



Kingsgate

Consolidated Limited

ABN 42 000 837 472

29 August 2013

Manager
Company Announcements Office
Australian Securities Exchange

Financial Results and Appendix 4E for the Year Ended 30 June 2013

Kingsgate has recorded the following financial performance for the year to 30 June 2013

- **Revenue of \$329.3 million.**
- **EBITDA* (before significant items) of \$115.8 million.**
- **Profit before tax and significant items of \$17.2 million.**
- **Loss after tax and significant items of \$323.7 million. This includes a net tax benefit of \$20.6 million, relating to the Challenger Gold Operations impairment.**
- **Non-cash asset impairments and other significant items of \$336.1 million pre-tax, with \$311.9 million principally relating to Challenger (\$291.3 million post-tax).**
- **No final dividend has been declared. An interim dividend of 5 cents per share was declared for the half year to 31 December 2012.**

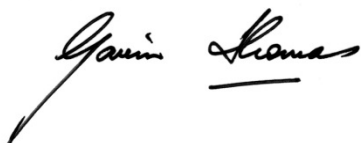
The lower realised gold price of US\$1,588 per ounce (2012: US\$1,663 per ounce), lower gold sales of 195,948 ounces (2012: 204,145 ounces) and industry wide cost pressures had a negative impact on the underlying earnings of the Group. The lower gold price and changes to mine operating plans also resulted in a major impairment to the carrying value of a number of Group assets, particularly the Challenger Mine. The impairments were the major contributor to the after tax loss of \$323.7 million for the year.

The two development projects continued to advance during the year. At Nueva Esperanza, feasibility work shifted to focus on identifying a lower cost and lower power consumption development alternative. This included assessing a heap leach process option and on-site power generation. Further work will be on-going into the December quarter 2013.

At Bowdens, the feasibility work has confirmed the optimum process route. Completion of the technical feasibility study, including mine planning, infrastructure and metallurgy, and lodging of the environmental impact statement are scheduled for 2014.

Outlook

The outlook for the Group in fiscal year 2014 is for gold production to be in the range of 190,000 to 210,000 ounces. At the Chatree Mine in Thailand, the expanded plant will result in gold production of between 120,000 to 130,000 ounces. At the Challenger Mine in South Australia, production for the year is expected to be in the range of 70,000 ounces to 80,000 ounces of gold, a result of implementing the new mine plan.



Gavin Thomas

Managing Director and CEO
Kingsgate Consolidated Limited

IMPORTANT NOTICES

Caution regarding forward-looking statements

This announcement contains forward-looking statements, which can usually be identified by the use of words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or words of similar effect. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual outcomes to differ materially from those expressed in the statements contained in this release. You should not place undue reliance on these forward-looking statements. These forward-looking statements are based on information available to us as of the date of this release. Except as required by law or regulation (including the ASX Listing Rules) we undertake no obligation to update these forward-looking statements.

Past performance not indicative of future performance

Past performance information given in this announcement is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

***EBITDA**

EBITDA before significant items is a financial measure which is not prescribed by International Financial Reporting Standards (IFRS) and represents the profit under IFRS adjusted for specific significant items. The EBITDA before significant items has not been subject to any specific review procedures by our auditor but has been extracted from the accompanying half financial report



Kingsgate

Consolidated Limited

ABN 42 000 837 472

**PRELIMINARY FINAL ASX 4E REPORT
FOR THE YEAR ENDED 30 JUNE 2013**

ASX CODE: KCN



Kingsgate

Consolidated Limited

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

Appendix 4E
Preliminary Final Report
For the Financial Year Ended 30 June 2013

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$'000
Revenue from ordinary activities	Down	8%	to	329,282
Loss from ordinary activities after tax attributable to members	Down	531%	to	(323,726)
Net loss for the period attributable to members	Down	531%	to	(323,726)
Net loss for the period attributable to non-controlling interests	Down	100%	to	0
Loss after tax for the year	Down	532%	to	(323,726)
Dividends/distribution	Amount per security		Franked amount per security	
Final dividend				
- current reporting period	Nil		Nil	
- previous reporting period	10 cents		Nil	
Interim dividend				
- current reporting period	5 cents		Nil	
- previous reporting period	10 cents		Nil	
Refer attached Review of Operations for commentary on the results for the year.				

Current reporting period: Year ended 30 June 2013

Previous corresponding reporting period: Year ended 30 June 2012



OPERATING AND FINANCIAL REVIEW

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

The Directors of Kingsgate Consolidated Limited today announced a net loss of \$323.7 million for the year ended 30 June 2013 which includes significant items totalling \$336.1 million after taking into account a tax benefit of \$20.6 million applicable to the Challenger Gold Operation impairment.

The pre-tax profit of the Group before significant items was \$17.2 million and the EBITDA before significant items was \$115.8 million.

The significant items include:

- Foreign exchange loss of \$0.8 million.
- Write off of capitalised borrowing fees of \$5.7 million.
- Change in fair value of undesignated gold contracts held for trading, a gain of \$1.4 million.
- Change in fair value of available-for-sale financial assets, a loss of \$0.9 million.
- Impairment of investment and share of loss in associate of \$1.9 million.
- Loss on sale of exploration assets (Quadrio Resources Limited) of \$16.7 million.
- An asset impairment loss of \$311.9 million pre-tax (\$291.3 million post tax) against the carrying value of the Challenger Gold Operations.
- Write-down of \$20.4 million against the carrying value of greenfield regional exploration projects in Australia (\$6.1 million) and Thailand (\$14.3 million).

DIVIDENDS

An interim dividend of 5 cents per share was declared on 25 February 2013 with respect of the half-year ended 31 December 2012. The record date was 15 March 2013 and the dividend was paid on 12 April 2013.

No final dividend has been declared.

