250,000 fully paid ordinary shares issued following the exercise of the same number of options at $4.68 each.

(c) Share options exercised

30,000 fully paid ordinary shares issued following the exercise of the same number of options at $4.00 each.

(d) Share options exercised

1,126,000 fully paid ordinary shares issued following the exercise of the same number of options at $4.55 each.

(e) Share options exercised

2,000,000 fully paid ordinary shares issued following the exercise of the same number of options at $4.68 each.

(f) Share options exercised

50,000 fully paid ordinary shares issued following the exercise of the same number of options at $3.00 each.

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000

20. RESERVES AND RETAINED PROFITS

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
(a) Reserves				
Foreign currency translation reserve	**398**	(15,513)	**–**	–
General reserve	**823**	1,050	**–**	–
Available-for-sale investment revaluation reserve	**–**	–	**–**	–
Hedging reserve	**–**	–	**–**	–
Share-based payment reserve	**3,358**	5,261	**3,358**	5,261
	4,579	(9,202)	**3,358**	5,261
Movements:				
Foreign currency translation reserve				
At the beginning of the financial year	**(15,513)**	6,960	**–**	–
Net exchange differences on translation of foreign controlled entities	**12,377**	(27,243)	**–**	–
Deferred tax (Note 13 and 18)	**3,534**	4,770	**–**	–
At the end of financial year	**398**	(15,513)	**–**	–
General reserve				
At the beginning of the financial year	**1,050**	1,026	**–**	–
Net change	**(227)**	24	**–**	–
At the end of the financial year	**823**	1,050	**–**	–
Available-for-sale investment revaluation reserve				
At the beginning of the financial year	**–**	24,658	**–**	–
Transfer to net profit – gross	**–**	(35,225)	**–**	–
Revaluation	**–**	–	**–**	–
Deferred tax (Note 18)	**–**	10,567	**–**	–
At the end of the financial year	**–**	–	**–**	–
Hedging reserve				
At the beginning of the financial year	**–**	(4,515)	**–**	–
Transferred to the income statement	**–**	4,515	**–**	–
At the end of the financial year	**–**	–	**–**	–
Share-based payment reserve				
At the beginning of the financial year	**5,261**	2,087	**5,261**	2,087
Employee share options – value of employee services	**180**	2,065	**180**	2,065
Employee share options – options issued to employees of subsidiaries	**648**	1,109	**646**	1,109
Contractor share options	**290**	–	**290**	–
Director share options	**(1,220)**	–	**(1,220)**	–
Transfer to share capital (Options exercised)	**(1,801)**	–	**(1,801)**	–
At the end of the financial year	**3,358**	5,261	**3,358**	5,261

20. RESERVES AND RETAINED PROFITS continued

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 1(d).

General reserve

Pursuant to the laws of Thailand, Akara Mining Limited appropriated to a reserve fund at each distribution of dividends, an amount equal to one-twentieth of the profit after tax payment until the reserve fund reached one-tenth of its registered capital. The reserve fund is now equal to one-tenth of the registered share capital of Akara Mining Limited.

Available-for-sale investment revaluation reserve

Changes in the fair value of investments classified as available-for-sale financial assets are taken to the available-for-sale investment revaluation reserve, as described in Note 1(m).

Hedging reserve

The hedging reserve is used to record unrealised gains and losses on effective hedging instruments. All hedge commitments were extinguished as at 30 June 2007. Losses in respect of effective hedges which were terminated prior to their maturity and the original transaction is still expected to occur have been deferred until such time as the transaction occurs. All deferred losses were realised in the year ended 30 June 2008 and there was no cash impact.

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued but not exercised as described in Note 1(ab).

	Consolidated		Parent entity	
	2009 $'000	**2008** $'000	**2009** $'000	**2008** $'000
(b) Retained profits				
Movements in retained profits were as follows:				
Retained profits at the beginning of the financial year	**78,639**	42,442	**722**	7,481
Net profit attributable to members of Kingsgate Consolidated Limited	**32,522**	36,197	**22,750**	(6,759)
Retained profits at the end of the financial year	**111,161**	78,639	**23,472**	722

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
21. COMMITMENTS FOR EXPENDITURE				
Capital commitments				
Commitments for the plant, equipment and mine properties contracted for at the reporting date but not recognised as liabilities, payable:				
Within 1 year	876	19,559	–	–
Later than 1 year but not later than 5 years	–	3,065	–	–
	876	22,624	–	–
Exploration				
In order to maintain current rights of tenure to exploration tenements, the consolidated entity has the following exploration expenditure requirements up until expiry of the leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable:				
Not later than one year	4,285	3,744	–	–
Later than one year but not later that 5 years	3,712	8,102	–	–
	7,997	11,846	–	–
Operating leases				
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within 1 year	1,265	3,683	215	77
Later than 1 year but not later than 5 years	3,730	8,679	35	48
Later than 5 years	98,492	4	–	–
	103,487	12,366	250	125
Remuneration commitments				
Within 1 year	2,364	–	1,740	–
Later than 1 year but not later than 5 years	4,727	–	3,480	–
	7,091	–	5,220	–
Mining services				
Within 1 year	13,792,906	11,832,972		
Later than 1 year but not later than 5 years	40,956,274	44,895,335		
Later than 5 years	–	468,380		

The Group has engaged a mining contractor at its operating mine in Thailand. While the current mining services contract has not been finalised, the present draft contract contains fixed and variable components of mining services changes. Represented above are the fixed components only based on the present draft contract. Mining services costs are denominated in Thai Baht and are included in cash costs of production. The commitment for mining services costs may change upon finalisation of the contract.

