KINGSGATE CONSOLIDATED LIMITED
ABN 42 000 837 472

ASX CODE: KCN

PRELIMINARY FINAL ASX 4E REPORT

FOR THE YEAR ENDED 30 JUNE 2009

TABLE OF CONTENTS

Kingsgate Consolidated Limited
ABN 42 000 837 472
(ASX Code: KCN)

Appendix 4E
Preliminary Final Report
For the Financial Year Ended 30 June 2009

Results for Announcement to the market

				$'000
Revenue from ordinary activities	Up	49%	to	114,092
Profit/(loss) from ordinary activities after tax attributable to members	Down	10%	to	32,522
Net profit/(loss) for the period attributable to members	Down	10%	to	32,522

Dividends/distribution	Amount per security	Franked amount per security
Final dividend		
- current reporting period	**15 cents**	**15 cents**
- previous reporting period	nil	nil
Interim dividend		
- current reporting period	**nil**	**nil**
- previous reporting period	nil	nil

Record date for determining entitlements to dividend

9 September 2009

Brief explanation of any of the figures reported above and short details of any bonus or cash issue or any other item of importance not previously releases to the market:

Refer attached Review of Operations for commentary on the results for the year.

Current Reporting Period:	**Year ended 30 June 2009**
Previous Corresponding Reporting Period	Year ended 30 June 2008

Review of operations

The Directors of Kingsgate Consolidated Limited today announced a net profit after tax of $32.5 million for the year ended 30 June 2009.

Dividends

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.

Finance

The net profit after tax was $32.5 million and represents a very strong second half year performance after a pre-tax loss of $11.9 million in the half year to December 2008 or a $44.4 million profit contribution for the second half year. The total net profit was a decrease on the profit of $36.2 million achieved in the previous year which included a one-off asset sale of $31 million.

After allowing for the sale of the Andean Resources Limited investment in 2008, the profit derived from operations in 2009 was $27.3 million increase over the loss of previous year.

Total revenue was $114 million as the Company treated higher grade gold ore and, being unhedged, fully benefited from the rise in spot gold price. The 2009 gold and silver revenue increased by $38.7 million over 2008.

Operating cash flow was $18 million. Net investing cash flow for property, plant, equipment and exploration was $48.2 million and $15.8 million was received from the issue of shares as a result of options being exercised.

A debt facility of US$30 million is available and undrawn from Investec Bank (Australia) Limited.

Operations

The Chatree gold mine was a year of two conflicting operating halves. Total production at the Chatree Mine for the year was 93,002 ounces of gold and 293,472 ounces of silver.

The availability of ore was significantly constrained in the first half of the year, due to the delay to the granting of the Chatree North mining leases and the issuing of formal approvals to commence full scale mining at the Chatree North site. Gold production during the first half was only 16,974 ounces of gold. During this half year ore was mainly sourced from remnant low grade stockpiles and free-dig material at Chatree North.

In the second half of the year there was a significant ramp up in mining production, which was only completed at the end of the March quarter 2009, and this enabled the mill throughput to run at scheduled rates for this period. The mine was finally able to blend ores from different pits only for the last quarter of the year. The ramp up in mine production in the second half resulted in 76,028 ounces of gold being produced and this major increase in production is reflected in our financial results.

Ore produced for the year had an average feed grade for the year of 1.7 grams of gold per tonne of ore. Mill throughput for the year was 1.9 million tonnes, as compared to 2.5 million tonnes for the previous year and this was due to the lack of ore availability in the first half.

The Chatree Mine continued its excellent safety performance, without a single Lost Time Incident which, according to publicly available data, makes the Chatree Mine the safest gold mine in the world. At 30 June 2009 the mine had over 11 million man-hours worked without a lost time incident.

During the year, the Chatree Mine built on its enviable environmental record with no reportable incidents. There have been no reportable environmental incidents during the entire life of the mine.

