2010 Annual Report

Kingsgate
Consolidated Limited

ABN 42 000 837 472

Expansion** and **Growth
Low Cost** and **Sustainable

Annual Report 2010

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Crusher Construction
Processing Plant

Chairman's Review

Kingsgate has continued to deliver consistent shareholder returns in the form of substantial production growth, capital growth, dividends and, this year, the Company's best profit ever.

Kingsgate's shareholders are seeing the benefits of the huge potential which was the Company's vision well before the Chatree mine started construction in the year 2000. It is sobering to recall that the Company raised debt funding the size of its market capitalisation to finance the original mine and plant, in comparison to the current plant expansion which is about 10% of the current market capitalisation.

Over those 10 years, Kingsgate has returned approximately 1700% capital return plus $1.29/share in dividends, which made the Company the third best performing ASX-200 stock in the last decade – as defined by the Australian Financial Review (AFR) in December 2009, based on Bloomberg data. Since the "financial crisis" was triggered by the collapse of Lehman Brothers in 2008, Kingsgate has been rated the 5th best performing stock on the Australian Securities Exchange (ASX) by the AFR.

The key to Kingsgate's performance has been the patience and persistence of the focused management and skilled Thai teams, which led to the development of a world class gold asset. This dedication and belief in the future was reinforced by the Managing Director, Gavin Thomas, making a substantial financial commitment to buy shares and options in the Company.

The past year represents the first full year of production from the new Chatree North mining leases and therefore the increased output, coupled with improved gold prices, produced the highest profit and earnings-per-share in the Company's history. This financial strength has been reflected by the largest dividend per share ever paid.

The strong performance has been supported by maintaining a modest share capital structure with the last public equity raising undertaken in 2003, apart from options and shares issued in a takeover in 2006.

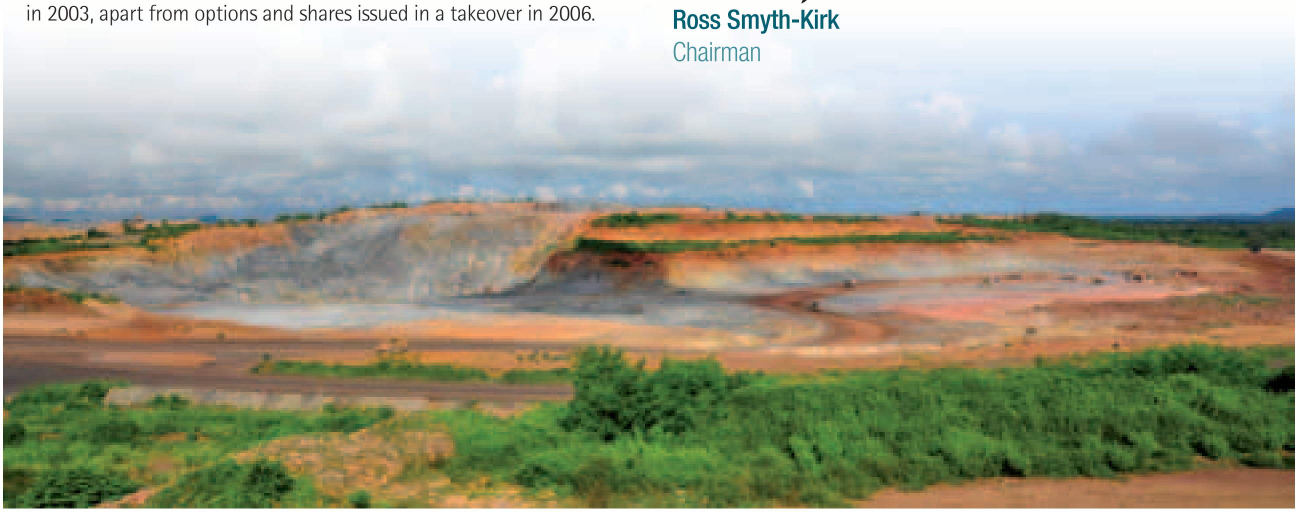
"Kingsgate has been rated the 5th best performing stock on the ASX by the AFR"

Kingsgate has remained the lowest issuer of new equity of any of the ASX listed mining stocks since 2003.

I would like to thank Gavin Thomas, the entire Kingsgate and Thai Akara teams and management, as well as the contractors, for their part in delivering an outstanding operational and financial performance during the year.

Kingsgate's shareholders can look forward to improved performance, as the Chatree mine completes the latest expansion in mid-2011 as well as anticipated exploration success and, potentially, acquisition of major projects.

Ross Smyth-Kirk
Chairman



Annual Report 2010

Managing Director & CEO's Report

Kingsgate is focused on, and has delivered on, five key areas:

1. Remaining a low cost gold producer;
2. Expanding the production of gold;
3. Increasing gold in Ore Reserves and Resources;
4. Increasing the earnings (and profit) per share; and
5. Continuing as a proven value creator.

"...the most successful [year] for the Chatree mine with new records set on ore extracted and processed."

Kingsgate's Chatree gold mine, in Thailand, has maintained cash costs in the lowest 20% of the global gold miners while increasing gold production by more than 40% over the previous year (Source: company reports, GFMS). Ore Reserves increased 41% to 1.9 million ounces gold, extending the mine life substantially, and Mineral Resources increased over 30% to 4.3 million ounces of gold. Profit increased 125% to $73 million, Kingsgate's highest ever profit and earnings per share. Dividend yield increased to 3.5%, the highest identified among substantial, listed, global gold producers. The Company's better than 1100% capital return (before dividends) generated over the previous decade to the end of 2009 and Kingsgate's share price as one of the best performers on the ASX-200 were acknowledged by the Australian Financial Review (AFR) in December 2009. The Company also maintained an exemplary safety record as the world's safest gold mine (based on publicly available data), reflecting the skill and commitment of the operational team.

When the expanded processing plant is completed in 2011, gold production will increase, improving revenues and profit. Drilling within the mining leases at Chatree will continue to expand the reserves and determine the future limits of the planned open pits. Resource growth is targeted around current pits as new near-surface and underground targets, with a focus on near-term high grade material to augment the overall gold grade of the ore feed to the processing plant.

New Chatree feeder pits and stand-alone discoveries further away from the plant are being explored with initial success in the discovery of the Suwan Prospect.

Potential development projects in other countries are being reviewed and have the potential to generate substantial value if transactions can be completed.

