



Kingsgate
Consolidated Limited

ABN 42 000 837 472

**HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED
31 DECEMBER 2012**

Corporate Information

Directors

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

Company Secretary

Ross Coyle

Chief Executive Officer

Gavin Thomas

Stock Exchange Listing

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

Registered Office & Principal Business

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Thailand Exploration Office

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Tel: +66 56 64 9186
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Chile Office

Laguna Resources Chile Ltda
San Pio X, 2460 oficina 508
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Share Registry

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

ADR Depository

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

Auditor

PricewaterhouseCoopers
201 Sussex Street
Sydney, NSW 2000

KINGSGATE CONSOLIDATED LIMITED
HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2012 and any public announcements made by Kingsgate Consolidated Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Kingsgate Consolidated Limited
ABN 42 000 837 472

Appendix 4D
Half-Year Report
For the six months ended 31 December 2012

Results for Announcement to the Market:

	Compared to half-year December 2011	%		\$'000
Revenue from ordinary activities	up	10%	to	161,690
Profit before income tax expense	down	77%	to	9,006
Income tax expense	down	83%	to	903
Profit from ordinary activities after tax attributable to members	down	76%	to	8,103
Net profit for the period attributable to members	down	76%	to	8,103
Dividends / distributions	Amount per security		Franked amount per security	
Interim dividend				
- current reporting period	5 cents		Nil	
- previous reporting period	10 cents		Nil	
Final dividend				
- previous reporting period	10 cents		Nil	
Record date for determining entitlement to dividend 15/03/2013				
The dividend will be fully unfranked and was not derived from conduit foreign income.				

Current Reporting Period: 6 months ended 31 December 2012

Previous Corresponding Reporting Period: 6 months ended 31 December 2011



Financial Results for the Six Months Ended 31 December 2012

DIVIDEND REINVESTMENT PLAN

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

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



Financial Results for the Six Months Ended 31 December 2012

DIRECTORS' REPORT

The Directors' of Kingsgate Consolidated Limited present their report for the half-year ended 31 December 2012.

DIRECTORS

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

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

REVIEW OF OPERATIONS

Operational Performance

Gold production for the half-year to 31 December 2012 was 90,413 ounces, an increase of 4.8% on the half-year to 31 December 2011. The contribution from Chatree was 57,018 ounces with 33,395 ounces from Challenger. The increase in production was due to Chatree Plant 2 contributing 4 months of production in the current period compared to 2 months in the December 2011 period following the successful construction, commissioning and optimisation of the plant.

Challenger production was 27% lower reflecting the focus on development during the current period in order to establish two new mining fronts at Challenger West and Challenger Deeps.

Financial Results

Kingsgate achieved an after tax profit of \$8.103 million for the half-year compared to an after tax profit of \$33.829 million for the previous corresponding period.

The profit was after taking into account a write down of \$14.945 million against the capitalised value of Western Australian and Queensland exploration assets, the result of a sale transaction announced on 23 January 2013, and the write back of \$1.773 million of capitalised borrowing fees following the Akara Mining Limited refinancing.

EBITDA before significant items was \$65.044 million, down from \$69.593 million in the previous period.

	Half-Year	
	2012 \$'000	2011 \$'000
Profit after tax	8,103	33,829
Income tax expense	903	5,160
Profit before tax	9,006	38,989
Significant items		
Foreign exchange loss / (gain)	1,426	(705)
Write down of exploration assets	14,945	-
Write back of capitalised borrowing fees following Akara refinancing	1,773	-
Profit before tax and significant items	27,150	38,284
Finance costs	4,789	4,069
Depreciation and amortisation	33,105	27,240
EBITDA before significant items	65,044	69,593



Financial Results for the Six Months Ended 31 December 2012

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

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 is 15 March 2013 and the dividend will be paid on 12 April 2013.

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

DEVELOPMENT PROJECTS

Nueva Esperanza Silver/Gold Project, Chile

Detailed feasibility, design and approval work continued during the period with reduced field activities including mapping, surveying and sampling activities. The feasibility study has been expanded to incorporate a complementary heap leach operation and on-site power options.

The environmental impact assessment approval process continued to progress and final approval is now anticipated to be received by the end of March 2013.

Bowdens Silver Project, New South Wales, Australia

Detailed feasibility, design and approval work continued during the period. The initial phase of the drilling program for metallurgical and resource evaluation and sterilisation around the proposed plant site has now been completed. The resource increased by 40% over the period following resource modelling utilising the additional assay data from the drilling in 2012. Additional metallurgical test work has been completed with metal recovery from the composite samples showing marked recovery increases above previous test work.