22. INVESTMENTS IN CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the ultimate parent entity, Kingsgate Consolidated Limited, and the following subsidiaries in accordance with the accounting policy described in Note 1(b).

			Equity holding		Parent entity cost	
Name of entity	Country of incorporation	Class of shares	2009 %	2008 %	2009 $'000	2008 $'000
Issara Mining Limited	Thailand	Ordinary	**100**	100	**–**	–
Richaphum Limited	Thailand	Ordinary	**100**	100	**–**	–
Naka Udsahakum Limited	Thailand	Ordinary	**100**	100	**–**	–
Akara Mining Limited	Thailand	Ordinary	**100**	100	**1,756**	1,109
Suan Sak Patana Limited	Thailand	Ordinary	**100**	100	**–**	–
Phar Mai Exploration Limited	Thailand	Ordinary	**100**	100	**–**	–
Phar Rong Limited	Thailand	Ordinary	**100**	100	**–**	–
Kingsgate Capital Pty Limited	Australia	Ordinary	**100**	100	**1**	1
Kingsgate South America Pty Ltd	Australia	Ordinary	**100**	100	**1**	1
Minera Kingsgate Limitada	Chile	Ordinary	**100**	100	**2**	2
Kingsgate Peru SRL	Peru	Ordinary	**100**	100	**274**	274
Minera Kingsgate Argentina S.A.	Argentina	Ordinary	**100**	100	**200**	200

Minera Kingsgate Limitada, Kingsgate Peru SRL and Minera Kingsgate Argentina S.A. depend on funding from the Group to sustain exploration activities. The loans and investments have been fully provided as exploration is at an early stage and have been expensed.

23. DIVIDENDS

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Dividends declared in 2009				
(2008 – Nil)	**–**	–	**–**	–
No interim dividend was declared in 2009				
(2008 – Nil)	**–**	–	**–**	–
	–	–	**–**	–
Paid in cash	**–**	–	**–**	–
Payable by subsidiary	**–**	–	**–**	–
	–	–	**–**	–

The Group's franking credit balance at 30 June 2009 is $7,066,707 (2008: Nil).

24. RELATED PARTIES

Transactions with related parties

Information on remuneration of Directors is disclosed in Note 31.

Interest is charged on the loans advanced between the Thai entities at the rate of 4% per annum (2008 – 4%). Rentals relate to land used by the Group for gold mining and exploration.

All transactions with Director-related entities were based on normal commercial terms and conditions.

Wholly-owned Group

The wholly-owned Group consists of Kingsgate Consolidated Limited and its wholly-owned controlled entities. A list of the controlled entities and the ownership interest is set out in Note 22.

Transactions between Kingsgate Consolidated Limited and controlled entities during the years ended 30 June 2009 and 30 June 2008 consisted of loans advanced by Kingsgate Consolidated Limited. The loans do not bear interest. Management fees of $600,000 and service fee of $102,232 (2008 – $757,763) were received from Akara Mining Limited during the year. Service fees of $504,000 were received from Issara Mining Limited during the year.

Dividends of $31,173,000 were declared by Kingsgate South America Limited and was offset against intercompany loans.

Aggregate amounts receivable from controlled entities at balance date were as follows:

	Consolidated		Parent entity	
	2009 $'000	**2008** $'000	**2009** $'000	**2008** $'000
Non-current receivables				
Wholly-owned subsidiaries (Note 8)	**–**	–	**151,195**	118,520
Current payable				
Wholly-owned subsidiary	**–**	–	**–**	31,173
Investments in subsidiaries	**–**	–	**1,756**	1,109
Other receivables	**–**	–	**149,439**	117,411
	–	–	**151,195**	118,520

During the year the parent entity advanced $32,028,000 to controlled entities.

Controlling entities

The ultimate parent entity in the wholly-owned Group is Kingsgate Consolidated Limited.

25. EMPLOYEE BENEFITS AND SHARE-BASED PAYMENTS

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Employee benefit and related on-costs liabilities				
Provision for employee benefits – current	**1,488**	788	**345**	199
Provision for Thai severance pay – non-current	**2,032**	968	**–**	–
Employee numbers				
Average number of employees during the financial year	**398**	343	**7**	7

Superannuation

The Group makes contributions on behalf of employees to externally managed defined contribution superannuation funds. Contributions are based on percentages of employees' wages and salaries. Contributions to defined contribution plans for 2009 were $277,000 (2008 – $262,000).

Kingsgate Executive Option Plan

The terms of the options issued pursuant to the plan are as follows:

a) each option will entitle the holder to subscribe for one ordinary share of the Company;

b) options are granted under the plan for no consideration;

c) options granted under the plan carry no dividend or voting rights; and

d) set out below are summaries of options granted under the plans.