Operations

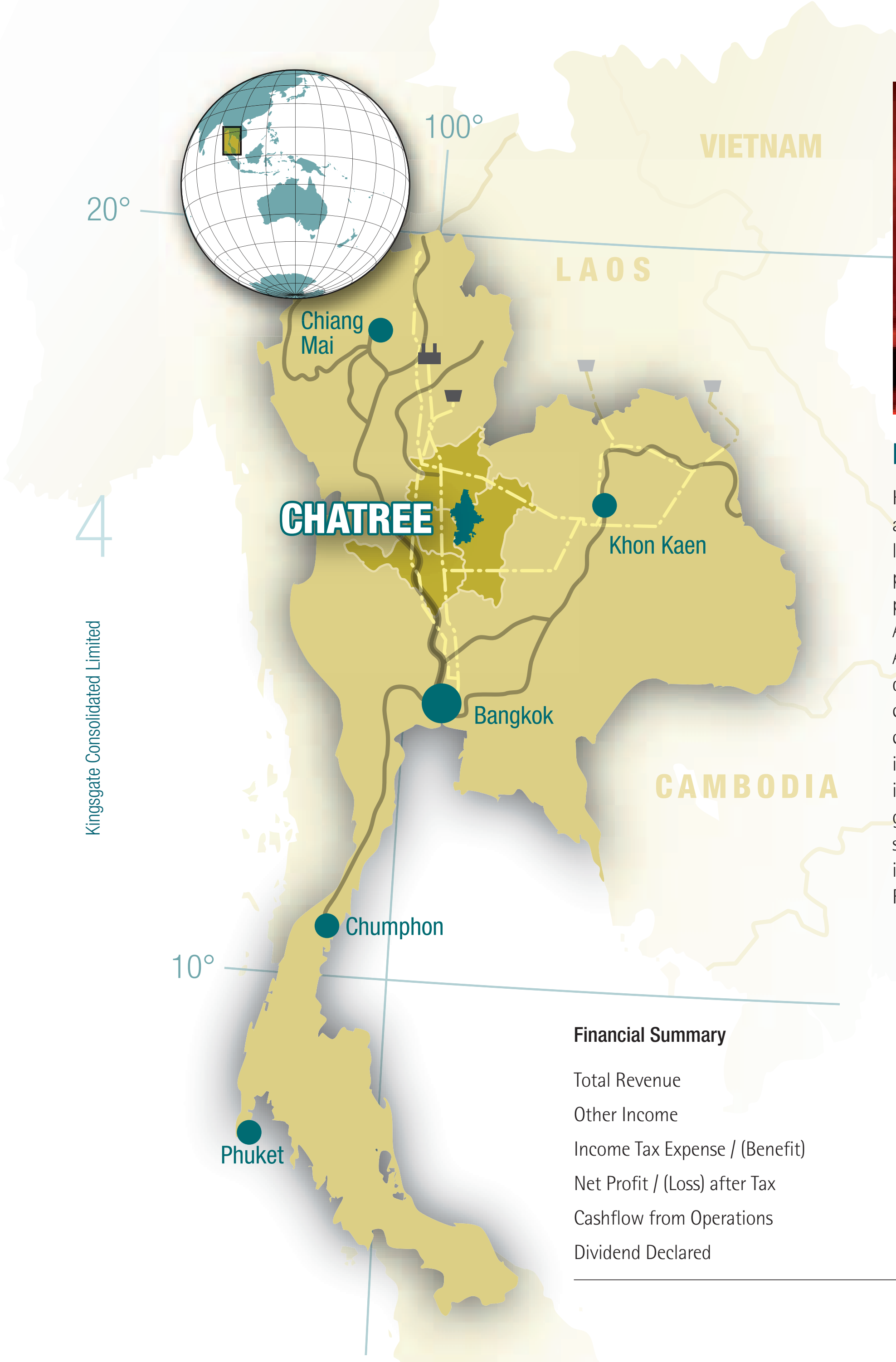
The fiscal year to June 2010 was one of the most successful for the Chatree mine with new records set on ore extracted and processed. This was the first full year of production from the Chatree North mining leases granted in 2008.

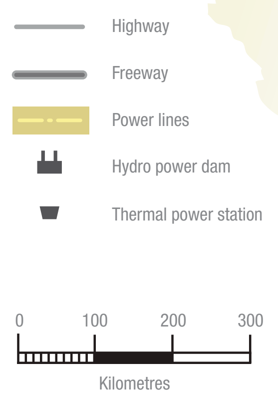
The mining rate has increased to over 6 million tonnes per year, well in excess of the requirements of the future expanded processing plant. Lotus Hall, the Thai mining contractor, was able to utilise a new and larger mining fleet fully, with bigger equipment. A number of open pit working areas have been made available increasing the flexibility of the operation. The main A Pit at Chatree North has been, and will continue to be, the main source of ore feed which, when blended with ore from the smaller pits, improves the overall grade. Ore stockpiles have been increased to ensure maximum flexibility once the new processing plant is complete.

The plant processed a record 2.7 million tonnes of ore, substantially above its rated capacity, helping to reduce overall costs and improving efficiency. A planned major maintenance shutdown in the September quarter of 2010 ensured a continued strong performance in the future. Production was 132,628 ounces of gold for the year with a similar amount forecast for the fiscal year to June 2011.

A major expansion to the processing plant is under construction and this will increase the combined ore processing capacity to over 5 million tonnes per annum. Ausenco, the engineering firm which constructed the initial plant in 2000/01, is managing the new construction. The expanded plant is expected to be commissioned in the September quarter 2011 and will increase the gold production rate to 200,000 ounces per year when fully operational.

Low unit cash costs at Chatree have been maintained in spite of cost pressures across the industry, especially related to fuel and reagents. Unit costs were slightly lower during 2010 due to efficiencies generated by the use of larger equipment and the use of a new underpass between the main A Pit and the plant. Cash costs were US$335 per ounce of gold, made up of cash operating costs of US$257 per ounce plus Thai royalties (which increase with higher gold prices) of US$78 per ounce. Thai royalties will increase with higher gold prices. Good infrastructure, efficient mining and tight controls on processing costs have meant low costs can be maintained, keeping them in the lowest 20% of the global gold mining industry (GFMS 2010).





Financials

Higher gold prices on fully unhedged gold sales, averaging nearly US$1,100 per ounce, combined with low operating costs have delivered strong cash and profit margins to the Company. Kingsgate delivered a profit of A$73 million, its highest ever, on revenue of A$176 million producing a cash position of almost A$50 million, with no debt and the ability to pay healthy dividends of 35 cents per share while still having cash reserves to meet exploration and development commitments. Dividends are considered to be an important differentiator of Kingsgate as an investment in the gold sector. Kingsgate aims to provide production growth, capital growth, exploration growth and a significant dividend yield to position itself as a solid investment choice versus a gold ETF (Exchange Traded Fund), which only follows the gold price.

Financial Summary		2010	2009
Total Revenue	$000	**176,098**	114,092
Other Income	$000	**0**	2,432
Income Tax Expense / (Benefit)	$000	**9,285**	535
Net Profit / (Loss) after Tax	$000	**73,066**	32,522
Cashflow from Operations	$000	**46,468**	18,058
Dividend Declared	¢/share	**35**	15

Sustainability Summary		2010	2009
Lost Time Injury (LTI) Frequency Rate	per million hours worked	**0**	0
Hours worked since last LTI	million	**13.8**	11.3
Sustainability Index Rating		**A**	A
Total Energy Use	GJ	**719,407**	468,385
Greenhouse Gas Emissions	tonnes CO_2 equivalent	**67,758**	50,565
Total Water Use / tonne of ore milled	litres	**1,627**	1,754
Total Electricity Use / tonne of ore milled	kWh	**26.0**	21.2
Reportable Environmental Incidents		**0**	0
Rehabilitation	hectares	**13.5**	11.2
Community Expenditure	US$	**853,422**	151,566

Exploration

The rising gold price has meant that lower grade material has become economically viable to be processed and therefore it is critical to re-determine the limits of economic mineralisation and be able to plan the future shape of the open pits with respect to the location of infrastructure and waste dumps. Drilling has therefore focused on expanding the open pits at Chatree North and determining the potential size of the Chatree pits when re-opened in the future.

Further gold mineralisation has been discovered in and around the A and Q Pits at Chatree North and the current pit designs are at the limits of the current drilling data. New, higher-grade targets have been identified for potential underground operations, although the current focus has been on near-surface deposits. Extensions to the gold mineralisation around the old pits at Chatree show the opportunity to re-open these pits once further drilling has been completed and potential underground targets remain to be tested.

Ore Reserves were increased by 41%, after mine depletion, to 1.9 million ounces with Mineral Resources increasing to 4.3 million ounces of gold. This provided the certainty to increase the processing capacity with more than 10 years of mine life once the new plant is completed.

A study was completed to demonstrate the effect of rising gold prices on Chatree's reserves. While indicative only, the methodology is a good guide should gold price assumptions for gold reserves increase. At current gold prices, the geological block model yields a reserve of 2.7 million ounces, a 40% increase.

Regional exploration for feeder pits near Chatree resulted in a new gold discovery at Suwan. Gold mineralisation and alteration of a similar style to Chatree was identified over an area of 20 square kilometres. If proved to be economic, this material would be within trucking distance of the Chatree processing plant. Other drill-ready stand-alone regional targets will also be explored next year.

Sustainability

Safe, responsible mining activities and positive social and community interaction continue to be the key focus at Chatree. Chatree has nearly 14 million hours worked (7 years) without a Lost Time Incident and continues to be the safest gold mine in the world (based on publicly available data). All international standards have been maintained and the Company is accredited with: Social Accountability SA 8000, Health & Safety ISO 18001, Environment ISO 14001, Quality ISO 9001, Laboratory Standard ISO 17025 and Thai Labour Standard TLS 8001. Local communities, workers and suppliers continue to support and benefit from the mine's sustainable operations.

Kingsgate received acknowledgement of its performance with two awards for Producer of the Year 2009 (Resource Stocks) and Excellence in Production and Mine Management 2010 (Excellence in Mining). In Thailand the Thai subsidiary, Akara Mining Limited, received the Zero Accident Gold Award for 2010. Further, the Company's positive focus on health and safety has improved standards of our contractors with the Thai mining contractor, Lotus Hall, receiving a Zero Accident Gold Award as well.