In late December documentation was submitted to the NSW Government to enable the Director-General's Requirements for an Environmental Impact Statement (EIS) to be prepared for the project.

The information collected from these programs will support the definitive feasibility study and the submission of the EIS for the project.

EXPLORATION

The Group has a portfolio of exploration tenements and applications in Thailand, Australia, Chile and Laos with field work ongoing.

OUTLOOK

Kingsgate is forecasting the second half of the year to 30 June 2013 to be stronger than the first half of the year following the successful licencing of the Chatree Plant 2 and the benefit of the accelerated development program at Challenger which occurred during the current December half-year.

Kingsgate's forecast gold production for the year ended 30 June 2013 is expected to be in the range of 200,000 to 220,000 ounces. This includes 120,000 to 130,000 ounces from Chatree and between 80,000 to 90,000 ounces from Challenger.



Financial Results for the Six Months Ended 31 December 2012

FINANCING ARRANGEMENT

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\$15 million has been drawn down as at 31 December 2012 (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.

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 reflect the write back of the balance of capitalised borrowing fees of \$1.773 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 A\$5 million in respect of Australian operations and US\$5 million in respect of Akara.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

Sale of exploration assets

On 22 January 2013 Kingsgate entered into a binding Memorandum of Understanding with Caravel Minerals Limited (Caravel) for the sale of Kingsgate's Western Australian and Queensland exploration assets to Caravel. Completion of the sale is conditional upon the satisfaction of a number of conditions precedent, including (but not limited to) completing financial, technical and legal due diligence and obtaining any regulatory and Caravel shareholder approvals.

As consideration for the transaction Kingsgate will receive 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. Kingsgate will become the largest shareholder in Caravel once the transaction is completed.

As a result of this transaction, Kingsgate incurred against the sale of these assets, a write down of \$14.945 million at 31 December 2012.

No other material events occurred after reporting date.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9.



Financial Results for the Six Months Ended 31 December 2012

ROUNDING OF AMOUNTS TO NEAREST THOUSAND DOLLARS

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

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

A handwritten signature in black ink, appearing to read 'Ross Smyth-Kirk', written over a horizontal line.

Ross Smyth-Kirk
Chairman
25 February 2013



Auditor's Independence Declaration

As lead auditor for the review of Kingsgate Consolidated Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink, appearing to read 'Brett Entwistle', is positioned above the printed name.

Brett Entwistle
Partner
PricewaterhouseCoopers

Sydney
25 February 2013

STATEMENT OF COMPREHENSIVE INCOME
For the half-year ended 31 December 2012

	Consolidated	
	Half-Year	
	2012 \$'000	2011 \$'000
Sales revenue	161,690	146,652
Cost of sales	(119,545)	(95,033)
Gross Profit	42,145	51,619
Exploration expenses	(15,596)	(26)
Corporate and administration expenses	(10,135)	(10,058)
Other income and expenses	(230)	338
Foreign exchange (loss) / gain	(1,426)	705
Profit before finance costs and income tax	14,758	42,578
Finance income	810	480
Finance costs	(6,562)	(4,069)
Net finance costs	(5,752)	(3,589)
Profit before income tax	9,006	38,989
Income tax expense	(903)	(5,160)
Profit after income tax	8,103	33,829
Other comprehensive income		
<i>Items that may be reclassified to profit and loss:</i>		
Exchange differences on translation of foreign operations (net of tax)	7,458	2,290
Change in fair value of available-for-sale financial assets (net of tax)	-	(700)
Other comprehensive income for the half-year (net of tax)	7,458	1,590
Total comprehensive income for the half-year	15,561	35,419
Profit after tax attributable to:		
Owners of Kingsgate Consolidated Limited	8,103	33,988
Non-controlling interests	-	(159)
Profit after tax for the half-year	8,103	33,829
Total comprehensive income attributable to:		
Owners of Kingsgate Consolidated Limited	15,561	35,578
Non-controlling interests	-	(159)
Total comprehensive income for the half-year	15,561	35,419
Earnings per share		
Basic earnings per share	5.3 cents	24.1 cents
Diluted earnings per share	5.3 cents	24.1 cents