Chatree Mine actively underpins the world's best practice for mine safety and environmental management through its programme of being accredited with appropriate international standards. Chatree Mine maintains accreditation for ISO 9001 (Quality), ISO 14001 (Environment), OHSAS 18001 (Health and Safety), ISO 17025 (Laboratory), TLS 8001:2003 (Thai Labour), SA8000:2008 (Social Accountability), GRIC Global Reporting Initiatives and is a foundation and accredited member of the International Cyanide Management Code. The Company's commitment to maintain these international best practises in its operation was recognised during the year in the 7th Australian Sustainability Awards when it was awarded a Special Award for Labour Relations, the Thailand National Occupational Safety and Health Award for the 5th year running and the Australasian mining industry's key safety award, the 2007 Australasian Institute of Mining and Metallurgy Jim Torlach Health and Safety Award, the 2008 AustCham Award for Best Employer and has just received the Zero Accident Gold Award 2009 from the Thai Labour Welfare and Protection office.

Outlook

Annual gold production for Fiscal Year 2009-10 is forecast to be in the range of 120,000-140,000 ounces of gold. The major impact on this forecast will be the timing of accessing C North mineralisation that is currently inaccessible due to a slip in the upper pit wall. The slip has covered most of the higher grade ore in C North and remedial work needs to be completed before it is safe to recommence mining in this area.

The resource definition programme at Chatree North will continue to fully evaluate the open pit potential of the Chatree and Chatree North mine areas. In addition there will be an increased focus on deeper drilling to test underground mining potential of the project with initial emphasis beneath the A pit.

There are a number of regional exploration targets that are available for drilling with the Chokdee prospect being the major target during the next twelve months. Several mineral exploration licenses are in the application stage and when granted at least three drill-ready targets will become available for testing.

The Company will continue its investigation of the possible float of Akara Mining Limited on the Thai Stock Exchange. The timing of any transaction would be dependent on market conditions

INCOME STATEMENT
For the year ended 30 June 2009

	Notes	Consolidated 2009 $'000	2008 $'000
Revenue from continuing operations	3	114,092	76,495
Other income	4	2,432	44,443
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)
Depreciation and amortisation expenses	5	(11,575)	(9,284)
Finance costs	5	(1,854)	(4,100)
Exploration expensed		(294)	(382)
Foreign exchange losses	5	-	(216)
Gain / (loss) on derivative financial instruments		-	(4,514)
Other expenses from ordinary activities	5	(8,460)	(7,155)
Profit/(Loss) before income tax		33,057	47,872
Income tax benefit (expense)	6	(535)	(11,675)
Profit/(Loss) for the year		32,522	36,197
Net Profit/(Loss) attributable to members of Kingsgate Consolidated Limited		32,522	36,197
		Cents	**Cents**
Basic earnings per share	16	34.9	51.7
Diluted earnings per share	16	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	2008 $'000
CURRENT ASSETS			
Cash and cash equivalents		29,680	40,226
Receivables		7,522	3,245
Inventories		10,521	4,594
Other assets		9,805	8,558
TOTAL CURRENT ASSETS		57,528	56,623
NON-CURRENT ASSETS			
Other financial assets		-	-
Inventories		9,393	-
Mine property, plant and equipment		199,700	140,315
Deferred tax assets		136	3,852
Other assets		3,890	2,459
TOTAL NON-CURRENT ASSETS		213,119	146,626
TOTAL ASSETS		270,647	203,249
CURRENT LIABILITIES			
Payables		13,665	7,317
Provisions		1,448	788
Current tax liabilities		-	7,798
Borrowings		2,103	-
TOTAL CURRENT LIABILITIES		17,216	15,903
NON-CURRENT LIABILITIES			
Provisions		7,162	4,566
Borrowings		41	1,599
Deferred tax liabilities		1,188	168
TOTAL NON-CURRENT LIABILITIES		8,391	6,333
TOTAL LIABILITIES		25,607	22,236
NET ASSETS		245,040	181,013
EQUITY			
Parent entity interest			
Contributed entity	10	129,300	111,576
Reserves	11	4,579	(9,202)
Retained profits	11	111,161	78,639
TOTAL EQUITY		245,040	181,013