OVERVIEW

Group gold production was 199,897 ounces, a decrease of 4% on the previous corresponding year. The contribution from Chatree was 133,681 ounces with 66,216 ounces from Challenger.

Chatree gold production was 10% higher than the previous corresponding period as a result of an increase in throughput from the expanded Chatree process plant and access to higher grade oxide ore from Q Prospect.

Challenger gold production was 24% lower than the previous corresponding year given additional dilution and depletion at Challenger Deeps and a shortfall in planned development. This resulted in lower ore tonnes from the mine that was supplemented by low grade stockpiled ore. Following the fall in the gold price a strategic review of Challenger was implemented that has resulted in a new mine plan to focus primarily on the higher grade Challenger West orebody. The new mine plan will be implemented during the first three months of the 2014 financial year.



A lower gold price and industry wide cost pressures had a negative impact on the underlying earnings of the Group which contributed to a major impairment to the carrying value of a number of Group assets, particularly assets relating to the Challenger Gold Operation. The impairments were the major contributor to the after tax loss of \$323.7 million for the year.

The development projects continued to advance during the year. At Nueva Esperanza, the feasibility work shifted to focus on identifying the lowest cost and lowest power consumption development alternatives. This included reviewing a heap leach process option with on-site power generation. Further work is expected to be completed in the December quarter 2013. At Bowdens, the feasibility work has confirmed the optimum process route. Completion of the technical feasibility study including mine planning, infrastructure and metallurgy, and lodging of the Environmental Impact Statement ("EIS") are scheduled for 2014.

During the year Kingsgate sold its exploration assets in Western Australia and Queensland through the sale of shares in its subsidiary company, Quadrio Resources Limited, to Caravel Minerals Limited ("Caravel"), an Australian company listed on the ASX. Kingsgate received 135,000,000 fully paid ordinary shares, currently representing 27.04% of Caravel and 20,000,000 unlisted options to acquire Caravel shares exercisable at 10 cents on or before 3 years from the date of issue.

FINANCIAL RESULTS

Kingsgate achieved an after tax loss of \$323.7 million for the full year to 30 June 2013 compared to an after tax profit of \$75.0 million for the previous corresponding year.

EBITDA before significant items

Before pre-tax significant items, the pre-tax profit of the Group was \$17.2 million. Pre-tax significant items are detailed below.

EBITDA before significant items was \$115.8 million down from \$168.6 million in the previous year.

CONSOLIDATED	2013 \$'000	2012 \$'000
(Loss) / Profit before tax	(339,615)	91,277
Significant items (pre-tax)		
Foreign exchange (gain) / loss	745	(1,268)
Dominion acquisition costs	-	964
Write off of capitalised borrowing fees	5,722	-
Change in fair value of undesignated gold contracts held for trading	(1,414)	425
Change in fair value of available-for-sale financial assets	855	260
Share of loss in associate	1,353	-
Loss on sale of exploration assets (Quadrio Resources Limited)	16,709	-
Impairment Challenger Gold Project	311,850	-
Impairment of capitalised exploration	20,421	-
Impairment of associate	537	-
(Loss) / Profit before tax and significant items	17,163	91,658
Finance costs	13,087	9,372
Depreciation and amortisation	85,595	67,553
EBITDA before significant items	115,845	168,583



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

Revenue

Total revenue for the Group for the year was \$329.3 million down 8% from the previous year. Gold revenue decreased by 8% to \$303.0 million and silver revenue decreased by 5% to \$26.3 million.

The decrease in gold revenue reflects a lower gold price and a decrease in gold production from Challenger partially offset by an increase in gold production from the Chatree Mine.

The average US\$ gold price received was US\$1,588 (2012: US\$1,663). The decrease in silver revenue reflects a lower silver price received of US\$28/oz (2012: US\$32/oz).

Costs

The overall increase in cost of sales to \$195.1 million including royalties and before depreciation and amortisation largely reflects increased throughput and production from the Chatree Mine due to the expanded Chatree process plant. On a unit cost basis, total cash costs for the Group were US\$888/oz up from \$US720/oz in the previous year. The total unit cash costs for Challenger for the year were US\$1,135/oz (2012: US\$862/oz), with the increase mainly due to the lower throughput and production from the Challenger Mine. The total unit cash costs for Chatree for the year were US\$767/oz up from US\$618/oz in 2012.

Impairment of assets

Following a strategic review of the Challenger Gold Operations a new mine plan focussing mainly on the Challenger West orebody was implemented effective 1 July 2013.

As a result of the new mine plan together with the continuing low gold price environment, an assessment was conducted as at 30 June 2013 of the carrying value of the Challenger Gold Operations and associated assets. This assessment resulted in a pre-tax impairment of \$311.9 million (\$291.3 million post tax).

A review of the carrying value of all regional greenfield exploration projects was also conducted which resulted in the write down of \$6.1 million primarily against the Barton West Mineral Sands project in South Australia and the write down of \$14.3 million against the carrying value of exploration projects in Thailand that fall outside the Chatree Mine area of influence.

Depreciation and amortisation

The increase in depreciation and amortisation to \$85.6 million reflects amortisation of the higher capitalised development costs at the Challenger Mine, depreciation of the second plant at Chatree and commencement of amortising the capital cost of the Chatree Tailings Storage Facility #2.

Exploration

Exploration expensed was \$0.7 million and relates to exploration licences in Chile that were relinquished or disposed of during the year.



Cash flow

Operating cash inflow was \$83.3 million. Net investing cash outflow for property, plant, equipment and exploration, evaluation and development was \$130.8 million. Net cash outflows from financing activities was \$2.7 million, including net drawdown (net of transaction costs) of \$36.7 million of the multi-currency and syndicated loan facilities following Akara loan restructure, net repayment (net of transaction costs) of \$20.0 million corporate loan facility, and \$19.4 million dividends paid during the year.