Past and Future

Kingsgate has shown its ability to deliver high quality shareholder returns by a strong focus on mine performance, sustainable practices, diligent exploration and the efficient management of a world-class gold resource at Chatree. Beyond the new financial year, will come the benefits of an expanded plant and other growth opportunities as Kingsgate remains focused on increasing production per share, reserves per share and earnings per share as the Company continues to be the rising mid-tier gold company on the Australian Securities Exchange.

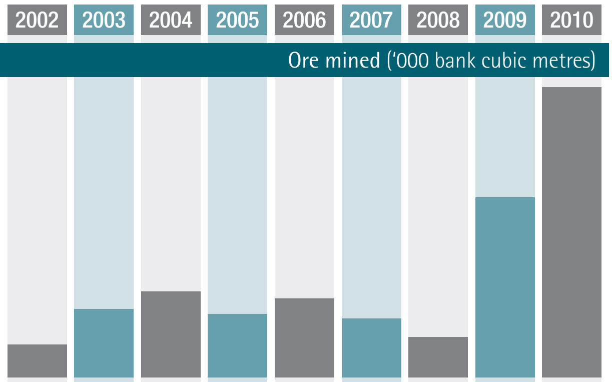
Nine Year Summary

for the years ended 30 June

	2010 AIFRS	2009 AIFRS	2008 AIFRS	2007 AIFRS	2006 AIFRS
PRODUCTION					
Ore mined ('000 bank cubic metres)	**2,699**	1,674	375	546	734
Waste mined ('000 bank cubic metres)	**6,432**	4,069	2,507	4,390	5,121
Waste to Ore Ratio	**2.4**	2.4	6.7	8	7
Ore mined ('000 tonnes)	**6,583**	3,874	977	1,523	1,951
Ore treated ('000 tonnes)	**2,705**	1,878	2,474	2,405	2,000
Head grade – Gold grams/tonne	**1.7**	1.7	1.1	1.2	2.4
Head grade – Silver grams/tonne	**14.9**	15.8	6.8	9.2	14.5
Gold recovery (%)	**90.4**	91.2	88.4	90.0	90.1
Gold poured (ounces)	**132,628**	93,002	74,137	85,994	140,071
Silver poured (ounces)	**549,522**	293,472	232,039	290,897	459,702
PROFIT AND LOSS (A$'000)					
Sales Revenue	**175,480**	113,015	74,285	52,044	72,782
Other Revenue	**618**	1,077	2,210	556	1,361
Other Income	**–**	2,432	44,443	9,857	–
Total Income	**176,098**	116,524	120,938	62,457	74,143
Operating Expenses	**74,305**	65,599	55,743	64,908	47,761
Administration & Other Costs	**3,615**	4,595	4,065	2,264	1,158
EBITDA	**98,178**	46,330	61,130	(4,715)	25,224
Depreciation & Amortisation	**14,004**	11,575	9,284	8,446	7,805
EBIT	**84,174**	34,755	51,846	(13,161)	17,419
Borrowing Costs	**1,823**	1,698	3,974	2,544	757
Profit/(loss) before income tax	**82,351**	33,057	47,872	(15,705)	16,662
Income tax expense/(benefit)	**9,285**	535	11,675	(3,115)	–
Net profit/(loss) after income	**73,066**	32,522	36,197	(12,590)	16,662
BALANCE SHEET (A$'000)					
Current assets – Cash	**49,098**	29,680	40,226	5,148	10,391
Current assets – Other	**54,203**	27,848	16,397	13,756	10,805
Non-Current assets	**265,774**	217,445	146,626	206,082	143,401
Total assets	**369,075**	274,973	203,249	224,986	164,597
Total debt	–	–	–	20,000	–
Other liabilities	**53,032**	29,933	22,236	20,752	36,589
Total liabilities	**53,032**	29,933	22,236	40,752	36,589
Shareholders' equity	**316,043**	245,040	181,013	184,234	128,008
OTHER INFORMATION					
Average realised gold price on physical deliveries (US$/ounce)	**1,091**	904	824	417	355
Average spot gold price (US$/ounce)	**–**	–	–	–	–
Cash cost (US$/ounce)	**335**	401	457	440	206
Total cost (US$/ounce)	**408**	488	556	524	247
Operating cashflow (A$'000)	**46,468**	18,058	18,657	(19,888)	21,889
Dividends paid (Cash & DRP) (A$'000)	**29,082**	–	–	4,513	8,669
Number of issued shares ('000) – Ordinary	**99,996**	96,136	92,680	92,680	88,592
Basic earnings per share (A$ Cents)	**75.2**	34.9	51.7	(17.3)	19.3
Dividends per share (A$ Cents)	**35.0**	15.0	–	–	10.0

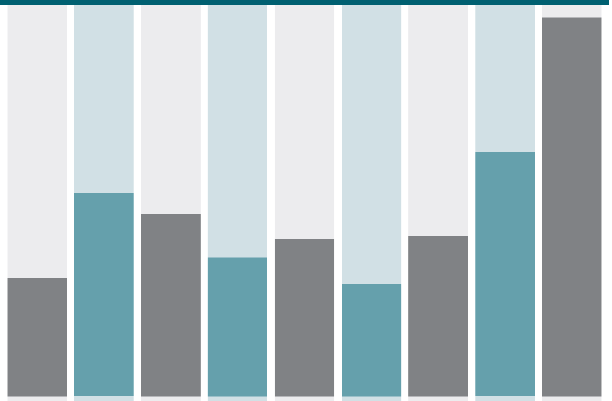
2005 AIFRS	2004 AGAAP	2003 AGAAP	2002 AGAAP
588	801	638	306
4,915	4,444	1,758	631
8.4	5.5	2.8	2.1
1,521	1,946	1,511	821
1,829	1,671	1,324	665
2.4	3.1	3.9	5.3
13	15	22	42
90.8	91.2	90.2	90.8
126,550	149,979	154,484	91,185
353,275	395,346	484,170	353,146

Ore mined ('000 bank cubic metres)



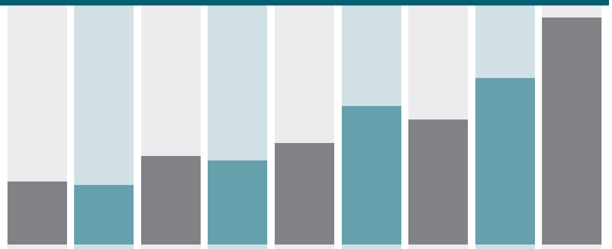
2005 AIFRS	2004 AGAAP	2003 AGAAP	2002 AGAAP
64,299	84,410	94,020	54,688
2,471	2,370	627	1,818
–	–	–	–
66,770	86,780	94,647	56,506
47,366	34,343	28,465	9,685
1,404	1,019	3,563	2,223
18,000	51,418	62,619	44,598
8,720	11,323	13,293	8,620
9,280	40,095	49,326	35,978
889	2,416	2,003	2,566
8,391	37,679	47,323	33,412
–	–	–	390
8,391	37,679	47,323	33,022

Sales Revenue



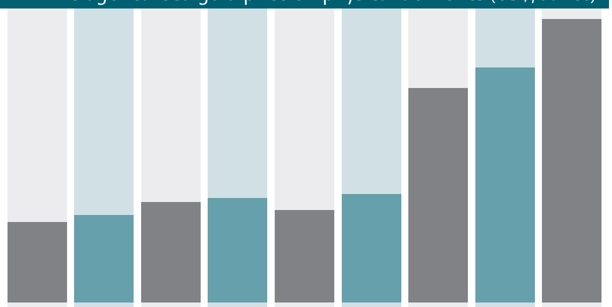
2005 AIFRS	2004 AGAAP	2003 AGAAP	2002 AGAAP
32,119	59,696	28,914	25,262
12,162	14,162	14,057	12,984
91,727	69,555	53,336	63,619
136,008	143,413	96,307	101,865
–	–	18,694	44,448
14,779	8,367	4,329	15,775
14,779	8,367	23,023	60,223
121,229	135,046	73,284	41,642

Total assets



2005 AIFRS	2004 AGAAP	2003 AGAAP	2002 AGAAP
401	385	335	308
422	391	334	289
212	135	94	61
262	189	143	116
22,184	49,294	56,956	28,937
11,973	17,631	19,927	–
85,949	85,329	72,869	71,649
9.8	45.5	65.4	48.5
7.0	22.0	25.0	15.0

Average realised gold price on physical deliveries (US$/ounce)



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Finance Report

Summary

Kingsgate's financial outcomes for the year were driven by the increase in gold production and gold price. As a result, the Company has a $49 million cash surplus at year end.