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Consolidated	
	31 Dec 2012 \$'000	30 Jun 2012 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	41,515	90,623
Receivables	13,335	12,226
Inventories	51,752	56,079
Assets classified as held for sale	4,805	-
Other assets	33,582	35,128
Total current assets	144,989	194,056
Non-current assets		
Inventories	44,476	30,314
Available-for-sale financial assets	1,579	1,751
Property, plant and equipment	248,131	236,408
Exploration, evaluation and development	565,989	547,861
Deferred tax assets	11,264	10,211
Other assets	31,741	27,858
Total non-current assets	903,180	854,403
TOTAL ASSETS	1,048,169	1,048,459
LIABILITIES		
Current liabilities		
Payables	29,977	42,597
Provisions	3,849	2,993
Current tax liabilities	3,156	11,655
Borrowings	12,391	35,697
Derivatives held for trading	2,909	2,685
Total current liabilities	52,282	95,627
Non-current liabilities		
Payables	5,632	6,681
Provisions	22,778	19,381
Borrowings	160,792	121,847
Deferred tax liabilities	28,031	29,110
Total non-current liabilities	217,233	177,019
TOTAL LIABILITIES	269,515	272,646
NET ASSETS	778,654	775,813
EQUITY		
Contributed equity	603,024	599,618
Reserves	(13,927)	(20,406)
Retained profits	189,557	196,601
Total equity attributable to equity holders of Kingsgate Consolidated Limited	778,654	775,813
Non-controlling interests	-	-
TOTAL EQUITY	778,654	775,813

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



Financial Results for the Six Months Ended 31 December 2012

STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2011

Consolidated	Attributable to owners of Kingsgate Consolidated Limited				Non-controlling interests \$'000	Total equity \$'000
	Contributed equity \$'000	Reserves \$'000	Retained profits \$'000	Total \$'000		
Balance as at 1 July 2011	482,874	(26,527)	143,468	599,815	7,109	606,924
Total comprehensive income for the half-year	-	1,590	33,988	35,578	(159)	35,419
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	1,919	-	-	1,919	-	1,919
Issue of ordinary shares related to Bowdens acquisition	30,000	-	-	30,000	-	30,000
Issue of ordinary shares as part consideration for the settlement of a legal dispute	1,512	-	-	1,512	-	1,512
Issue of ordinary shares related to loan facility repayment	11,652	-	-	11,652	-	11,652
General reserve	-	(4,177)	-	(4,177)	-	(4,177)
Dividends provided for or paid	-	-	(6,774)	(6,774)	-	(6,774)
Movement in share option reserve	-	10,687	-	10,687	-	10,687
Total transactions with owners	45,083	6,510	(6,774)	44,819	-	44,819
Total contribution by and distribution to owners of Kingsgate Consolidated Limited	527,957	(18,427)	170,682	680,212	6,950	687,162
Acquisition of non-controlling interests	-	-	-	-	(6,268)	(6,268)
Balance at 31 December 2011	527,957	(18,427)	170,682	680,212	682	680,894

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



Financial Results for the Six Months Ended 31 December 2012

STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2012

Consolidated	Attributable to owners of Kingsgate Consolidated Limited				Non-controlling interests \$'000	Total equity \$'000
	Contributed equity \$'000	Reserves \$'000	Retained profits \$'000	Total \$'000		
Balance as at 1 July 2012	599,618	(20,406)	196,601	775,813	-	775,813
Total comprehensive income for the half-year	-	7,458	8,103	15,561	-	15,561
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	1,894	-	-	1,894	-	1,894
Issue of ordinary shares as part consideration for the settlement of a legal dispute	1,512	-	-	1,512	-	1,512
General reserve	-	-	-	-	-	-
Dividends provided for or paid	-	-	(15,147)	(15,147)	-	(15,147)
Movement in share option reserve	-	(979)	-	(979)	-	(979)
Total transactions with owners	3,406	(979)	(15,147)	(12,720)	-	(12,720)
Total contribution by and distribution to owners of Kingsgate Consolidated Limited	603,024	(13,927)	189,557	778,654	-	778,654
Balance at 31 December 2012	603,024	(13,927)	189,557	778,654	-	778,654