OPERATIONAL PERFORMANCE

Gold production for the year ended 30 June 2013 was 199,897, ounces, a decrease of 4% on the year ended 30 June 2012.

Chatree

Chatree continued as Kingsgate's primary production asset throughout the year, producing 133,681 ounces of gold and 1,000,569 ounces of silver. The strong production performance was achieved despite some operational hurdles with slower than anticipated Government approvals to allow full utilisation of the expanded plant.

The delay of 63 days in approval of Plant #2 Metallurgical license and lower than expected availability of some of the mining contractors' major mining equipment negatively impacted the production targets. However, near surface higher grades in Q Prospect mitigated these difficulties resulting in a strong final quarter for the year.

Total mill throughput for the year was 5.7 million tonnes, 11.4% higher than 2012, despite the impact of the 63 day delay during which the new plant was not operating. The overall plant availability of 98.1% was slightly lower than the previous year's 98.4%. The expanded plant is operating around 24% above the annual "nameplate" throughput rate at 6.2 million tonnes per annum and this is expected to continue.

Total cash costs for the year were US\$767 per ounce (US\$620 per ounce exclusive of Thai royalties). The average royalty paid to the Thai Government was \$US147 per ounce of gold. Total production costs after depreciation and amortisation were US\$952 per ounce of gold produced.

At year end, 9.7 million tonnes of ore was stockpiled with an average contained gold grade of 0.57 g/t representing 178,086 ounces of gold.

Challenger

The Challenger Mine produced 66,216 ounces of gold for the year with an average milled grade of 3.91g/t and a total cash cost of US\$1,135/oz. The grade was lower than expected due to a shortfall in ore supply from the mine that was supplemented by low grade ore from stockpiles. Higher dilution in stopes at the base of the mine (Challenger Deeps) and depletion on those levels due to the additional displacement of the ore horizons following the identification of the "215 shear", contributed to the lower than expected production from the lower levels. A shortfall in underground development also limited access to ore sources.

Development and mining commenced at the higher grade Challenger West orebody during the year but was insufficient to offset the shortfall from Challenger Deeps.

With the completion of the current mining contract scheduled for the end of July 2013, a tender was completed and a new upgraded contract was awarded to Byrncut which commenced on 1 August 2013.



Following the fall in the gold price a strategic review of the Challenger Mine was completed. This resulted in the decision to implement a new mine plan to focus primarily on the higher grade Challenger West orebody. This plan will be implemented over the first quarter of the 2014 financial year.

Nueva Esperanza Silver / Gold Project

The Nueva Esperanza project advanced during the year with a draft feasibility study for a decision to mine the Arqueros and Teterita portions of Nueva Esperanza completed in late 2012. The study demonstrated that open pit mining at two million tonnes per year and processing by milling and agitation leaching in cyanide was technically feasible although high capital and power costs negatively impacted project economic returns.

As a consequence, feasibility work has transitioned to assess a lower capital cost and lower power requirement options, namely the potential for heap leach processing. Metallurgical testwork recently completed demonstrated that processing of mineralisation from all three deposits by heap leaching has the potential to be technically and economically feasible and as a consequence may become the preferred alternative for development.

Environmental approval for the original Arqueros Project was granted in July 2013.

Bowdens Silver Project

The Bowdens project continued to advance during the year with field programs supporting the feasibility and environmental studies ongoing. Sterilisation drilling and additional metallurgical sampling were undertaken with the resource evaluation drilling completed in October 2012.

During 2013, the process design and engineering work for the Definitive Feasibility Study (“DFS”) progressed to a point where the study was close to draft completion as at 30 June 2013. The study encompassed detailed process design based on using the most recent metallurgical test results, capital and operating cost estimates, project water and power supply, infrastructure requirements and mine optimisation.

The preparation for lodgement of an Environmental Impact Statement (“EIS”) to the NSW Department of Planning continues. It is envisaged that the EIS will be completed and lodged in 2014. Data for flora and fauna, surface water, groundwater, meteorology, ambient noise and dust levels are collected routinely. Further investigations of cultural heritage, social-economic impact, traffic impact, soil type and agricultural suitability have also been undertaken.

With the fall in metal prices in late 2013, work and expenditure on the DFS and EIS have been phased to coordinate the two programs with completion and submission now not expected before mid-2014.

Exploration

The Group has a portfolio of exploration tenements and applications in Thailand, Chile and Lao PDR. Following the sale of exploration tenements to Caravel, exploration in Australia is currently only conducted in the vicinity of the Challenger Mine in South Australia and the Bowdens Silver Project in New South Wales.

Sale of Exploration Assets

On 28 March 2013, the Group sold its exploration assets in Western Australia and Queensland through the sale of shares in its subsidiary company, Quadrio Resources Limited, to Caravel Minerals Limited (“Caravel”), an Australian company listed on the ASX.



Kingsgate received 135,000,000 fully paid ordinary shares in the issued capital of Caravel and 20,000,000 unlisted options to acquire Caravel shares exercisable at 10 cents on or before 3 years from the date of issue. Subsequent to the sale, Kingsgate became the largest shareholder in Caravel with 35.54% held at 30 June 2013. Kingsgate's holding in Caravel reduced to 27.04% post 30 June 2013 following a rights issue by Caravel that Kingsgate did not participate in.

Finance

Corporate loan facility

Kingsgate has a three year secured loan facility with Investec with a limit of A\$40 million (30 June 2012: A\$50 million), of which A\$20 million has been drawn down as at 30 June 2013 (30 June 2012: A\$40 million).

Convertible loan facility

Kingsgate has a five year A\$35 million convertible loan facility with Investec entered into in a prior period to provide funding for the Bowdens acquisition.