The operating performance is anticipated to remain similar during the 2010/11 year as increasing gold prices are offset by a slight reduction in gold produced.

Earnings

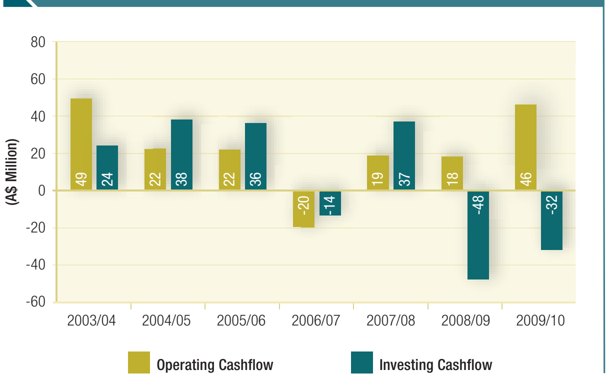
The net profit after tax for the year was $73.1 million, a 125% increase on the previous year's profit of $32.5 million (2009 production was only at full capacity from January 2009). Pre-tax profit increased by $49.3 million (149%) with tax expense of $9.3 million for 2010 (2009: $0.5 million). Revenue was $176.1 million, a 54% increase on the previous year of $114.1 million, as a result of record gold prices during the year which averaged US$1,091 per ounce, 21% above 2009's average delivered gold price of US$904 per ounce. The spot gold price ranged from US$925 to US$1,237 per ounce. Cash costs for the year were US$335 per ounce, 16% below last year's cash costs of US$401 per ounce.

Annual gold production of 132,628 ounces was 43% more than the previous year (93,002 ounces) due to 44% more tonnes of ore being treated as production ran at full capacity for the year.

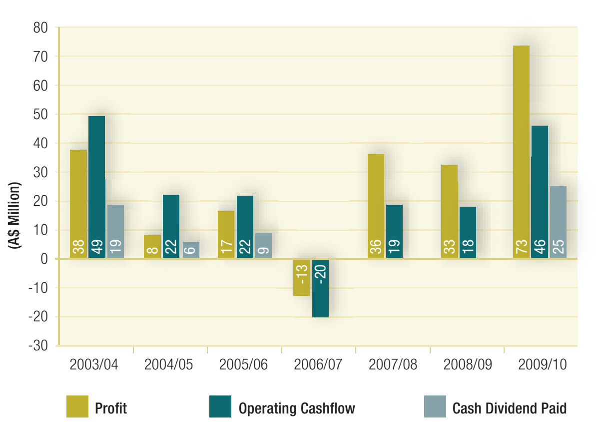
Cash Flow

The cash on hand at the end of the financial year totalled $49.1 million. This was an increase of $19.4 million over the previous year end. This cash position was driven by sales of gold into rising spot prices which resulted in an operational cashflow of $46.5 million. The proceeds of share options also provided $20.4 million additional funds during the year. These funds were used primarily to pay dividends to shareholders of $24.6 million as well as $31.2 million for investment in property, plant and equipment, mine properties, exploration and land.

Operating and Investing Cashflow



Operating Profit and Cashflow



Financing Arrangement

The Company has a financing facility of US$30 million with Investec Bank (Australia) Limited and will be seeking to implement additional financing arrangements to fund the Chatree North processing plant expansion (estimated at US$100 million).

Financial Position

Shareholders' equity at 30 June 2010 was $316 million, an increase of $71 million over the previous year. Shareholders' equity was positively impacted by the favourable profit and the exercise of share options, offset by the payment of dividends.

Income Tax

The mine operation in Thailand has approvals for tax benefits from the Royal Thai Board of Investment (BOI). The previous eight year full tax holiday (Nil Tax Rate) expired in November 2009. A further five year, half tax holiday now exists (on the existing processing plant), which resulted in tax being paid at a rate of 15% for the period December 2009 to June 2010 (being $10.1 million offset by a deferred tax benefit of $3.2 million).

During the year, Akara Mining received a further Thai Board of Investment fiscal incentive for the Chatree North processing plant. Once the Chatree North processing plant is complete, income derived from that plant will be tax exempt for eight years up to the value of

the capital cost of the Chatree North processing plant including a 25% investment allowance.

Dividends

A final dividend, declared for the year ended 30 June 2009 of 15 cents per fully paid share, was paid on the 23 September 2009.

An interim dividend, declared for the year ended 30 June 2010 of 15 cents per fully paid share, was paid on 16 March 2010.

A final dividend, declared for the year ended 30 June 2010 of 20 cents per fully paid share, was paid on the 24 September 2010.

Planned IPO in Thailand

In July 2010, the Group exercised an option to call the preference shares held by Sinphum Co., Ltd, the Thai preference shareholder in Akara Mining Limited, pursuant to the shareholders' agreement between the Group and Sinphum Co., Ltd. This transaction will facilitate the process for the Initial Public Offering (IPO) of Akara Mining Limited on the Stock Exchange of Thailand. In compliance with the shareholders' agreement, Sinphum Co., Ltd. will receive a premium of Baht 43 million ($1.5 million) in excess of the par value of the preference shares being Baht 265 million ($9.5 million). As of the date of this report, Sinphum Co., Ltd. has not complied with the notice to call the preference shares. The Group is in discussion with Sinphum Co., Ltd. with regard to it meeting its obligations under the shareholders' agreement. Any delay to Sinphum Co., Ltd. meeting its obligations may impact the timing of any decision by the Group to implement the IPO.

Plant Expansion

Akara Mining signed a construction contract for the Chatree North gold processing plant with the global diversified engineering and project management group, Ausenco Limited, on 13 August 2010. Funding for the Chatree North processing plant is currently being negotiated with a consortium of banks led by Investec Bank (Australia) Limited.

Business Development

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

Annual Report 2010

Operations Report

Chatree Gold Mine – Summary

The Chatree mine, in central Thailand, completed its most successful year yet with the impact of the first full year of production from the Chatree North mining leases. The mine and the Thai mining contractor, Lotus Hall, produced the highest ever ore production of almost 7 million tonnes, due to a larger and more consistent fleet of mining equipment. The plant processed the highest volume of ore ever at 2.7 million tonnes and has maintained low unit costs.

Construction of the new processing plant is well underway and this will double the ore processing capacity to above 5 million tonnes per annum (Mtpa) when it is commissioned in the September quarter 2011.

Forecast production for the coming financial year is expected to be similar to this financial year, before a substantial increase in production to a rate of up to 200,000 ounces (oz) per annum when the expanded plant is operating at full capacity.

Production and Costs

As forecast, production for the financial year was 132,628oz gold from 2.7 million tonnes ore processed at 1.7 grams/tonne (g/t) gold. Silver production was 549,522oz at 14.9g/t silver.

Gold production varied from 29,302oz gold in the September quarter to 40,225oz gold in the December quarter, with the gold grade varying from 1.5 to 2.0g/t respectively.

Total cash costs for this financial year were US$335/oz (US$257/oz before Thai royalties). Royalties paid to the Thai government averaged US$78/oz. Total production costs after tax, depreciation and amortisation were US$408/oz.

This maintains Kingsgate's position in the lowest 20% of the global industry's cash costs and the lowest 10% on total production costs (GFMS 2010).

Total cash costs per quarter varied from US$312–359/oz (US$239–289/oz cash operating costs before Thai royalties). On a cost per tonne of ore processed basis, cash costs averaged US$16.43, below that of the previous year varying, each quarter, from US$14.40–17.50.

Gold recoveries consistently averaged 90.4% for the year compared to last year at 91.2%.

Stockpiled ore at the end of June 2010 was 5.6 million tonnes at a grade of 0.8g/t gold for 144,000oz gold.