Consolidated and parent entity – 2009

Grant date	Expiry date	Exercise price	Balance start of year	Granted during year	Exercised during year	Balance end of year	Exercisable end of year
31 Mar 2005	1 Apr 2010	$2.69	60,000	–	–	60,000	60,000
7 Jul 2005	1 Jul 2010	$4.00	500,000	–	–	500,000	500,000
7 Jul 2005	1 Jul 2010	$5.00	500,000	–	–	500,000	500,000
7 Jul 2005	1 Jul 2010	$6.00	500,000	–	–	500,000	500,000
7 Jul 2005	1 Jul 2010	$7.00	1,000,000	–	–	1,000,000	1,000,000
26 Oct 2005	26 Oct 2010	$3.00	50,000	–	50,000	–	–
26 Oct 2005	26 Oct 2010	$4.00	30,000	–	30,000	–	–
26 Oct 2005	26 Oct 2010	$5.00	80,000	–	–	80,000	80,000
26 Oct 2005	26 Oct 2010	$6.00	80,000	–	–	80,000	80,000
26 Oct 2005	1 Aug 2010	$3.25	25,000	–	–	25,000	25,000
26 Oct 2005	1 Aug 2010	$4.00	50,000	–	–	50,000	50,000
26 Oct 2005	1 Aug 2010	$5.00	100,000	–	–	100,000	100,000
26 Oct 2005	1 Aug 2010	$6.00	100,000	–	–	100,000	100,000
26 Oct 2005	1 Aug 2010	$7.00	125,000	–	–	125,000	125,000
7 Jul 2006	1 Jul 2011	$5.50	50,000	–	–	50,000	33,333
7 Jul 2006	1 Jul 2011	$6.00	100,000	–	–	100,000	66,667
7 Jul 2006	1 Jul 2011	$7.00	100,000	–	–	100,000	66,667
7 Jul 2006	1 Jul 2011	$8.00	150,000	–	–	150,000	100,000
4 Apr 2008	3 Apr 2013	$4.68	334,000	–	–	334,000	111,333
4 Apr 2008	3 Apr 2013	$6.00	666,000	–	–	666,000	222,000
Total			**4,600,000**	**–**	**80,000**	**4,520,000**	**3,720,000**
Weighted average exercise price			5.74		3.38	5.78	5.78

25. EMPLOYEE BENEFITS AND SHARE-BASED PAYMENTS continued

Consolidated and parent entity – 2008

Grant date	Expiry date	Exercise price	Balance start of year	Granted during year	Exercised during year	Balance end of year	Exercisable end of year
31 Mar 2005	1 Apr 2010	$2.69	60,000	–	–	60,000	60,000
7 Jul 2005	1 Jul 2010	$4.00	500,000	–	–	500,000	360,000
7 Jul 2005	1 Jul 2010	$5.00	500,000	–	–	500,000	360,000
7 Jul 2005	1 Jul 2010	$6.00	500,000	–	–	500,000	360,000
7 Jul 2005	1 Jul 2010	$7.00	1,000,000	–	–	1,000,000	720,000
26 Oct 2005	26 Oct 2010	$3.00	50,000	–	–	50,000	50,000
26 Oct 2005	26 Oct 2010	$4.00	30,000	–	–	30,000	30,000
26 Oct 2005	26 Oct 2010	$5.00	80,000	–	–	80,000	80,000
26 Oct 2005	26 Oct 2010	$6.00	80,000	–	–	80,000	80,000
26 Oct 2005	1 Aug 2010	$3.25	25,000	–	–	25,000	18,750
26 Oct 2005	1 Aug 2010	$4.00	50,000	–	–	50,000	37,500
26 Oct 2005	1 Aug 2010	$5.00	100,000	–	–	100,000	75,000
26 Oct 2005	1 Aug 2010	$6.00	100,000	–	–	100,000	75,000
26 Oct 2005	1 Aug 2010	$7.00	125,000	–	–	125,000	93,750
7 Jul 2006	1 Jul 2011	$5.50	50,000	–	–	50,000	16,667
7 Jul 2006	1 Jul 2011	$6.00	100,000	–	–	100,000	33,334
7 Jul 2006	1 Jul 2011	$7.00	100,000	–	–	100,000	33,333
7 Jul 2006	1 Jul 2011	$8.00	150,000	–	–	150,000	50,000
4 Apr 2008	3 Apr 2013	$4.68	–	334,000	–	334,000	–
4 Apr 2008	3 Apr 2013	$6.00	–	666,000	–	666,000	–
Total			**3,600,000**	**1,000,000**	**–**	**4,600,000**	**2,533,334**
Weighted average exercise price			5.79	5.56		5.74	5.67

The share prices at the grant dates were $2.82 at 7 July 2005, $4.03 at 26 October 2005, $5.12 at 7 July 2006 and $4.05 at 4 April 2008.

The fair value of shares issued on the exercise of options is the weighted average price at which the Company's shares were traded on the Australian Stock Exchange on the day prior to the exercise of the options.

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.7 years (2008 – 2.7 years).

Fair value of options granted

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

No options were granted during the year ended 30 June 2009.

25. EMPLOYEE BENEFITS AND SHARE-BASED PAYMENTS continued

Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Options issued to executives	**(102)**	2,161	**(749)**	2,161

Options to Directors announced on 3 April 2008 were subject to shareholders approval. The options were valued at 30 June 2008 based on the Company share price of $5.23 and $1,555,000 was expensed in 2008. The options were approved by shareholders in general meeting on 13 November 2008. The options were valued on the date of approval at a share price of $2.25 and the value of the options were $335,000. The difference of $1,220,000 was recognised in the income statement in the financial year.

Share-based payments – non-employee related

On 29 July 2008 and 3 April 20009, a total of 2,250,000 options issued to a consultant were exercised at a price of $4.68. During April 2009, 1,126,000 options were exercised at a price of $4.55.

On 4 April 2008 the parent entity issued 2,250,000 options to a consultant. Each option entitles the holder to acquire one ordinary share at a strike price of $4.68. The options expire one year from the date of issue. The value of options $1,013,000 was capitalised in 2008 directly into Mine Properties in accordance with Note 1(p). On the same day 415,000 options were issued to consultants. Each option entitles the holder to acquire one ordinary share at a strike price of $6.00. The options expire one year from the date of issue.

26. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Profit (loss) for the year	**32,522**	36,197	**22,750**	(6,759)
Depreciation and amortisation	**11,575**	9,533	**45**	60
Share-based payments	**(102)**	2,161	**(102)**	2,064
Net (gain) loss on sale of available-for-sale financial assets	**–**	(44,439)	**–**	–
Gain (loss) on disposal of property, plant and equipment	**889**	(4)	**–**	1
Write off of exploration cost capitalised	**294**	382	**–**	–
Non-cash finance expense	**–**	339	**–**	–
Write off of inventories	**–**	589	**–**	–
Non-cash increase in general reserve	**–**	24	**–**	–
Loss/(gains) on derivative financial instruments	**–**	4,514	**–**	–
Net exchange differences	**(8,928)**	3,772	**–**	–
Change in operating assets and liabilities				
(Increase) decrease in trade debtors	**–**	1,078	**–**	–
(Increase) decrease in debtors	**(4,278)**	(498)	**(1,316)**	(129)
(Increase) decrease in inventories	**(15,320)**	(46)	**–**	–
(Increase) decrease in future income tax benefit	**3,717**	(3,852)	**66**	3,766
(Increase) decrease in other operating assets	**(5,137)**	(2,765)	**1,679**	(39)
Increase (decrease) in current tax liabilities	**(7,798)**	7,798	**(7,798)**	(5,801)
Increase (decrease) in creditors	**6,348**	610	**(26,941)**	52
Increase (decrease) in provisions	**3,256**	355	**146**	(26)
Increase (decrease) in deferred tax liabilities	**1,020**	2,909	**(20)**	139
Net cash inflow (outflow) from operating activities	**18,058**	18,657	**(11,491)**	(6,672)

27. EVENTS OCCURRING AFTER REPORTING DATE

On 31 July 2009, 26,667 options with expiry date of 31 July 2009 and exercise price of $6.00 were exercised to acquire 26,667 fully paid ordinary shares in Kingsgate Consolidated Limited.

On 25 August 2009, Sinphum Co Ltd gave notice of exercise of their put option to Kingsgate Consolidated Limited in respect of 200,000 preference shares it holds in Akara Mining Ltd. Under the put option, Kingsgate has 60 days to purchase the preference shares for Baht 260 per share.

A dividend of 15 cents per share was declared on 24 August 2009 with respect to the year end 30 June 2009. The record date is 9 September 2009 and the dividend will be paid on 23 September 2009.

28. CONTINGENT LIABILITIES

The parent entity and Group had contingent liabilities at 30 June 2009 in respect of:

Guarantees

Cross guarantees have been given by Kingsgate Consolidated Limited's controlled entities to participating banks in the revolving credit facility as described in Note 14 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 the guarantees. No material losses are anticipated in respect of the above contingent liabilities.

29. SEGMENT INFORMATION

Primary reporting – Business segments

The Group operates exclusively in one business segment of gold mining and exploration.

Secondary reporting – Geographical segments

The Group operates in primarily two geographical segments, being Asia Pacific and South America.

		Consolidated	
		2009 $'000	2008 $'000
Sales to external customers:	Asia Pacific	**114,092**	76,495
Other revenue:	Asia Pacific	**–**	44,443
		114,092	120,938
Segment results:			
Profit before tax:	Asia Pacific	**37,354**	48,379
	South America	**(758)**	(507)
		36,596	47,872
Income tax:	Asia Pacific	**4,069**	11,675
	South America	**–**	–
		4,069	11,675
Profit after tax:	Asia Pacific	**33,280**	36,704
	South America	**(758)**	(507)
	Profit/(loss) for the year	**32,522**	36,197
Segment assets:	Asia Pacific	**270,580**	199,494
	South America	**67**	109
		270,647	199,603
Capital expenditure:	Asia Pacific	**47,887**	33,170
	South America	**–**	–
		47,887	33,170

30. FINANCIAL RISK MANAGEMENT AND INSTRUMENTS

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and other price risk), credit risk and liquidity risk.

At this point in the commodity price cycle, the Directors believe that it is in the interests of shareholders to expose the Group to commodity price risk, foreign currency risk and interest rate risk. Therefore, the Group does not employ any derivative hedging of commodity price, foreign currency or interest rate risks. The Directors and management monitor these risks, in particular market forecasts of future movements in commodity prices and foreign currency movements and if it is believed to be in the interests of shareholders will implement risk management strategies to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the senior executive team. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Group and the parent entity hold the following financial instruments:

	Consolidated		Parent entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Financial assets	**29,680**	40,226	**7,800**	36,286
Cash and cash equivalents	**7,522**	3,245	**152,683**	79,140
Trade and other receivables	**3,296**	4,008	**61**	46
Other financial assets	**40,498**	47,479	**160,544**	115,472
Financial liabilities	**13,665**	7,317	**4,865**	633
Trade and other payables	**41**	1,599	**–**	–
Borrowings	**13,706**	8,916	**4,865**	633

a) Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US dollar and Thai Baht and as discussed earlier, no financial instruments are employed to mitigate the exposed risks. This is the Group's current policy and it is reviewed regularly including forecast movements in these currencies by management and the Board.

These foreign exchange risks arise from:

- the sale of gold which is in US dollars;
- the significant Group financial assets at the Chatree Gold Mine which are denominated in Thai Baht;
- the financial liabilities incurred by the mining and exploration activities in Thailand which are also denominated in Thai Baht; and
- the functional currency of the Thai subsidiaries is Thai Baht.