Kingsgate is currently intending to restructure and amalgamate its corporate debt facilities during the current year. This relates to the potential for completion of the Initial Public Offering of Akara Mining on the Stock Exchange of Thailand and the updated mine plan for Challenger. Any restructure would optimise the Group's anticipated balance sheet liquidity and operational cash flows. Accordingly, for the purposes of this Appendix 4E Kingsgate has classified the total amount drawn down under these facilities of \$55 million as a current liability at 30 June 2013. In addition as a result of the intended restructure \$3.9 million of previously capitalised borrowing costs relating to the convertible loan facility has been expensed at year end.

Multi-currency and syndicated loan facilities

Kingsgate's Thai operating subsidiary, Akara Mining Limited, established a six year amortising multi-currency loan facility equivalent to US\$125 million (fully drawn as at period end) and an additional Thai Baht denominated working capital facility equivalent to US\$15 million (undrawn as at period end) during the period. The proceeds from these borrowings were used to fully repay the outstanding balance on the US\$100 million Baht denominated syndicated loan facility in existence at the beginning of the period as well as to repay part of the corporate loan facility noted above. Finance costs include the write off of the balance of capitalised borrowing fees of \$1.8 million following the Akara refinancing.

Restricted funds

Under the terms of the loan facilities, the Group is required to maintain a minimum cash balance of US\$5 million in respect of Akara at the end of each reporting period.



OUTLOOK

The outlook for the Group in fiscal year 2014 is for gold production to be in the range of 190,000 to 210,000 ounces. At the Chatree Mine in Thailand, the expanded plant will result in gold production of between 120,000 to 130,000 ounces and at the Challenger Mine in South Australia, following the implementation of the new mine plan, production for the year is expected to be in the range of 70,000 ounces to 80,000 ounces of gold.

Significant progress has been made at Nueva Esperanza in Chile. The feasibility work shifted to focus on identifying a lower cost and power consumption development alternative. This included assessing a heap leach process option and on-site power generation. Further work is expected to be undertaken in the December quarter 2013.

The DFS for the Bowdens Silver Project in New South Wales is currently expected to be completed during the 2014 financial year and, in addition, it is also currently anticipated an EIS will be lodged shortly thereafter.



STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2013
CONSOLIDATED

	Note	2013 \$'000	2012 \$'000
Sales revenue	3 a)	329,282	357,372
Cost of sales	3 b)	(280,452)	(238,825)
Gross profit		48,830	118,547
Exploration expenses		(675)	(1,933)
Corporate and administration expenses	3 c)	(21,152)	(19,304)
Other income and expenses	3 d)	(15,490)	1,565
Foreign exchange (loss) / gain		(745)	1,268
Business acquisition costs		-	(964)
Share of loss in associate		(1,353)	-
Impairment losses – Challenger Gold Project		(311,850)	-
Impairment losses – exploration assets		(20,421)	-
Impairment of investment in associate	3 f)	(537)	-
(Loss) / profit before finance costs and income tax		(323,393)	99,179
Finance income		2,587	1,469
Finance costs	3 e)	(18,809)	(9,371)
Net finance costs		(16,222)	(7,902)
(Loss) / profit before income tax		(339,615)	91,277
Income tax expense benefit / (expense)	4	15,889	(16,271)
(Loss) / profit after income tax		(323,726)	75,006
Other comprehensive income			
<i>Items that may be reclassified to profit and loss</i>			
Exchange differences on translation of foreign operations (net of tax)		40,455	2,305
Change in fair value of available-for-sale financial assets (net of tax)		(91)	(700)
Total other comprehensive income for the year, net of tax		40,364	1,605
Total comprehensive (loss) / income for the year		(283,362)	76,611
(Loss) / profit attributable to:			
Owners of Kingsgate Consolidated Limited		(323,726)	75,159
Non-controlling interests		-	(153)
(Loss) / profit after tax for the year		(323,726)	75,006
Total comprehensive (loss) / income attributable to:			
Owners of Kingsgate Consolidated Limited		(283,362)	76,764
Non-controlling interests		-	(153)
Total comprehensive (loss) / income for the year		(283,362)	76,611
Earnings per share		Cents	Cents
Basic loss / (earnings) per share	14	(213.3)	52.5
Diluted loss / (earnings) per share	14	(213.3)	52.5



STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

CONSOLIDATED	Note	2013 \$'000	2012 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		32,987	90,623
Receivables		9,431	12,226
Inventories		62,032	56,079
Other assets		38,112	35,128
Total current assets		142,562	194,056
Non-current assets			
Inventories		44,731	30,314
Cash and cash equivalents		5,474	-
Available-for-sale financial assets		767	1,751
Investment in associate	6	1,485	-
Property, plant and equipment		184,623	255,814
Exploration, evaluation and development		342,154	528,455
Deferred tax assets		10,395	10,211
Other assets		37,797	27,858
Total non-current assets		627,426	854,403
TOTAL ASSETS		769,988	1,048,459
LIABILITIES			
Current liabilities			
Payables		41,185	42,597
Provisions		3,797	2,993
Current tax liabilities		272	11,655
Borrowings		84,101	35,697
Derivatives held for trading		1,271	2,685
Total current liabilities		130,626	95,627
Non-current liabilities			
Payables		5,921	6,681
Provisions		33,596	19,381
Borrowings		115,657	121,847
Deferred tax liabilities		10,228	29,110
Total non-current liabilities		165,402	177,019
TOTAL LIABILITIES		296,028	272,646
NET ASSETS		473,960	775,813
EQUITY			
Contributed equity	8	605,504	599,618
Reserves	9	18,319	(20,407)
(Accumulated losses) / Retained profits	9	(149,863)	196,602
Total equity attributable to equity holders of Kingsgate Consolidated Limited		473,960	775,813
Non-controlling interests		-	-
TOTAL EQUITY		473,960	775,813



STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2013

CONSOLIDATED	Note	Contributed equity	Reserves	Retained profits	Total	Non-controlling interests	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2011		482,874	(26,528)	143,468	599,814	7,109	606,923
Total other comprehensive income for the year		-	1,605	75,159	76,764	-	76,764
<i>Transaction with owners in their capacity as owners:</i>						-	
Contributions of equity, net of transaction costs	8	2,068	-	-	2,068	-	2,068
Institutional share placement	8	70,000	-	-	70,000	-	70,000
Issue of ordinary shares related to Bowdens acquisition of subsidiaries and assets	8	30,000	-	-	30,000	-	30,000
Issue of ordinary shares as part consideration for the settlement of a legal dispute	8	3,024	-	-	3,024	-	3,024
Issue of ordinary shares related to loan facility repayment	8	11,652	-	-	11,652	-	11,652
Dividends provided for or paid		-	-	(22,025)	(22,025)	-	(22,025)
Movement in share option reserve	9	-	8,919	-	8,919	-	8,919
Total transactions with owners		116,744	8,919	(22,025)	103,638	-	103,638
Total contribution by and distribution to owners of Kingsgate Consolidated Limited		599,618	(16,004)	196,602	780,216	7,109	787,325
Acquisition of non-controlling interests		-	(4,403)	-	(4,403)	(7,109)	(11,512)
Balance at 30 June 2012		599,618	(20,407)	196,602	775,813	-	775,813



STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2013

CONSOLIDATED	Note	Contributed equity	Reserves	(Accumulated losses) / Retained profits	Total	Non-controlling interests	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2012		599,618	(20,407)	196,602	775,813	-	775,813
Total other comprehensive income for the year		-	40,364	(323,726)	(283,362)	-	(283,362)
<i>Transaction with owners in their capacity as owners:</i>							
Contributions of equity, net of transaction costs	8	4,374	-	-	4,374	-	4,374
Issue of ordinary shares as part consideration for the settlement of a legal dispute	8	1,512	-	-	1,512	-	1,512
Dividends provided for or paid	9	-	-	(22,739)	(22,739)	-	(22,739)
Movement in share option reserve	9	-	(1,638)	-	(1,638)	-	(1,638)
Total transactions with owners		5,886	(1,638)	(22,739)	(18,491)	-	(18,491)
Total contribution by and distribution to owners of Kingsgate Consolidated Limited		605,504	18,319	(149,863)	473,960	-	473,960
Acquisition of non-controlling interests		-	-	-	-	-	-
Balance at 30 June 2013		605,504	18,319	(149,863)	473,960	-	473,960



STATEMENT OF CASH FLOW
For the year ended 30 June 2013

CONSOLIDATED	Note	2013 \$'000	2012 \$'000
Cash flows from operating activities			
Receipts from customers (net of goods and services tax)		332,624	361,754
Payments to suppliers and employees (net of goods and services tax)		(227,222)	(182,759)
Interest received		850	1,394
Finance costs paid		(7,380)	(8,431)
Income tax paid		(15,571)	(6,711)
Net cash inflow from operating activities	12	83,301	165,247
Cash flows from investing activities			
Payments for property, plant and equipment		(25,077)	(92,343)
Payments for exploration, evaluation and development		(105,724)	(75,054)
Payments for acquisition of Bowdens Silver Project		-	(41,000)
Payments for acquisition of non-controlling interests		-	(11,359)
Cash acquired on acquisition of subsidiaries, net of cash paid		-	136
Interest capitalised to expansion and development projects		(3,948)	(6,939)
Deposits		(416)	(2,470)
Payments for other assets		(108)	(3,526)
Net cash (outflow) from investing activities		(135,273)	(232,555)
Cash flows from financing activities			
Proceeds from borrowings, net of transaction costs		132,964	96,627
Repayment of borrowings		(116,250)	(26,622)
Proceeds from the issue of shares		-	70,792
Dividends paid		(19,408)	(18,933)
Net cash (outflow) / inflow from financing activities		(2,694)	121,864
Net (decrease) / increase in cash held		(54,666)	54,556
Cash at the beginning of the year		90,623	35,864
Effects of exchange rates on cash and cash equivalents		2,504	203
Cash at the end of the year		38,461	90,623

The cash at the end of the financial year includes the current cash and cash equivalents of \$33.0 million as well as the restricted cash of \$5.5 million disclosed as a non-current asset.



NOTES TO THE PRELIMINARY FINAL REPORT

For the year ended 30 June 2013

1. BASIS OF PREPARATION

This report has been prepared in accordance with Appendix 4E of the Australian Stock Exchange Listing Rules and is in accordance with Australian Accounting standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. 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 2013. 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 Investment Commission, relating to the “rounding off” of amounts in the financial report. All financial information presented in Australian dollars has 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 based on accounts which are in the process of being audited.

3. REVENUE AND EXPENSES

a) Sales revenue

CONSOLIDATED	2013 \$'000	2012 \$'000
Gold sales	302,996	329,579
Silver sales	26,286	27,793
Total sales revenue	329,282	357,372

b) Costs of sales

CONSOLIDATED	2013 \$'000	2012 \$'000
Direct costs of mining and processing	179,817	159,500
Royalties	25,838	27,196
Inventory movements	(8,341)	(8,132)
Deferred mining costs	(2,250)	(7,059)
Depreciation (operations)	85,388	67,320
Total costs of sales	280,452	238,825

c) Corporate and administration expenses

CONSOLIDATED	2013 \$'000	2012 \$'000
Administration	15,515	12,737
Technical support and business development	2,096	2,867
Statutory and professional fees	3,334	3,467
Depreciation	207	233
Total corporate and administration expenses	21,152	19,304