Operational Performance

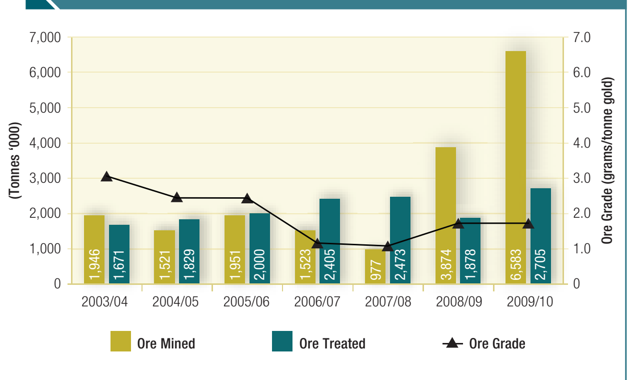
Mining rates at Chatree/Chatree North reached their highest level ever at 6.4Mtpa of ore mined with a 2.4:1 strip ratio of waste to ore. Mining occurred at a higher rate than ore processing to maintain a number of open pits in order to provide ore blending flexibility and stockpile build prior to an expanded plant being commissioned.

Ore feed was mainly sourced from two areas within the A Pit – across the top of the main A Hill and at the base of the hill – which will merge into a single enlarged A Pit by the end of next year. More than 80 vertical metres have been removed from A Hill since mining began in January 2009. Additional feed came from the K West Pit (opened this past year) and K East Pit (now closed and backfilled). Higher grade feed came from the C North Pit cutback.

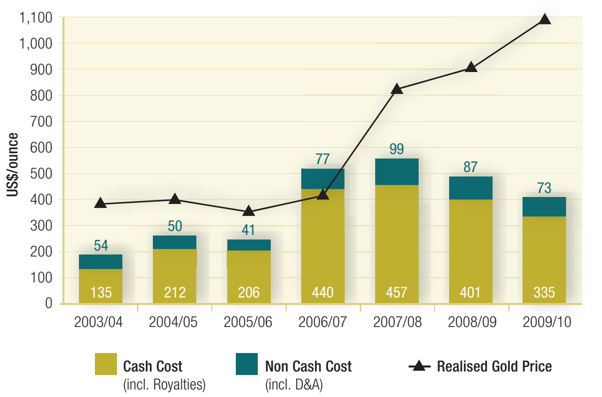
Stripping commenced on an enlarged A Pit as part of its future development. This was possible with an expanded mining fleet provided by the Thai mining contractor, Lotus Hall, including another new RH90 excavator (now two in total) and four new Caterpillar 777 haul trucks (now eight in total). Waste removal has come mainly from the north and east parts of the A Pit as the pit expands to allow access to deeper parts of the orebody in the future.

Production

Ore Mined and Treated



Cash Costs and Total Costs



An underpass below the highway between Chatree and Chatree North was completed during 2010 allowing the haul trucks to transport ore directly from Chatree North to the run-of-mine ore feed pad next to the processing plant.

During the financial year, the processing plant ran at its highest ever throughput rate of 2.7Mtpa, considerably above its rated capacity of 2.3Mtpa. During the year, the plant had zero unplanned mechanical stoppages. Of the 18 hours of unplanned non-mechanical stoppages, 11 were due to lightning strikes and 7 due to minor site electrical faults.

Production in Chatree commenced in November 2001 and the first millionth ounce of gold was poured during February this year. The average production cost per ounce of the million ounces was US$232/oz at an average grade of 2.5g/t gold.

In the coming years, ore will also be sought from higher-grade, small, near-surface veins and potential underground sources to augment the primary lower-grade feed and maintain low costs and gold production levels. Due to the rising gold price, lower-grade ore can be mined economically and the potential exists for bulk mining to be introduced, utilising larger and hence more cost effective equipment, and maintaining the waste-to-ore strip ratio.

Safety Record

Chatree continues to be the world's safest gold mine, based on publicly available data, with 13.8 million hours worked (7 years) since the last, and only, Lost Time Injury (LTI) and over 15.9 million hours worked over ten years with one LTI since the commencement of mine construction in the year 2000. This Lost Time Injury Frequency Record (LTIFR) of zero compares favourably to the Australian industry average LTIFR of 3 (Minerals Council of Australia June 2008) and to Canada's Ontario province industry average of 4 (June 2007 data).

There have been no reportable environmental incidents during the life of the mine and it remains in compliance with all environmental regulations under the approved Environmental Impact Assessment (EIA).

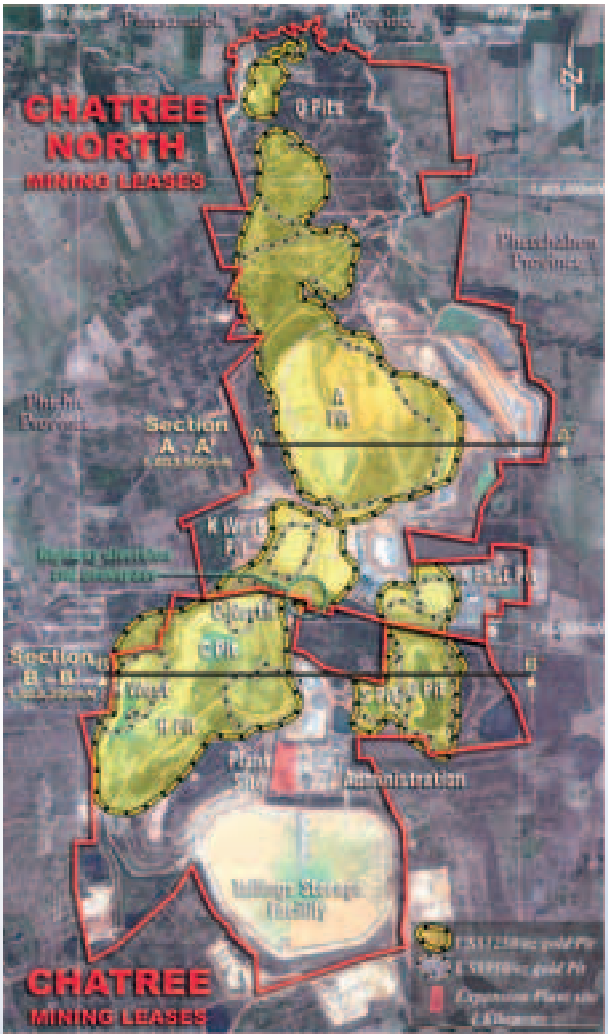
In recognition of the continuing safety performance, the Company received a number of awards in Thailand, including the Zero Accident Gold Award 2009 and the Thailand National Occupational Health and Safety Award, which were presented to Akara Mining for the company's focus, not only on direct safety, but also the related areas of regular drug and alcohol testing.

Chatree North Plant Expansion

The new Chatree North processing plant expansion was approved by the Kingsgate Board and construction has commenced on the new plant which will more than double the present ore processing capacity to over 5Mtpa.

The new ore processing plant will be a separate 2.7Mtpa unit which will be built alongside the current 2.3Mtpa Chatree processing plant. When fully operational, gold production levels have the potential to increase to a rate of up to 200,000 ounces per year.

Ausenco, the global diversified engineering services and project management group, has the design and construction Engineering, Procurement, Construction, Management (EPCM) contract. Detailed design and engineering has been well progressed in 2009/2010. Initial contracts were awarded to McConnell Dowell and Vipco to pour concrete footings and provide the steelwork for the leach/absorption tanks, the grinding mill area and the primary crusher area. The grinding mills (SAG & Ball mills and motors) are already on site with all



Chatree/Chatree North gold mine

remaining equipment ordered. Construction is well advanced despite having commenced during the wet season and is scheduled for completion in the September quarter 2011.

The Ausenco EPCM contract has a target price of A$97 million. In addition, Kingsgate's Thai operating subsidiary will complete other ancillary works, including an upgraded electrical substation and other major earthworks.

The total capital cost for the expansion project is estimated at US$125 million of which approximately US$25 million had previously been spent on purchasing long lead items (mainly the purchase and delivery of the grinding mills) and detailed engineering design.

In June, the Thai Board of Investment (BOI) announced that Kingsgate's Thai subsidiary, Akara Mining Limited, had received approval of investment incentives for a Zone 3 investment promotion package for the new Chatree North processing plant, including reduced income tax rates, given the size of the potential investment in a rural area of Thailand. The Company formally accepted the following incentives:

- The Company is tax exempt on production from the new plant until the tax which would have been due equals the full capital cost of the investment in the expansion, for up to an eight year tax free period.
- The depreciation amount on the new plant has been increased by a 25% investment allowance, providing a 125% tax deduction for the total investment of the expansion project.
- There is an eight year exemption on withholding tax (10%) on dividends on income derived from the expansion.
- Also, there is an exemption from import duty on plant and equipment for the expansion.