The Company's functional currency is Australian dollars. The Group's Thai subsidiaries have a functional currency in Thai Baht.

The Group's exposure to foreign currency risk at the reporting date was as follows:

	June 2009 US$ '000	June 2008 US$ '000
Cash & cash equivalents	**65**	303
Trade & other receivables	**–**	92
Payables	**160**	298
Borrowings	**–**	–

30. FINANCIAL RISK MANAGEMENT AND INSTRUMENTS continued

Group sensitivity

The Group's sale of gold is in US dollars, however most of the Group's assets and operating costs are in Thai Baht and therefore, the Group's profit is sensitive to movement in those currencies.

If the spot Australian dollar weakened/strengthened by 1 cent against the US dollar with all other variables held constant, the Group's pre-tax profit for the year would have been $1,470,000 higher/$1,431,000 lower (2008 – $759,000 higher/$743,000 lower).

The Group's exposure to other foreign exchange movements is not material.

Parent entity sensitivity

As the parent entity transactions are principally in Australian dollars the sensitivity to foreign currency movements is immaterial.

Interest risk

The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets.

The Group does not have any borrowings from external counterparties. The Group does however have significant deposits with approved counter-parties, which must have sound credit ratings defined as having a minimum of a Standard & Poor's or equivalent long term rating of at least "A". The Directors and management do not believe it is appropriate at this time to use financial instruments to hedge interest rates based on current market conditions. Deposits are generally made to receive floating market rates at the time of the deposit.

b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with bank and financial institutions, as well as credit exposures to customers including, outstanding receivables and committed transactions.

The Group has no significant concentrations of credit risk. The sale of gold and other cash transactions are limited to counterparties with sound credit ratings. These counterparties are defined as having a minimum Standard & Poor's or equivalent long term credit rating of "A". The Group also has policies that limit the amount of credit exposure to any one financial institution.

c) Liquidity risk

The Group's liquidity requirements are based upon cash flow forecasts which are based upon forward production, operations, exploration and capital projections. Liquidity management, including debt/equity management, is carried out under policies approved by the Board and forecast material liquidity changes are discussed at Board meetings. The following table analyses the Company's financial assets and liabilities into relevant maturity grouping based on remaining period at the reporting date. The amounts disclosed are the contractual undisclosed cash flows.

	Notes	Variable rate $'000	1 year or less $'000	1–2 years $'000	More than 2 years $'000	Non-interest bearing $'000	Total $'000
2009							
Financial liabilities							
Payables *	15	–	–	–	–	13,665	**13,665**
Borrowings	14	–	2,103	–	41	–	**2,144**
		–	2,103	–	41	13,665	**15,809**
2008							
Financial liabilities							
Payables *	15	–	–	–	-	7,317	**7,317**
Borrowings	14	–	–	–	1,599	–	**1,599**
		–	–	–	1,599	7,317	**8,916**

The borrowings which are preference shares in Akara Mining Limited have been classified as borrowings on consolidation and have an interest rate of 12% per annum.

* These amounts are payable in less than 6 months.

Trade and other receivables are to be received in less than 90 days. There are no past due amounts at the balance sheet date.

d) Fair values

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Group approximate their carrying amounts.

The net fair value of cash or other monetary financial assets and financial liabilities is based upon market prices where a market exists, or through discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

31. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

The following persons were Directors of Kingsgate Consolidated Limited during the financial year:

Chairman – Non-Executive:	Ross Smyth-Kirk
Executive Director:	Gavin Thomas
Non-Executive Directors:	John Falconer Peter McAleer Craig Carracher

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group during the financial year.

Name	Position	Employer
Gavin Thomas	Chief Executive Officer	Kingsgate Consolidated Limited
Peter Warren	Chief Financial Officer Company Secretary	Kingsgate Consolidated Limited Kingsgate Consolidated Limited
Phil MacIntyre	Chief Operating Officer General Manager	Kingsgate Consolidated Limited Akara Mining Limited
Stephen Promnitz	Corporate Development Manager	Kingsgate Consolidated Limited
Ron James	General Manager, Exploration and Resources Development	Kingsgate Consolidated Limited

All of the above persons were also key management personnel during the year ended 30 June 2009.

(c) Key management personnel compensation

	Consolidated		Parent entity	
	2009 $	2008 $	2009 $	2008 $
Short-term employee benefits	**3,881,647**	2,454,058	**2,703,931**	1,399,014
Post-employment benefits	**263,265**	231,372	**239,865**	244,572
Share-based payments	**915,551**	416,536	**199,340**	318,254

The Company has taken advantage of the relief provided by Corporations Regulations CR2M.6.04 and has transferred the detailed remuneration disclosures to the Directors' Report. The relevant information can be found in sections A-C of the remuneration report on pages 34 to 38.