3. REVENUE AND EXPENSES (Continued)

d) Other income and expenses

CONSOLIDATED	2013 \$'000	2012 \$'000
Sale of mineral rights	-	1,150
Net (loss) / gain on sale of exploration assets	(16,709)	-
Net (loss) / gain on sale of fixed assets	(70)	35
Change in fair value of undesignated gold contracts held for trading	1,414	(425)
Change in fair value of available-for-sale financial assets	(855)	(260)
Gain on close-out hedge contract	-	819
Other revenue	730	246
Total other income and (expense)	(15,490)	1,565

e) Finance costs

CONSOLIDATED	2013 \$'000	2012 \$'000
Interest and finance charges	14,158	13,782
Rehabilitation provision discount adjustment	1,017	390
Amortisation of deferred borrowing costs	8,597	2,138
Less: borrowing costs capitalised	(4,963)	(6,939)
Total finance costs	18,809	9,371

f) Impairment

CONSOLIDATED	2013 \$'000	2012 \$'000
Challenger Gold Project	311,850	-
Exploration assets	20,421	-
Investment in associate – Caravel Minerals	537	-
Total impairment	332,808	-

g) Depreciation and amortisation

CONSOLIDATED	2013 \$'000	2012 \$'000
Property, plant and equipment	18,481	17,600
Mine properties	67,377	50,353
Less: Depreciation capitalised	(263)	(400)
Total depreciation and amortisation expenses	85,595	67,553
Included in:		
Costs of sales depreciation	85,388	67,320
Corporate depreciation	207	233



3. REVENUE AND EXPENSES (Continued)

h) Employee benefits expenses

CONSOLIDATED	2013 \$'000	2012 \$'000
Included in:		
Costs of sales	18,668	17,474
Corporate and administration expenses	11,464	8,822
Total employee benefits expenses	30,132	26,296

i) Other items

CONSOLIDATED	2013 \$'000	2012 \$'000
Operating lease rentals	915	749
Total other items	915	749

j) Significant items

CONSOLIDATED	2013 \$'000	2012 \$'000
Foreign exchange (gain) / loss	745	(1,268)
Dominion acquisition cost	-	964
Write off of capitalised borrowing fees	5,722	-
Change in fair value of undesignated gold contracts held for trading	(1,414)	425
Change in fair value of available-for-sale financial assets	855	260
Share of loss in associate	1,353	-
Loss on sale of exploration assets	16,709	-
Impairment Challenger Gold Project *	311,850	-
Impairment of capitalised exploration	20,421	-
Impairment of associate	537	-
Total significant items (pre-tax)	356,778	381

* Tax benefit on the impairment of Challenger Gold Project amounts to \$20.6 million. The impairment of Challenger Gold Project after tax is \$291.3 million.

Impairment – Challenger Gold Project

The Group announced on 28 June 2013 the impairment of the carrying value of the Challenger Gold Mine as a result of the change of the mine plan to focus on the higher grade Challenger West orebody. The revised mine plan is the result of a strategic review of the Challenger Gold Mine in response to the significant and sustained decline in gold price and the mine's operating performance over the 2013 financial year.



3. REVENUE AND EXPENSES (Continued)

An impairment is recognised when the carrying amount exceeds the recoverable amount. The recoverable amount for Challenger Gold Mine cash generating unit has been determined based on its value in use ("VIU"). The impairment test is assessed at the cash-generating unit ("CGU") level, which is the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets. The VIU approach is based on the present value of the future cash flows expected to be derived from the CGU.

While the Challenger Gold Mine is expected to generate positive cash flows based on the revised plan, the cash flow estimates no longer support the full recovery of the carrying value. As a result of this assessment, the Group has recorded an impairment charge of \$311.85 million, pre-tax, related to the carrying value of the property, plant and equipment and mine properties at Challenger Gold Mine.

The key assumptions and estimates used in determining the recoverable amount (VIU) are related to gold price, gold production, discount rate, operating costs and capital expenditures. The basis for determination of the impairment was:

- Gold price - future gold price was primarily based on current hedging programs consisting of 50,000 ounces of gold at a delivery price of A\$1,435 per ounce and 6,500 ounces at a delivery price of A\$1,160 per ounce;
- Gold production - future gold production was based on the new mine plan;
- Discount rate - a pre-tax discount rate of 10%;
- Operating costs and capital expenditure - these costs were based on historic mining costs, new mining contract cost estimates, existing royalty rates with the South Australian Government and the local land owners and management's best estimates at the time of the impairment testing.



4. INCOME TAX

Numerical reconciliation of income tax expense to prima facie tax payable

CONSOLIDATED	2013 \$'000	2012 \$'000
(Loss) / Profit from continuing operations before income tax	(339,615)	91,277
Tax at Australian rate of 30%	(101,885)	27,383
<i>Tax effect of amounts not deductible / assessable in calculating taxable income</i>		
Non-deductible expenses	2,367	1,302
Non-deductible amortisation	1,210	1,695
Non-deductible interest expense to preference shareholders	157	169
Share-based payment remuneration	275	-
Double deduction of expenses (Thailand)	-	(1,218)
Impairment of investment in associate	161	-
Share of loss of associate	406	-
Differences in Thailand tax rates	(14,832)	(12,403)
Non-temporary differences affecting the tax expense	-	(106)
Temporary difference adjustment (either change in estimate of rate of reversal or not previously recognised)	-	1,229
Other temporary difference adjustment	-	(196)
Tax benefit of tax losses not brought to account in the prior year recognised this year	-	(2,687)
Tax benefit of tax losses not brought to account for the Australia and tax consolidated group	58,495	1,103
Tax benefit of tax losses recognised in the prior year charged to income statement this year	37,757	-
Income tax (benefit) / expense	(15,889)	16,271

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 the BOI conditions and based on an annual production limit of 178,416 ounces of gold and 583,733 ounces of silver, 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. The full tax holiday expired in November 2009;
- b) a further 5 years half tax holiday following a) above; and
- c) other benefits.

The start of the promotion period was 27 November 2001.