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

STATEMENTS OF CHANGES IN EQUITY
For the year ended 30 June 2009

Consolidated	Notes	Contributed Equity $'000	Reserves $'000	Retained Earnings $'000	Total Equity $'000
		Attributable to owners of Kingsgate Consolidated Limited			
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	10	17,724	-	-	17,724
General reserve		-	(227)	-	(227)
Movement in share option reserves		-	(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 change in equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENTS
For the year ended 30 June 2009

	Notes	Consolidated 2009 $'000	2008 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of goods and services tax)		113,015	75,371
Payments to suppliers and employees (inclusive of goods and services tax)		(87,602)	(55,584)
Interest received		998	2,202
Finance costs paid		(1,286)	(3,332)
Income tax paid		(7,067)	-
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	14	18,058	18,657
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration acquisitions		(5,983)	(4,722)
Loans to controlled entities		-	-
Repayment from controlled entity		-	-
Payments for mine properties and development expenditure		(30,430)	(7,963)
Payments for property, plant and equipment		(11,768)	(20,485)
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
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings, net of transaction costs		17,000	7,040
Repayment of borrowings		(17,000)	(27,000)
Proceeds from issue of shares		15,774	-
Dividends paid		-	-
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		15,774	(19,960)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(14,349)	35,505
Cash at the beginning of the financial year		40,226	5,148
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

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

NOTES TO THE PRELIMINARY FINAL REPORT
For the year ended 30 June 2009

1. Basis of preparation

This report has been prepared in accordance with Appendix 4E of the Australian Stock Exchange Listing Rules and is based on AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views. This financial report relates to the consolidated entity consisting of Kingsgate Consolidated Limited and the entities it controlled at the end of, or during, the year ended 30 June 2009. The accounting policies adopted are consistent with those of the previous year.

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.

2. Statement about the audit status

This report is bases on financial statements that have been audited. The Company does not expect that there will be any qualifications to its financial statements.

3. Revenue

	Consolidated	
	2009	2008
	$'000	$'000
Revenue from continuing operations		
Sales Revenue		
Gold sales	108,065	70,163
Silver sales	4,950	4,122
Services	-	-
Totals	113,015	74,285
Other revenue		
Interest	826	2,202
Dividends	-	-
Other revenue	251	8
Totals	1,077	2,210
Revenue from continuing operations	114,092	76,495

4. Other Income

	Consolidated	
	2009	2008
	$'000	$'000
Net gain on sale of available-for-sale assets	-	44,443
Foreign exchange gains	2,432	-
	2,432	44,443

NOTES TO THE PRELIMINARY FINAL REPORT (continued)
For the year ended 30 June 2009

5. Expenses

	Consolidated	
	2009	2008
	$’000	$’000
Expenses		
Cost of sales	66,501	52,276
Foreign exchange losses	-	216
Finance costs		
Interest and finance charges paid/payable	1,286	2,239
Rehabilitation provision discount adjustment	205	126
Amortisation and write-off of deferred borrowing costs	363	1,735
Finance costs expensed	1,854	4,100
Write down of raw materials and stores	317	589
Rental expense relating to operating leases	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
Depreciation capitalised	(20)	(249)
Total depreciation and amortisation	11,575	9,284
Other expenses from ordinary activities		
Business development	1,163	738
Investor and community relations	698	1,074
Professional fees	2,144	1,278
Administration	4,455	4,065
Totals	8,460	7,155

NOTES TO THE PRELIMINARY FINAL REPORT (continued)
For the year ended 30 June 2009

6. Income Tax	Consolidated 2009 $'000	Parent Entity 2008 $'000
(a) Income tax expense		
Current tax	(731)	7,807
Deferred tax	1,202	3,827
Adjustment for current tax of prior periods	-	41
Adjustment for exchange rate	64	
Prior year tax losses recognised in the financial year previously not recognised	-	-
Income tax expense / (benefit)	535	11,675
Deferred income tax (revenue) expense included in income tax expenses comprises:		
Decrease (increase) in deferred tax assets	(754)	3,688
Increase (decrease) in deferred tax liabilities	1,956	139
	1,202	3,827
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(Loss) from continuing operations before income tax	33,057	47,872
Tax at Australian tax rate of 30%	9,919	14,361
Tax effect of amounts which are not deductible in calculating taxable income:		
Non-taxable dividends	-	-
Share-based remuneration	(225)	619
Other non-deductible	90	80
Loan impairment	-	139
Non-deductible depreciation	219	-
Tax exempt profits – Thailand	(11,344)	(3,833)
Adjustments for current tax of prior periods	-	-
Prior overprovision of tax	(731)	-
Prior year tax losses recognised in the financial year previously not recognised	-	309
Unused Australian tax losses not recognised	2,607	-
Income tax expense/(benefits)	535	11,675
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)