31. KEY MANAGEMENT PERSONNEL DISCLOSURES continued

(d) Equity instrument disclosures relating to key management personnel

(i) Share holdings

The numbers of shares in the Company held during the financial year by each Director of Kingsgate Consolidated Limited and each of the key management personnel of the Group, including their personally-related entities, are set out as follows:

	Balance at start of year	Received during year on exercise of options	Other changes during year	Balance at year end
2009				
Directors of Kingsgate Consolidated Limited ordinary shares				
Ross Smyth-Kirk	4,586,271	–	–	4,586,271
Gavin Thomas	703,721	–	–	703,721
John Falconer	191,275	–	–	191,275
Peter McAleer	380,000	–	(80,000)	300,000
Craig Carracher	–	–	–	–
Key management personnel of the Group ordinary shares				
Peter Warren	10,000	–	5,000	15,000
Phil MacIntyre	145,000	50,000	–	195,000
Ron James	–	30,000	(30,000)	–
Stephen Promnitz	–	–	–	–
Arthur Ellis	938	–	2,062	3,000
2008				
Directors of Kingsgate Consolidated Limited ordinary shares				
Ross Smyth-Kirk	4,586,271	–	–	4,586,271
Gavin Thomas	703,921	–	–	703,921
John Falconer	191,275	–	–	191,275
Peter McAleer	380,000	–	–	380,000
Craig Carracher	–	–	–	–
Key management personnel of the Group ordinary shares				
Peter Warren	10,000	–	–	10,000
Phil MacIntyre	145,000	–	–	145,000
Ron James	–	–	–	–
Stephen Promnitz	–	–	–	–
John McDougall	–	–	–	–
Arthur Ellis	24,310	–	(23,372)	938

(ii) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in section D of the remuneration report on pages 38 to 40.

31. KEY MANAGEMENT PERSONNEL DISCLOSURES continued

(iii) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each Director of Kingsgate Consolidated Limited and each of the specified executives of the Group, including their personally-related entities, are set out as follows:

	Balance at start of year	Granted/ (expired) during year	Exercised during year	Other changes during year	Balance at year end	Vested and exercisable at year end
2009						
Key management personnel						
Gavin Thomas	2,560,000	–	–	–	2,560,000	2,560,000
Peter Warren	501,000	–	–	–	501,000	300,355
Phil MacIntyre	300,000	–	50,000	–	250,000	150,000
Stephen Promnitz	400,000	–	–	–	400,000	400,000
Ron James	170,000	–	30,000	–	140,000	86,667
Arthur Ellis	50,000	–	–	–	50,000	16,667

Options granted during the year are provided as remuneration. No options are vested and unexercisable at the end of the year.

	Balance at start of year	Granted/ (expired) during year	Exercised during year	Other changes during year	Balance at year end	Vested and exercisable at year end
2008						
Gavin Thomas	2,560,000	–	–	–	2,560,000	1,860,000
Peter Warren	400,000	101,000	–	–	501,000	133,334
Phil MacIntyre	150,000	150,000	–	–	300,000	150,000
Stephen Promnitz	400,000	–	–	–	400,000	300,000
Ron James	90,000	80,000	–	–	170,000	90,000
John McDougall	–	80,000	–	–	80,000	–
Arthur Ellis	–	50,000	–	–	50,000	–

Insurance

During the financial year, the Group paid premiums to insure Directors and Officers of the Group. The contracts include a prohibition on disclosure of the premium paid and nature of the liabilities covered under the policy.

32. REMUNERATION OF AUDITORS

	Consolidated 2009 $	Consolidated 2008 $	Parent entity 2009 $	Parent entity 2008 $
(a) Audit services				
PricewaterhouseCoopers Australian Firm				
Audit and review of the financial reports	**331,500**	335,950	**331,500**	335,950
Related practices of PricewaterhouseCoopers Australian Firm	**122,159**	85,288	**–**	–
Total remuneration for audit services	**453,659**	421,238	**331,500**	335,950
(b) Non-audit services				
PricewaterhouseCoopers Australian Firm				
Workers compensation review	**–**	3,500	**–**	3,500
Other services	**51,000**	–	**51,000**	–
Related practices of PricewaterhouseCoopers Australian Firm – other services	**182,940**	–	**–**	–
Total remuneration for audit-related services	**233,940**	3,500	**51,000**	3,500
Taxation services				
PricewaterhouseCoopers Australian Firm				
Tax compliance services	**153,600**	154,275	**153,600**	154,275
Related practices of PricewaterhouseCoopers Australian Firm				
Tax compliance services	**18,787**	52,482	**–**	–
Total remuneration for tax related services	**172,387**	206,757	**153,600**	154,275

33. EARNINGS PER SHARE

	Consolidated 2009 Cents	Consolidated 2008 Cents
Basic earnings per share	**34.9**	51.7
Diluted earnings per share	**34.9**	51.5
	$'000	$'000
Net profit/(loss) used to calculate basic and diluted earnings per share	**32,522**	47,872
	Number	Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**93,117,150**	92,680,392
Adjustment for calculation of diluted earnings per share: Options	**95,955**	299,996
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**93,213,105**	92,980,388

Options

Options granted to employees and Directors are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in Note 25.

Directors' Declaration

The Directors declare that the financial statements and notes set out on pages 46 to 88:

a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

b) give a true and fair view of the Company's and Group's financial position as at 30 June 2009 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2009.

In the Directors' opinion:

a) the financial statements and notes are in accordance with the *Corporations Act 2001*; and

b) there are reasonable grounds to believe that the Company 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.