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

STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2012

	Consolidated	
	Half-Year	
	2012	2011
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	160,742	149,328
Payments to suppliers and employees	(116,668)	(114,282)
Interest received	791	480
Finance costs paid	(4,594)	(7,772)
Income tax paid	(11,535)	(3,143)
Net cash inflow from operating activities	28,736	24,611
Cash flows from investing activities		
Payments for property, plant and equipment	(12,900)	(56,905)
Payments for exploration, evaluation and development	(58,755)	(10,782)
Payments for acquisition of Bowdens Silver Project	-	(40,865)
Payments for acquisition of non-controlling interests	-	(10,445)
Interest capitalised to expansion and development projects	(2,939)	-
Deposits	(167)	-
Proceeds from disposal of property, plant and equipment	-	832
Net cash outflow from investing activities	(74,761)	(118,165)
Cash flows from financing activities		
Proceeds from borrowings, net of transaction costs	126,559	90,829
Repayment of borrowings	(116,017)	-
Payments for interest	(680)	(1,641)
Proceeds from the issue of shares	-	730
Dividends paid	(13,239)	(5,738)
Net cash (outflow) / inflow from financing activities	(3,377)	84,180
Net decrease in cash held	(49,402)	(9,374)
Cash at the beginning of the reporting period	90,623	35,864
Effects of exchange rates on cash and cash equivalents	294	(273)
Cash at the end of the half-year	41,515	26,217

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2012

1. Basis of Preparation of the Half-Year Report

This general purpose interim financial report for the half-year reporting period ended 31 December 2012 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by Kingsgate Consolidated Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies applied are the same as those applied by Kingsgate in its annual financial report for the year ended 30 June 2012.

New or revised Standards and Interpretations that are first effective in the current reporting period

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

New Accounting Standards for Application in Future Periods

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

2. Consolidated Segment Information

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

- Chatree Mine, Thailand
- Challenger Mine, South Australia, Australia
- Bowdens Silver Project, New South Wales, Australia
- Nueva Esperanza Silver / Gold Project, Chile.

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



Financial Results for the Six Months Ended 31 December 2012

2012	Operation		Development		Exploration	Corporate	Total Group
	Chatree	Challenger	Bowdens	Nueva Esperanza			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External sales revenue	107,892	53,798	-	-	-	-	161,690
Other revenue	313	53	-	-	-	(199)	167
Total segment revenue	108,205	53,851	-	-	-	(199)	161,857
Segment EBITDA	49,529	6,649	(195)	(962)	(856)	(6,302)	47,863
Depreciation and amortisation	(7,732)	(24,066)	(9)	(5)	-	(1,293)	(33,105)
Segment result (Operating EBIT)	41,797	(17,417)	(204)	(967)	(856)	(7,595)	14,758
Finance income	482	85	1	-	5	237	810
Finance costs	(4,498)	(71)	(2)	(559)	2	(1,434)	(6,562)
Net finance costs	(4,016)	14	(1)	(559)	7	(1,197)	(5,752)
Profit before tax	37,781	(17,403)	(205)	(1,526)	(849)	(8,792)	9,006
Income tax benefit / (expense)	(2,895)	2,989	-	256	-	(1,253)	(903)
Profit after tax	34,886	(14,414)	(205)	(1,270)	(849)	(10,045)	8,103
Other segment information							
Segment assets	511,744	390,730	98,154	57,580	11,226	86,250	1,155,684
Segment liabilities	(166,593)	(128,208)	(16,825)	(36,386)	(14,404)	(14,614)	(377,030)



Financial Results for the Six Months Ended 31 December 2012

2011	Operation		Development		Exploration	Corporate	Total Group
	Chatree	Challenger	Bowdens	Nueva Esperanza			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External sales revenue	71,505	75,147	-	-	-	-	146,652
Other revenue	18	819	-	-	-	-	837
Total segment revenue	71,523	75,966	-	-	-	-	147,489
Segment EBITDA	37,397	39,512	(75)	(952)	(679)	(5,385)	69,818
Depreciation and amortisation	(5,205)	(20,894)	-	(2)	(13)	(1,126)	(27,240)
Segment result (Operating EBIT)	32,192	18,618	(75)	(954)	(692)	(6,511)	42,578
Finance income	165	132	6	1	7	169	480
Finance costs	(1,306)	-	(1)	(225)	(4)	(2,533)	(4,069)
Net finance costs	(1,141)	132	5	(224)	3	(2,364)	(3,589)
Profit before tax	31,051	18,750	(70)	(1,178)	(689)	(8,875)	38,989
Income tax benefit / (expense)	(3,715)	(5,625)	-	-	-	4,180	(5,160)
Profit after tax	27,336	13,125	(70)	(1,178)	(689)	(4,695)	33,829
Other segment information							
Segment assets	455,412	378,934	77,906	42,211	9,593	96,462	1,060,518
Segment liabilities	(199,780)	(100,128)	(931)	(20,682)	(11,328)	(46,775)	(379,624)

3. Loans and Borrowings

Corporate loan facility

Kingsgate has a three year secured loan facility with Investec with a limit of \$40 million (30 June 2012: \$50 million), of which \$15 million has been drawn down as at 31 December 2012 (30 June 2012: \$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.