The Company's Thai operating subsidiary, Akara Mining Limited, has mandated Investec Bank (Australia) Limited to arrange a debt funding facility for approximately US$100 million necessary to complete the Chatree North plant expansion. Akara Mining will be the borrower and it is intended that Thai domiciled banks will provide the majority of the funding. The potential banks have already visited site.

Operations Statistics

	Full Year 2009/10	Full Year 2008/09	Full Year 2007/08
Gold Production	**132,628 ounces**	93,002 ounces	74,137 ounces
Silver Production	**549,522 ounces**	293,472 ounces	232,039 ounces
Cash Costs per Ounce	**US$335/ounce**	US$401/ounce	US$457/ounce
Cash Costs per Tonne	**US$16.43/tonne**	US$18.90/tonne	US$13.70/tonne
Ore Treated (Mill Throughput)	**2.7 million tonnes**	1.9 million tonnes	2.5 million tonnes
Gold Grade	**1.7 grams/tonne**	1.7 grams/tonne	1.1 grams/tonne
Gold Recovery	**90.4%**	91.2%	88.4%
Waste to Ore Ratio	**2.4:1**	2.4:1	6.7:1
Hours without Lost Time Accident	**13.8 million hours**	11.3 million hours	9.2 million hours

Annual Report 2010

Exploration Report

Exploration Summary

The resource development drilling program continued within the Chatree mining leases. The aim is to improve the definition of the ultimate extent of the mineralisation that is contained within the open pit mining operation using gold price assumptions of up to US$1250/oz. More open pit targets are also being identified.

At the current gold price, the open pits at Chatree show considerable potential to grow well beyond currently scheduled designs. The primary aim of the 2009-2010 drilling program at Chatree was to increase resources and to improve the understanding of the possible open pit potential of the mine, so that a fully integrated mining program can be designed and ensure the appropriate location for infrastructure and waste. As a result, the drilling focus has been more on determining the resource potential of Chatree rather than increasing drill density and converting these resources to reserves. Future work will also focus on the definition of potential high-grade ore feed.

Regional exploration is focused on locating potential additional satellite feed deposits near Chatree and new discoveries which may become new "stand-alone" gold operations within the Thai gold belt.

This has resulted in the discovery of the Suwan project area which is within trucking distance of Chatree. The project covers an area of 20 square kilometres, which is similar to Chatree, and also has similar geology and geophysical responses. The area has only minor outcrop and is covered by a thin cover of alluvium.

Surface sampling, mapping, ground geophysics and air-core drilling continued in other granted Special Prospecting Licences (SPLs) during the period. Several drill-ready targets have been identified. A major review aimed at ranking prospects and planning exploration programs for all targets within the SPLs and Special Prospecting Licence Applications (SPLAs) is ongoing. This will define the work program for the next financial year, and beyond, as there is an expectation that the SPLAs will be granted soon.

To deal with the increase in exploration activity, the Thai team has been expanded.

Resource Development

Drilling has been focused around and under the original Chatree Mine open pits which were predominantly mined when gold prices were US$350-600/oz. The D Pit, H Pit and H West Pit areas were initially tested. More recent drilling has also been carried out in the S Pit and in the proposed Q Pit areas to the north of Chatree where resource definition drilling is currently being completed.

A total of 57,016 metres (m) of reverse circulation drilling and 10,805 metres of diamond drilling was completed during the year. The increased levels of drilling are indicative of the effort placed on completing additional resource drilling at Chatree.

The aims of the drilling programs were successfully met with significant intersections in several areas confirming new mineralisation. The forthcoming year's proposed drilling will complete the assessment of the increased open pit potential at the higher gold prices and also a detailed review and drill testing of high-grade zones with the potential for underground mining.

Ore Reserves increased to 1.9 million ounces (Moz) of gold in 61.7 million tonnes (Mt) of ore at a grade of 1.0 gram/tonne (g/t) gold as at the 30th June 2010. This is calculated using a cut-off gold grade of 0.4g/t and a gold price assumption of US$950/oz. This represents a 41% increase in Ore Reserves (~610,000oz), after mining depletion over the past year, replacing the ounces of gold mined at more than four times the current annual mining rate. Contained within the Ore Reserve estimate is 19Moz of silver at a grade of 9.4g/t.

Chatree & Chatree North – Alternative Estimates of Optimum Open Pit Shells using Whittle Four-X Modelling** – Grade/Tonnage Variance Versus Gold Price				
Gold Price US$/ounce	**Gold Grade** grams/tonne	**Tonnes** Millions	**Contained Gold** Million ounces	**Cut-off Grade** grams/tonne
950	0.99	68	2.16	0.40
1,050	0.98	71	2.22	0.38
1,150	0.96	78	2.40	0.35
1,250	0.85	100	2.73	0.32

*** Final ore reserves may vary from optimised figures by approximately ± 15%.*

As at June 2010, Mineral Resources, using a 0.3g/t cut-off gold grade, are 4.3Moz of gold in 174Mt of ore at an average grade of 0.8g/t gold. Contained within the Mineral Resource estimate is 37Moz of silver at a grade of 6.6g/t.

Current pit designs, using US$950 and US$1,250 gold prices, appear similar in cross-section A-A. This is due to the low density of drill data which restrains pit shell optimisation. Infill drilling along mineralised trends will expand the pit outline.

Chatree and Chatree North Deposit Growth Potential

Significant potential exists for the dimensions of the open pits to be substantially larger than those used in the Ore Reserve calculations due to the current gold prices, with minimum impact on the gold grade.

To understand the potential of the Chatree Mine better, a base cut-off gold grade of 0.3g/t is adopted for long-term mine planning. Various pit optimisation studies using the modelling program "Whittle Four-X", used widely in the industry, have been completed utilising different gold price scenarios with their related gold cut-off grades.

For this optimisation study, using only Measured and Indicated categories from the resource block model, scenario analyses were used at Chatree to determine the impact of higher gold prices on pit optimisations. These analyses did not consider the impact of silver on the outcomes. Results are summarised in the table above.

The results indicate that the resources at Chatree have an excellent potential to increase ore reserves substantially with higher gold prices. For example, at US$1250/oz gold, the corresponding ore reserves are 100Mt for 2.73Moz of gold at a 0.3g/t cut-off grade vs. present reserves of 68Mt for 2.16Moz.

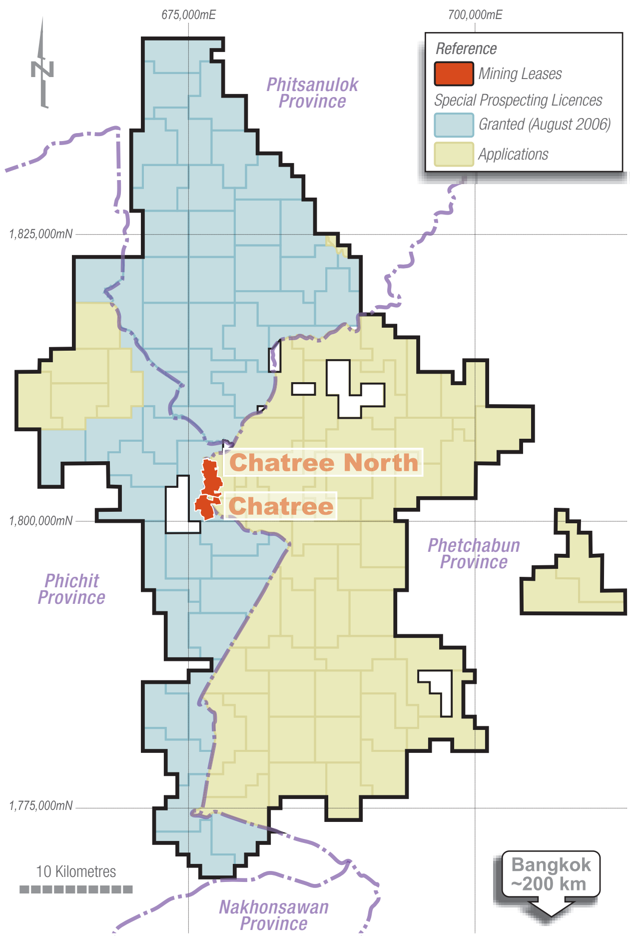
While the current ore reserves adopt a gold price assumption of US$950/oz, the substantial increase in tonnes at modest gold price increments, shown in the above table, demonstrates the robust future of the processing plant expansion currently underway from 2.3 to 5.0Mtpa of ore at Chatree.