NOTES TO THE PRELIMINARY FINAL REPORT (continued)
For the year ended 30 June 2009

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) in the financial report.

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

NOTES TO THE PRELIMINARY FINAL REPORT (continued)
For the year ended 30 June 2009

instalments. The funding amounts are recognised as current intercompany receivables or payables.

7. Controlled entities acquired or disposed of

None.

8. Details of aggregate share of profits/losses of Associated and Joint Venture entities

There are no associates or joint venture entities associated with the Consolidated Entity.

9. Segmental 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	2008
	$'000	$'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	-	-
	47,877	33,170

NOTES TO THE PRELIMINARY FINAL REPORT (continued)
For the year ended 30 June 2009

10. 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.

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 option at $3.00 each.

NOTES TO THE PRELIMINARY FINAL REPORT (continued)
For the year ended 30 June 2009

11. Reserves and Retained Profits

	Consolidated 2009 $'000	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
	4,579	(9,202)
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	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	-	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
Employee share options – value of employee services	180	2,065
Employee share options – options issued to employees of subsidiaries	648	1,109
Contractor share options	290	-
Director share options	(1,220)	-
Transfer to share capital (Options exercised)	(1,801)	-
At the end of the financial year	3,358	5,261

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve.

NOTES TO THE PRELIMINARY FINAL REPORT (continued)
For the year ended 30 June 2009

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.

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.

(b) Retained profits

	Consolidated	
Movements in retained profits were as follows:	**2009**	2008
	$'000	$'000
Retained profits at the beginning of the financial year	78,639	42,442
Net profit attributable to members of Kingsgate Consolidated Limited	32,522	36,197
Retained profits at the end of the financial year	111,161	78,639

12. Net tangible asset backing

	2009	**2008**
Net tangible asset backing per ordinary shares; $/ per share	2.55	1.89

NOTES TO THE PRELIMINARY FINAL REPORT (continued)
For the year ended 30 June 2009

13. Dividends

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.

14. Cash flow information

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

	Consolidated	
	2009	2008
	$'000	$'000
Profit (loss) for the year	32,522	36,197
Depreciation and amortisation	11,575	9,533
Share-based payments	(102)	2,161
Net (gain) loss on sale of available-for-sale financial assets	-	(44,439)
Gain (loss) on disposal of property, plant and equipment	889	(4)
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)
(Increase) decrease in inventories	(15,320)	(46)
(Increase) decrease in future income tax benefit	3,717	(3,852)
(Increase) decrease in other operating assets	(5,137)	(2,765)
Increase (decrease) in current tax liabilities	(7,798)	7,798
Increase (decrease) in creditors	6,348	610
Increase (decrease) in provisions	3,256	355
Increase (decrease) in deferred tax liabilities	1,020	2,909
Net cash inflow (outflow) from operating activities	18,058	18,657

15. 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 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.

NOTES TO THE PRELIMINARY FINAL REPORT
For the year ended 30 June 2009

16. Earnings per share

	Consolidated	
	2009	2008
	Cents	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.

KINGSGATE CONSOLIDATED LIMITED

Directors' Report and Financial Statements

For the Year Ended 30 June 2009

CONTENTS

DIRECTORS' REPORT
30 June 2009

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, 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: 44

Craig Carracher brings considerable relevant Thai experience having been managing partner of an international law firm in Thailand for many years. 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 Ellerston Capital Ltd, the manager of Ellerston GEMS Fund (ASX listed). He is also a Director of Adkinsons Securities Ltd (Thai Stock Exchange listed) and Living and Leisure Australia Group (ASX listed).