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 reflect the write back of the balance of capitalised borrowing fees of \$1.773 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 A\$5 million in respect of Australian operations and US\$5 million in respect of Akara.

4. Contributed Equity

	Half-Year		Half-Year	
	2012 Shares	2011 Shares	2012 \$'000	2011 \$'000
Issue of ordinary shares during the half-year:				
Exercise of options	-	121,667	-	921
Dividend reinvestment plan	397,716	119,644	1,908	1,036
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	166,666	1,512	1,512
Issue of ordinary shares related to loan facility repayment	-	1,749,741	-	11,652
Share issue costs	-	-	(14)	(38)
Total ordinary shares issued	564,384	5,598,085	3,406	45,083

5. Reserves

	31 Dec 2012 \$'000	30 Jun 2012 \$'000
Foreign currency translation reserve	(18,999)	(26,457)
Available-for-sale investment revaluation reserve	91	91
Share-based payment reserve	9,361	10,340
General reserve	(4,380)	(4,380)
Total reserves at 31 December 2012	(13,927)	(20,406)

Foreign currency translation reserve

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

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 payment reserve is used to recognise the fair value of options issued but not exercised and performance rights issued but not vested.

General reserve

General reserve represents change in equity as a result of acquisition of non-controlling interests in prior period.

6. Dividends

	Half-Year	
	2012 \$'000	2011 \$'000
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the half-year		
Paid in cash	13,239	5,738
Satisfied by the issue of shares	1,908	1,036
Total dividends paid	15,147	6,774

7. Contingent Liabilities

Guarantees

Bank guarantees have been given by Kingsgate Consolidated Limited's controlled entities to participating banks in the loan facilities as part of the security package.

These guarantees may give rise to liabilities in the parent entity if the controlled entities do not meet their obligations under the terms of the loans subject to guarantees. No material losses are anticipated in respect of the above contingent liabilities.

Included in cash and cash equivalents is \$3.4 million of restricted cash against bank guarantees supporting the rehabilitation bond requirements against the Group's mining operations.



Financial Results for the Six Months Ended 31 December 2012

8. Matters Subsequent To The End Of The Financial Period

Sale of exploration assets

On 22 January 2013 Kingsgate entered into a binding Memorandum of Understanding with Caravel Minerals Limited (Caravel) for the sale of Kingsgate's Western Australian and Queensland exploration assets to Caravel. Completion of the sale is conditional upon the satisfaction of a number of conditions precedent, including (but not limited to) completing financial, technical and legal due diligence and obtaining any regulatory and Caravel shareholder approvals.

As consideration for the transaction Kingsgate will receive 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. Kingsgate will become the largest shareholder in Caravel once the transaction is completed.

As a result of this transaction, Kingsgate incurred against the sale of these assets, a write down of \$14.945 million at 31 December 2012.

Interim dividend

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 is 15 March 2013 and the dividend will be paid on 12 April 2013.

No other material events occurred after reporting date.

9. Net Tangible Asset Per Ordinary Share

	Half-Year	
	2012	2011
Net tangible asset backing per ordinary share	\$5.13	\$4.83

10. Earnings Per Share

	Half-Year	
	2012 Cents	2011 Cents
Basic earnings per share	5.3	24.1
Diluted earnings per share	5.3	24.1
	\$'000	\$'000
Net profit used to calculate basic and diluted earnings per share	8,103	33,988
	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	151,549,110	140,872,908
Adjustment for calculation of diluted earnings per share: option	-	151,981
Weighted average number of ordinary shares and potential shares used as the denominator in calculating diluted earnings per share	151,549,110	141,024,889

Financial Results for the Six Months Ended 31 December 2012

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 10 to 21 are in accordance with the *Corporations Act 2001*, including:
 - (i) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Kingsgate will be able to pay its debts as and when they become due and payable.

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



ROSS SMYTH-KIRK
Director

25 February 2013
On behalf of the Board



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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Kingsgate Consolidated Limited, which comprises the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Kingsgate Consolidated Limited Group (the consolidated entity). The consolidated entity comprises both Kingsgate Consolidated Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Kingsgate Consolidated Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive script.

PricewaterhouseCoopers

A handwritten signature in black ink that appears to read 'Brett Entwistle' in a cursive script.

Brett Entwistle
Partner

25 February 2013