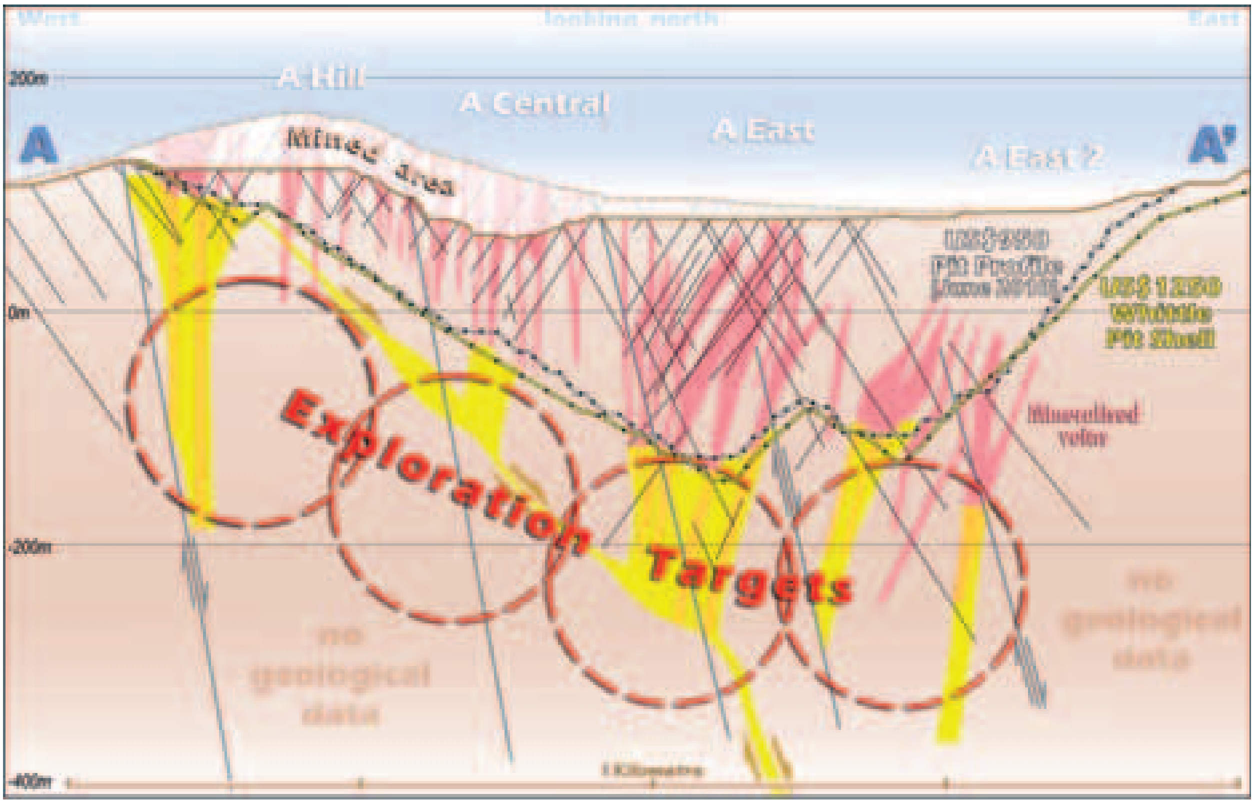
D Pit and K East

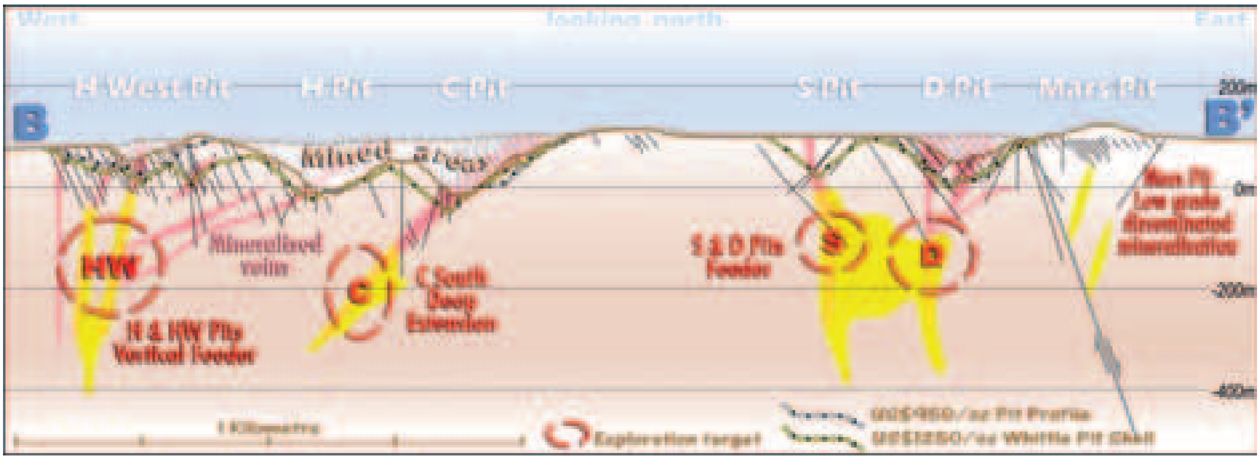
The resource development drilling program has identified new gold veins and extended gold zones beneath the previously closed D Pit within the original mining leases. These results point to the potential of re-opening an expanded D Pit due to current gold prices. Results from the drilling under D Pit to date have shown mineralisation to extend over a horizontal distance of more than 250 metres, with some of the best results being 14m at 3.8g/t gold near surface, 21m at 2.9g/t gold, 9m at 4.2g/t gold, 9m at 2.2g/t gold and 13m at 2.3g/t gold below the current pit base.

A massive quartz-carbonate vein has been intersected in several holes during the last year. Mineralisation was found to extend over 330 metres, at varying width and grade, and remains open at depth and to the north. Some significant assays include: 10.9m at 2.58g/t gold, 82g/t silver; 8.7m at 2.38g/t gold, 80g/t silver; 26.2m at 2.06g/t gold, 26g/t silver; 9.8m at 2.64g/t gold, 57g/t silver and 17.6m at 2.40g/t gold, 36g/t silver. These intersections are presently outside the current open pit potential.

To the north of D Pit trending to K East, a shallower significant vein system was also intersected in several holes. Results include: 16m at 2.17g/t gold, 31g/t silver; 16m at 2.64g/t gold, 23g/t silver; 9.5m at 3.78g/t gold, 74g/t silver including 4.8m at 6.13g/t gold, 132g/t silver and 20m at 1.71g/t gold. This mineralisation has been traced for 150 metres and is open to the north and at depth.







A Pit

Several deeper holes were drilled to assess the underground potential below A Pit and have delivered varied results with the best hole reporting 30m at 5.55g/t gold. Drilling along strike of this intersection has shown that the mineralisation extends both north and south, at lower grades. A detailed interpretation is being completed with further drill testing planned.

S Pit

During the current year, drilling was undertaken in the S Pit area aimed at extending the mineralisation in a known high-grade structure beneath and to the north of the previously mined pit. The mineralised structure at S Pit is narrow and continuously high-grade. Drilling was successful in intersecting veins which returned assays of: 2.1m at 25.5g/t gold, 10g/t silver; 2m at 9.38g/t gold and 2m at 7.5g/t gold. Drilling is ongoing to delineate the full extent of these high-grade veins.