4. INCOME TAX (Continued)

Akara Mining Limited also received on 18 June 2010 a BOI promotion for the Chatree North gold processing plant. Based on annual production limit from the new processing plant of 185,200 ounces of gold and 1,080,400 ounces of silver, Akara Mining Limited is entitled to:

- a) an 8 year tax holiday on income derived from the new processing plant with tax savings limited to the capital cost of the new treatment plant;
- b) 25% investment allowance on the capital cost of certain assets of the new processing plant; and
- c) other benefits.

5. CONTROLLED ENTITIES ACQUIRED OR DISPOSED OF

On 28 March 2013, the Group sold its exploration assets in Western Australia and Queensland through the sale of shares in its subsidiary company, Quadrio Resources Limited, to Caravel Minerals Limited ("Caravel"), an Australian company listed on the ASX.

Kingsgate received 135,000,000 fully paid ordinary shares in the issued capital of Caravel and 20,000,000 unlisted options to acquire Caravel shares exercisable at 10 cents on or before 3 years from the date of issue. Subsequent to the sale, Kingsgate became the largest shareholder in Caravel with 35.54% held at 30 June 2013. Kingsgate's holding in Caravel reduced to 27.04% post 30 June 2013 following a rights issue by Caravel that Kingsgate did not participate in.

The financial impact of the sale transaction as at the date of disposal is summarised below:

	2013 \$'000
Fair value of consideration	
135,000,000 Caravel shares at \$0.025 per share	3,375
20,000,000 unlisted Caravel options	-
Total consideration	3,375
Carry value of the exploration assets sold	20,084
Loss on sale	(16,709)

6. DETAILS OF AGGREGATE SHARE OF PROFITS / LOSSES OF ASSOCIATE

Kingsgate became the largest shareholder in Caravel with 35.54% held at 30 June 2013 (see Note 5).

a) Reconciliation of movement in investment accounted for using the equity method

	2013 \$'000
Investment in Caravel Minerals Limited	
Acquisition (see Note 5)	3,375
Share of associate's loss	(1,353)
Additional impairment in associate *	(537)
At the end of the year	1,485



6. DETAILS OF AGGREGATE SHARE OF PROFITS / LOSSES OF ASSOCIATE (Continued)

* The impairment in associate reflects the fall in the market value of the listed shares of the associate. The recoverable amount of the investment in Caravel was determined using the last traded price of the associate's shares on balance date.

b) Summarised financial information of associate

The Group's share of the results of its associate and its aggregate assets and liabilities are as follows:

	Ownership interest %	Assets \$'000	Group's share of:		Loss \$'000
			Liabilities \$'000	Revenue \$'000	
Caravel Minerals Limited	35.54%	3,007	384	199	1,353

c) Fair value of listed investment in associate

	2013 \$'000
Caravel Minerals Limited	1,485

d) Contingent liabilities

Caravel Minerals Limited had no material contingent liabilities.

7. OPERATING SEGMENTS

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

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

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



7. OPERATING SEGMENTS (Continued)

2013	Operations		Development		Exploration	Corporate	Total Group
	Chatree	Challenger	Bowdens	Nueva Esperanza			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External sales revenue	226,759	102,523	-	-	-	-	329,282
Other revenue	231	507	-	-	52	-	790
Total segment revenue	226,990	103,030	-	-	52	-	330,072
Segment EBITDA	95,696	16,809	(228)	(3,070)	(287)	(11,322)	97,598
Impairment	-	(311,850)	-	-	(20,422)	(537)	(332,809)
Depreciation and amortisation	(26,962)	(58,474)	(18)	(32)	-	(109)	(85,595)
Segment result (Operating EBIT)	68,734	(353,515)	(246)	(3,102)	(20,709)	(11,968)	(320,806)
Finance income	2,103	153	6	-	10	315	2,587
Finance costs	(10,716)	(141)	(6)	(1,258)	-	(6,688)	(18,809)
Net finance costs	(8,613)	12	-	(1,258)	10	(6,373)	(16,222)
Profit before tax	58,018	(353,656)	(252)	(4,360)	(20,709)	(18,656)	(339,615)
Income tax benefit / (expense)	(2,284)	35,200	-	(1,024)	-	(16,003)	15,889
Profit after tax	55,734	(318,456)	(252)	(5,384)	(20,709)	(34,659)	(323,726)
Other segment information							
Segment assets	540,422	42,892	106,564	63,378	4,618	12,114	769,988
Segment liabilities	(205,089)	(29,077)	(1,346)	(5,734)	(1,331)	(53,451)	(296,028)
Segment intercompanies	46,588	(61,501)	(21,909)	(42,533)	(14,775)	94,130	-



7. OPERATING SEGMENTS (Continued)

2012	Operations		Development		Exploration	Corporate	Total Group
	Chatree	Challenger	Bowdens	Nueva Esperanza			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External sales revenue	217,307	140,065	-	-	-	-	357,372
Other revenue	281	819	-	-	1,150	-	2,250
Total segment revenue	217,588	140,884	-	-	1,150	-	359,622
Segment EBITDA	120,751	65,730	-	(1,020)	(519)	(18,210)	166,732
Depreciation and amortisation	(18,601)	(48,723)	-	-	-	(229)	(67,553)
Segment result (Operating EBIT)	102,150	17,007	-	(1,020)	(519)	(18,439)	99,179
Finance income	335	256	9	1	11	857	1,469
Finance costs	(4,558)	(141)	(5)	(3)	-	(4,664)	(9,371)
Net finance costs	(4,223)	115	4	(2)	11	(3,807)	(7,902)
Profit before tax	97,927	17,122	4	(1,022)	(508)	(22,246)	91,277
Income tax benefit / (expense)	(17,085)	(5,113)	-	863	-	5,064	(16,271)
Profit after tax	80,842	12,009	4	(159)	(508)	(17,182)	75,006
Other segment information							
Segment assets	493,647	379,434	87,974	50,481	28,555	8,368	1,048,459
Segment liabilities	(131,314)	(91,915)	(926)	(7,312)	(882)	(40,297)	(272,646)
Segment intercompanies	(57,295)	(29,085)	(7,601)	(21,946)	(11,806)	127,733	-