DATED at SYDNEY this 26 August 2009

On behalf of the Board

Ross Smyth-Kirk
Director

Independent Auditor's Report

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Independent Auditor's Report to the members of Kingsgate Consolidated Limited

Report on the financial report

We have audited the accompanying financial statements of Kingsgate Consolidated Limited (the company), which comprises the statement of financial position as at 30 June 2009, and the income statement, statement of changes in equity and statement of cash flow for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Kingsgate Consolidated Limited and the Kingsgate Consolidated Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Independent Auditor's Report to the members of Kingsgate Consolidated Limited continued

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Kingsgate Consolidated Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements and parent entity financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 34 to 43 of the directors' report for the period ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Kingsgate Consolidated Limited for the period ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Mupcroft

Marc Upcroft
Partner

Sydney
26 August 2009

Annual Report 2009

Eight Year Summary

for the years ended 30 June

	2009	2008	2007	2006	2005	2004	2003	2002
	AIFRS	AIFRS	AIFRS	AIFRS	AIFRS	AGAAP	AGAAP	AGAAP
PRODUCTION								
Ore mined ('000 bank cubic metres)	**1,644**	375	546	734	588	801	638	306
Waste mined ('000 bank cubic metres)	**4,069**	2,507	4,388	5,121	4,915	4,444	1,758	631
Waste to Ore Ratio	**2.5**	6.7	8	7	8.4	5.5	2.8	2.1
Ore mined ('000 tonnes)	**3,874**	977	1,523	1,951	1,521	1,946	1,511	821
Ore treated ('000 tonnes)	**1,878**	2,474	2,450	2,000	1,829	1,671	1,324	665
Head grade – Gold grams/tonne	**1.7**	1.1	1.2	1.4	2.4	3.1	3.9	5.3
– Silver grams/tonne	**15.8**	6.8	9.2	14	13	15	22	42
Gold recovery (%)	**91.4**	88.8	90.1	90.2	90.8	91.2	90.2	90.8
Gold poured (ounces)	**93,002**	74,137	85,994	140,071	126,550	149,979	154,484	91,185
Silver poured (ounces)	**293,472**	232,039	290,897	459,701	353,275	395,346	484,170	353,146
PROFIT AND LOSS (A$'000)								
Sales Revenue	**113,015**	74,285	52,044	72,782	64,299	84,410	94,020	54,688
Other Revenue	**1,077**	2,210	556	1,361	2,471	2,370	627	1,818
Other Income	**2,432**	44,443	9,857	–	–	–	–	–
Total Income	**116,524**	120,938	62,457	74,143	66,770	86,780	94,647	56,506
Operating Expenses	**66,587**	55,743	64,908	47,761	47,366	34,343	28,465	9,685
Administration & Other Costs	**4,455**	4,065	2,264	1,158	1,404	1,019	3,563	2,223
EBITDA	**46,482**	61,130	(4,715)	25,224	18,000	51,418	62,619	44,598
Depreciation & Amortisation	**11,575**	9,284	8,446	7,805	8,720	11,323	13,293	8,620
EBIT	**34,911**	51,846	(13,161)	17,419	9,280	40,095	49,326	35,978
Borrowing Costs	**1,854**	3,974	2,544	757	889	2,416	2,003	2,566
Profit/(loss) before income tax	**33,057**	47,872	(15,705)	16,662	8,391	37,679	47,323	33,412
Income tax expense/(benefit)	**(535)**	11,675	(3,115)	–	–	–	–	390
Net profit/(loss) after income	**32,522**	36,197	(12,590)	16,662	8,391	37,679	47,323	33,022
BALANCE SHEET (A$'000)								
Current assets – Cash	**29,680**	40,226	5,148	10,391	32,119	59,696	28,914	25,262
– Other	**27,848**	16,397	13,756	10,805	12,162	14,162	14,057	12,984
Non-Current assets	**213,119**	146,626	206,082	143,401	91,727	69,555	53,336	63,619
Total assets	**270,647**	203,249	224,986	164,597	136,008	143,413	96,307	101,865
Total debt	**–**	–	20,000	–	–	–	18,694	44,448
Other liabilities	**25,607**	22,236	20,752	36,589	14,779	8,367	4,329	15,775
Total liabilities	**25,607**	22,236	40,752	36,589	14,779	8,367	23,023	60,223
Shareholders' equity	**245,040**	181,013	184,234	128,008	121,229	135,046	73,284	41,642
OTHER INFORMATION								
Average realised gold price on physical deliveries (US$/ounce)	**904**	824	417	355	401	385	335	308
Average spot gold price (US$/ounce)	**904**	824	634	525	422	391	334	289
Cash cost (US$/ounce)	**405**	457	440	206	212	135	94	61
Total cost (US$/ounce)	**493**	556	517	247	262	189	143	116
Operating cashflow (A$'000)	**18,058**	18,657	(19,888)	21,889	22,184	49,294	56,956	28,937
Dividends paid (Cash & DRP) (A$'000)	**–**	–	4,513	8,669	11,973	17,631	19,927	–
Number of issued shares ('000) – Ordinary	**96,136**	92,680	92,680	88,592	85,949	85,329	72,869	71,649
Basic earnings per share (A$ Cents)	**34.9**	51.7	(17.3)	19.3	9.8	45.5	65.4	48.5
Dividends per share (A$ Cents)	**15.0**	–	–	10.0	7.0	22.0	25.0	15.0