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 3 to 4) 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 62).

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 services.

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**	
Directors of Kingsgate Consolidated Limited	**2009**	2008
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 8 to 9 and 12 to 15, 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 %	For-feited %	Year granted	Vested %	For-feited %	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.

Name	A Remuneration consisting of options %	B Value at grant date $	C Value at exercise date $	D 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		Parent entity	
	2009	2008	**2009**	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 21.

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

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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

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					
Provisions	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.

STATEMENTS OF CHANGES IN EQUITY
For the year ended 30 June 2009

Consolidated	Notes	Contributed Equity $'000	Reserves $'000	Retained Earnings $'000	Total Equity $'000
		Attributable to owners of Kingsgate Consolidated Limited			
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 (continued)
For the year ended 30 June 2009

		Attributable to owners of Kingsgate Consolidated Limited			
Parent Entity	**Notes**	**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.

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.

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 Annual Improvements 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.

	Notes	Consolidated		Parent entity	
		2009	2008	**2009**	2008
		$'000	$'000	**$'000**	$'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-deductible		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)	-	-

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		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'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		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'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.

9. INVENTORIES

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
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 costs	8,245	-	-	-
	10,521	4,594	-	-
Non-current				
Stockpile	9,393	-	-	-

10. OTHER ASSETS

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

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

Consolidated	Exploration and evaluation $'000	Mine properties $'000	Mine, buildings, plant and equipment $'000	Non-mining plant and equipment $'000	Total
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

Parent entity	Non-mining plant and equipment $'000	Total $'000
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		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'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	Employee benefits	Accruals	Unrealised exchange losses	Total
	$'000	$'000	$'000	$'000	$'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

14. BORROWINGS

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

15. PAYABLES

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

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

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Current				
Taxation	-	7,798	-	7,798

18. DEFERRED TAX LIABILITIES

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'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	Prepayment and Interest	Loan Establishment Fee	Unrealised Exchange Gains	Unrealised Profit on available-for-sale assets	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'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 option at $3.00 each.

20. RESERVES AND RETAINED PROFITS

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

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).

(b) Retained profits

	Consolidated		**Parent entity**	
Movements in retained profits were as follows:	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
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

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:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
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).

Name of entity	Country of incorporation	Class of Shares	Equity holding		Parent entity cost	
			2009	2008	**2009**	2008
			%	%	**$'000**	$'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	2008	**2009**	2008
	$'000	$'000	**$'000**	$'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	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Non-current receivables				
Wholly-owned subsidiaries (Note 8)	-	-	151,195	118,520
Current payable				
Wholly-owned subsidiary	-	-	-	31,173

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

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.

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	2008	**2009**	2008
	$'000	$'000	**$'000**	$'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	2008	**2009**	2008
	$’000	$’000	**$’000**	$’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 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.

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

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 counterparties, 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 to 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

	Notes	Variable rate $'000	1 year or less $'000	1 to 2 years $'000	More than 2 years $'000	Non-interest bearing $'000	Total $'000
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	Kingsgate Consolidated Limited
	Company Secretary	Kingsgate Consolidated Limited
Phil MacIntyre	Chief Operating Officer	Kingsgate Consolidated Limited
	General Manager	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 5 to 10.

(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:

2009 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
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 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
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 11 to 14.

(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:

Key Management Personnel

2009 Name	Balance at the start of the year	Granted/ (Expired) during the year	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the of the year
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.

2008 Name	Balance at the start of the year	Granted/ (Expired) during the year	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the of the year
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

REMUNERATION OF AUDITORS

	Consolidated		Parent entity	
	2009	2008	**2009**	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	2008
	Cents	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 22 to 74:

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

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
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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 Limited 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 audit 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.

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.

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Independent auditor's report to the members of Kingsgate Consolidated Limited (continued)

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 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 5 to 17 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*.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of Kingsgate Consolidated Limited for the year ended 30 June 2009 included on Kingsgate Consolidated Limited web site. The company's directors are responsible for the integrity of the Kingsgate Consolidated Limited web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

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Marc Upcroft
Partner

Sydney
26 August 2009