7. OPERATING SEGMENTS (Continued)

	Revenue		% of External Revenue	
	2013 \$'000	2012 \$'000	2013 %	2012 %
Customer A	226,759	217,307	69	61
Customer B	102,523	140,065	31	39

8. CONTRIBUTED EQUITY

	2013 Shares	2012 Shares	2013 \$'000	2012 \$'000
Opening balance	151,263,789	135,274,823	599,618	482,874
Exercise of options	-	193,536	-	1,397
Dividend reinvestment plan	761,448	412,835	3,330	2,929
Institutional share placement	-	9,859,155	-	70,000
Issue of ordinary shares related to Bowdens acquisition	-	3,440,367	-	30,000
Issue of ordinary shares as part consideration for the settlement of a legal dispute	166,668	333,332	1,512	3,024
Issue of ordinary shares related to loan facility repayment	-	1,749,741	-	11,652
Options expired / lapsed	-	-	1,087	-
Share issue costs	-	-	(43)	(2,258)
Closing balance	152,191,905	151,263,789	605,504	599,618



9. RESERVES AND RETAINED PROFITS

a) Reserves

CONSOLIDATED	2013	2012
	\$'000	\$'000
Foreign currency translation reserve	13,997	(26,458)
Available-for-sale investment revaluation reserve	-	91
Share-based payment reserve	8,702	10,340
General reserve	(4,380)	(4,380)
Total reserves	18,319	(20,407)
Movements:		
<i>Foreign currency translation reserve</i>		
At the beginning of the financial year	(26,458)	(28,763)
Exchange differences on translation of foreign controlled entities (net of tax)	40,455	2,305
At the end of the financial year	13,997	(26,458)
<i>Available-for-sale investment revaluation reserve</i>		
At the beginning of the financial year	91	791
Net change	(91)	(700)
At the end of the financial year	-	91
<i>Share-based payment reserve</i>		
At the beginning of the financial year	10,340	1,422
Options issued to financial institution	-	4,177
Options issued to preference shareholder	-	3,543
Performance rights issued to preference shareholder	-	4,536
Performance rights to preference shareholder exercised	(1,512)	(3,024)
Employee long term incentive performance rights issued	918	-
Transfer to share capital (options lapsed)	(1,044)	-
Transfer to share capital (options exercised)	-	(314)
At the end of the financial year	8,702	10,340
<i>General reserve</i>		
At the beginning of the financial year	(4,380)	23
Net change	-	(4,403)
At the end of the financial year	(4,380)	(4,380)

Foreign currency translation reserve

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



9. RESERVES AND RETAINED PROFITS (Continued)

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.

Share-based payment reserve

The share-based payments reserve is used to recognise the fair value of options issued but not exercised.

General reserve

The general reserve represents changes in equity as a result of changes in non-controlling interests in prior periods.

b) (Accumulated losses) / retained profits

CONSOLIDATED	2013 \$'000	2012 \$'000
Retained profits at the beginning of the year	196,602	143,468
Net (loss) /profit attributable to members of Kingsgate Consolidated Limited	(323,726)	75,159
Dividends paid	(22,739)	(22,025)
(Accumulated losses) / retained profits at the end of year	(149,863)	196,602

10. NET TANGIBLE ASSET BACKING

CONSOLIDATED	2013	2012
Net tangible asset backing per ordinary share: \$ / per share	3.11	5.13

11. DIVIDENDS

An interim dividend of five cents per share was declared on 25 February 2013 and paid on 12 April 2013.

No final dividend has been declared.



12. CASH FLOW INFORMATION

CONSOLIDATED	2013 \$'000	2012 \$'000
(Loss) / profit for the year	(323,726)	75,006
Depreciation and amortisation	85,595	67,553
Share-based payments	917	-
Gain on disposal of property, plant and equipment	70	(35)
Impairment	332,808	1,933
Unwind of discount rate for provision	1,017	390
Loss on sale of exploration assets	16,709	-
Amortisation of deferred borrowing costs	8,597	503
Unrealised (gains) / losses	(559)	685
Share of associate's loss	1,353	-
Net exchange differences	2,253	2,577
Change in operating assets and liabilities		
(Increase) / decrease in payables	3,710	(8,767)
(Increase) / decrease in prepayments	(85)	6,938
(Increase) / decrease in inventories	(8,930)	12,166
(Increase) / decrease in deferred tax asset	-	50
(Increase) / decrease in other operating assets	(2,250)	(7,089)
Increase / (decrease) in current tax liabilities	(11,792)	8,702
Increase / (decrease) in creditors	(3,969)	3,386
Increase / (decrease) in provisions	1,143	841
Increase / (decrease) in deferred tax liabilities	(19,560)	408
Net cash inflow from operating activities	83,301	165,247

13. EVENTS OCCURRING AFTER REPORTING DATE

No matter or circumstance has arisen since 30 June 2013 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.



14. EARNINGS PER SHARE

CONSOLIDATED	2013 Cents	2012 Cents
Basic (loss) / earnings per share	(213.3)	52.5
Diluted (loss) / earnings per share	(213.3)	52.5
	\$'000	\$'000
Net (loss) / profit used to calculate basic and diluted earnings per share	(323,726)	75,159
	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	151,766,220	143,104,817
Adjustment for calculation of diluted earnings per share: option	-	129,980
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	151,766,220	143,234,797

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

Signed in accordance with a Resolution of Directors.

G Thomas
Managing Director
Sydney, New South Wales
29 August 2013