Annual Report 2009

Sustainability Objectives and Targets

for Chatree 2010

OBJECTIVE	2009 Target	Result	2010 Target
Employees	Zero lost time injuries	Achieved	No lost time injuries
			Workforce and subcontractors understand full reporting disclosure
			Continue to develop comprehensive employee communication strategy
			Engage employee consultative committee to manage community donation initiatives
	Maintain certificate to OHAS 18001 Safety Management System	Achieved	Maintain certification through continuous improvement
Community	Continue to integrate sustainability initiatives into local planning Finalise Community committee and evaluate potential projects	Achieved	Implement Community consultation and development procedures
	Continue to monitor vegetation growth and water into cover of rehabilitated waste rock dumps	Achieved	Conduct a comprehensive water balance study
	Continue monitoring performance of agricultural crops in tailings material	Achieved	Resume water monitoring in Tawan Pit sump
	Rehabilitate 11 ha of waste dump and tailing storage facility embankment	Deferred	Develop a detailed tailings management plan
	Maintain International Cyanide Management Institute certification	Achieved	Maintain certification through continuous improvement
	Maintain certification to ISO 14001 Environmental Management System	Achieved	Maintain certification through continuous improvement
	Maintain Laboratory's certification to ISO 17025 Environmental Management System	Achieved	Maintain certification through continuous improvement
	Continue publication of regional newsletter	Achieved	Continue publication of regional newsletter
	Continue to implement Community Survey findings	Achieved	Continue to implement Community Survey findings
Governments	Maintain certification to SA 8000 Social Accountability Standard and TLS 8001 Thai Labour Standard	Achieved	Maintain certification through continuous improvement
Supply Chain	Source supplies locally where possible	Achieved	Continue efforts to increase local participation in supply chain

Annual Report 2009

Tenement Schedule

COUNTRY	Interest	Mining Leases
THAILAND	All 100% Kingsgate	CHATREE **Phetchabun Province** 1 ML: 25618/15368 **Phitchit Province** 3 MLs: 26910/15365, 26911/15366 and 26912/15367
	All 100% Kingsgate	CHATREE NORTH **Phetchabun Province** 5 MLs: 25528/14714, 32524/15809, 32530/15810, 32531/15811 and 32532/15812 2 Waste Dumps: 1/2548 and 1/2551
		Phitchit Province 5 MLs: 26917/15804, 26920/15807, 26921/15806, 26922/15805 and 26923/15808 1 Waste Dump: 1/2548
		Exploration Tenements
	All 100% Kingsgate	**Phetchabun Province** 48 SPLAs: 3-7/2546, 16-28/2546, 30-32/2546, 40/2546, 47-57/2546, 59/2546, 67/2546, 1-3/2548, 5-6/2548, 12-15/2548 and 1-4/2550
		Phitsanulok Province 30 SPLs: 38-67/2549 2 SPLAs: 1-2/2550
		Phitchit Province 21 SPLs: 17-37/2549 5 SPLAs: 1/2549 and 1-4/2550
		Chantaburi Province 1 SPL: 6/2550 2 SPLAs: 8-9/2549
		Rayong Province 1 SPLA: 1/2549
		Lop Buri Province 16 SPLAs: 2-16/2550 and 1/2551
ARGENTINA	All 100% Kingsgate	Boleadora Pampa, El Bayo, El Bozal, El Pegual, La Carona, La Herradura, Gato, Mancha, Rio Oro, San Lorenzo, Sofia, Victoria
CHILE	All 100% Kingsgate	Romero 5, 1/60; Romero 10, 1/60; Romero 5-A, 1/60 and Romero 10-A, 1/60
PERU	All 100% Kingsgate	Artemisa 2005, Artemisa 1-2, Artemisa 3-2006, Artemisa 4-4, Artemisa I-08, Artemisa II-08, Artemisa III-08
AUSTRALIA	All 100% Kingsgate	**Queensland** EL 12409

ML: Mining Lease; SPL: Special Prospecting Licence; SPLA: Special Prospecting Licence Application; EL: Exploration Licence

Annual Report 2009

Shareholder Information

as at 4 September 2009

Substantial shareholders and their associates who have notified the Company are listed below:

		No. of shares held as disclosed in notices to the Company
Holder	Jabre Capital Partners SA	6,956,608
	UBS Nominees Pty Ltd	7,658,120

Distribution of equity securities

		No. of shareholders fully paid ordinary shares	No. of option holders
Size of Holding	1–1,000	1,529	Nil
	1,001–5,000	1,525	19
	5,001–10,000	351	16
	10,001–100,000	366	13
	100,001+	67	10
	Total	**3,838**	**58**

20 largest shareholders of quoted ordinary shares

		No. of shares	Percentage
1	HSBC Custody Nominees	14,881,193	15.46
2	Citicorp Nominees Pty Limited	10,285,618	10.69
3	National Nominees Limited	9,959,514	10.35
4	ANZ Nominees Limited	8,049,710	8.37
5	J P Morgan Nominees Australia	6,233,182	6.48
6	Smyth-Kirk Ross Donald	4,586,271	4.77
7	Bird Bruce Clayton	3,207,110	3.33
8	AMP Life Limited	1,387,438	1.44
9	Ron Medich Properties Pty Limited	1,300,000	1.35
10	Sixteen Pty Limited	1,200,000	1.25
11	UBS Nominees Pty Limited	972,616	1.01
12	Equity Tees Limited	749,857	0.78
13	Citicorp Nominees Limited	740,805	0.77
14	Maminda Pty Limited	733,533	0.76
15	D L N Pty Limited	716,624	0.74
16	Citicorp Nominees Limited	643,635	0.67
17	Merrill Lynch Australia Nominees Pty Limited	606,815	0.63
18	Bahulu Holdings Pty Limited	602,187	0.63
19	Komor C & Grady D	590,555	0.61
20	Queensland Investments	569,518	0.59

Unquoted equity securities

There were 58 option holders holding 5,788,899 options.

Voting rights

(a) Ordinary share

On a show of hands every member present at a meeting in person or by proxy shall have one vote.

(b) Options

No voting rights.

Corporate Information

Kingsgate Consolidated Limited

ABN 42 000 837 472

Directors

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

Company Secretary

Peter Warren

Chief Executive Officer

Gavin Thomas

Chief Financial Officer

Peter Warren

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 and Principal Business Address

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Chatree Mine Office

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Exploration Office

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Fax +66 5 664 9082

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