H Pit

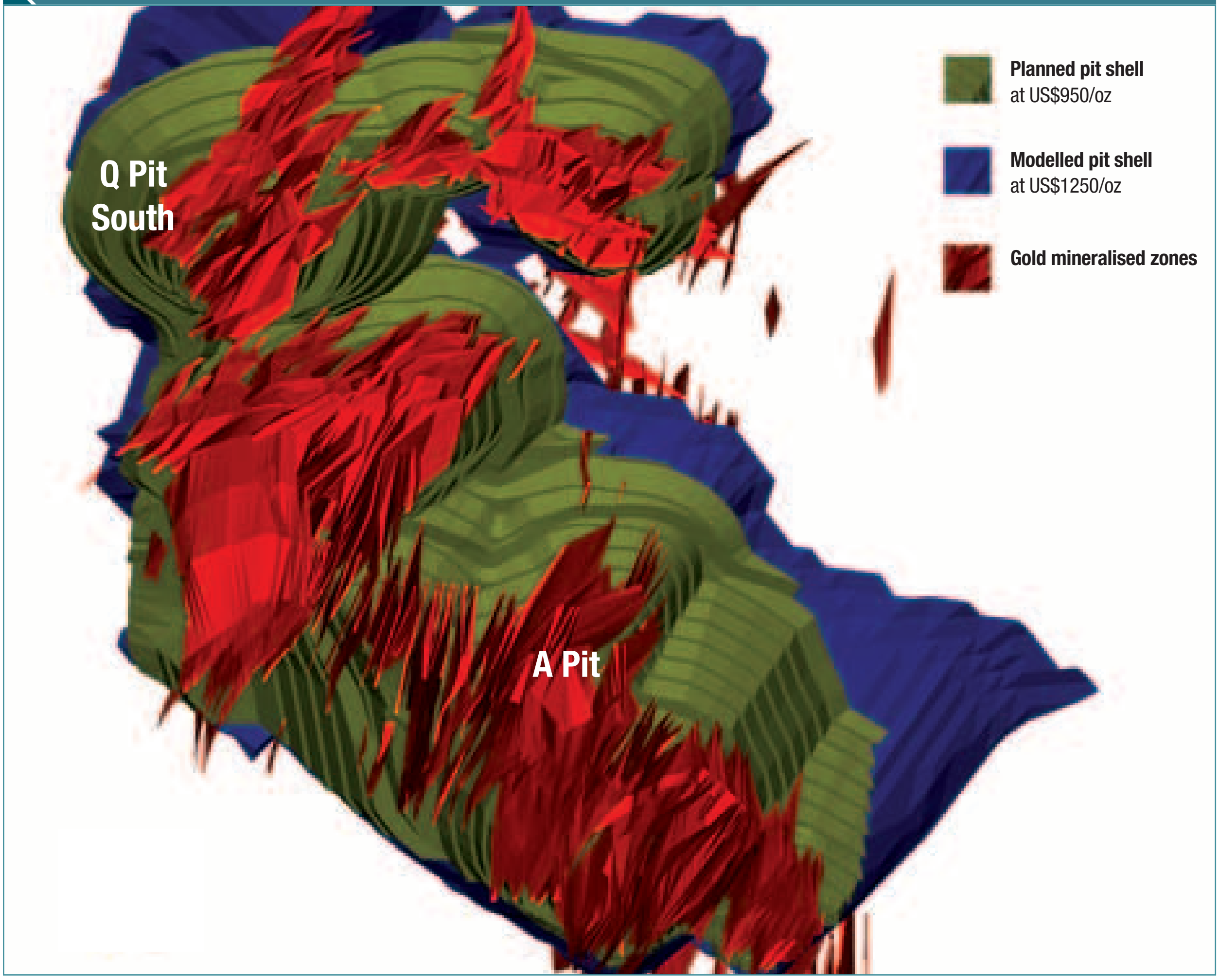
Recent drilling to extend resources in the previously closed H Pits intersected new high-grade zones. Results have included 17m at 4.68g/t gold, 3m at 13.2g/t gold and 3.8m at 8.23g/t gold. This demonstrated wide intervals of gold mineralisation down-dip and confirmed the continuation at depth of the high-grade gold structure below.

Proposed Q Pit Area

An extensive drill program to increase resources in the proposed Q Pit areas is ongoing.

New high-grade gold mineralisation has been intersected approximately 400 metres to the east of the proposed Q Pits in the northern part of Chatree North. Best results include 14m at 5.86g/t gold including 9m at 8.11g/t gold. Another deeper high-grade intercept, 11m at 3.5g/t gold, 380 metres to the south appears to be correlated indicating the potential for an extensive underground mineralised zone.

3D view of the A Pit with gold mineralised zones, the planned pit shell and a modelled pit shell using the Whittle 4-X modelling program



Around the proposed Q Pits, drilling continues to extend the known gold mineralisation with the potential to enlarge the size of the planned open pits, with best results including 29m at 1.94g/t gold (including 7m at 4.67g/t gold), 15m at 2.56g/t gold (including 5m at 5.18g/t gold) and 10m at 2.94g/t gold.

Regional Exploration – Thailand

Regional exploration in the Company's 128 exploration tenements, covering an area of 1,837 square kilometres contiguous to Chatree, has resulted in the discovery of significant gold mineralisation in two new gold districts. The previously reported Chokdee District is 20 kilometres north of Chatree and the new Suwan District is within trucking distance of the present plant.

At the Chokdee District, high-grade veins and a significant area of low grade gold mineralisation have been drilled within a 30 square kilometre geochemical anomaly. The level of exploration within the various prospects in the Chokdee District is variable, with the Chokdee prospect being the most advanced one in the district. The current wet season and access issues have restricted the work that could be carried out during the current year.

The near-mine exploration activities over the last year have focused on the identification of potential satellite open-pit deposits to provide future supplementary ore to the Chatree operation within a trucking radius of the plant.

The discovery of the Suwan District, within trucking distance of Chatree, was announced this year. The Suwan District covers an area of 20 square kilometres, which is similar in overall dimensions to the Chatree District, with similar geology and geophysical responses.

The area has only minor outcrop, covered by a thin 2-20 metre cover of alluvium, and exploration therefore has only recently recognised the scale of the mineralised areas. This has been identified by top-of-bedrock air-core drilling that followed up geophysical anomalies. The best air-core drill results included 6m at 3.3g/t gold, 3m at 7g/t gold, 4m at 3.3g/t gold, 6m at 2g/t gold, 10m at 1.8g/t gold and 1m at 71.2g/t gold.

Gold and silver mineralisation occurs in quartz veins and breccias in silica-sericite-pyrite altered andesitic and rhyolitic volcanic and sedimentary rocks. The alteration is more extensive, over a 40 square kilometre area beyond currently identified mineralisation, and may represent a substantial hydrothermal system. Within the larger area, there are approximately 10 anomalies with intense alteration and these areas are closely associated with gold mineralisation in top-of-bedrock air-core drilling results.

Following an extensive analysis of the drilling results to date, potential exists for economic mineralisation and a possible development of satellite open pits.

Four main sites have had preliminary Reverse Circulation (RC) drilling. Mineralisation generally occurs as wide, lower grade gold mineralised zones which include 57m at 1.6g/t gold, 37m at 1.6g/t gold, 42m at 1.2g/t gold and 53m at 1g/t gold. Some higher grade RC drill results to date include 7m at 7.4g/t gold, 7m at 6.7g/t gold, 2m at 22.5g/t gold and 1m at 22.9 g/t gold.

Surface sampling, mapping, ground geophysics and air-core drilling continued in other granted SPLs during the 2009-2010 period. Several drill-ready targets have been identified within the Company's SPLs. A major review aimed at ranking prospects and planning exploration programs for all targets within the SPLs and SPL Applications is ongoing.

Exploration – Latin America

The exploration tenements still held by the Company's subsidiaries in Chile and Peru at the end of the financial year have been discontinued. The majority of those in Argentina are under option agreement with a third party.

Business opportunities, particularly advanced projects in the region are constantly being assessed and local contacts maintained. The low cost corporate structures are being maintained.

Exploration – Australia

In the coming year, it is anticipated that EPM 12409, near Cloncurry, will be granted as it has completed the native title process. A small near-surface gold resource was identified in 1993 and will be further drill tested when the area is granted. Drilling was generally curtailed to less than 70 metres due to drilling limitations.

Kingsgate also entered two option agreements with private companies over drill-ready gold and gold-copper projects near Cloncurry and Charters Towers. Drill results were insufficient to continue exploration.

Kingsgate regularly reviews projects that warrant drill testing.

Chatree Ore Reserves as at 30 June 2010 (>0.4 grams/tonne gold cut-off grade)

Source	Category	Tonnes Million	Grade: Gold grams/tonne	Grade: Silver grams/tonne	Contained Ounces: Gold Million ounces	Contained Ounces: Silver Million ounces
Chatree Mine Leases [2,3,4]	Proved	5.4	1.06	5.0	0.18	0.86
	Probable	2.7	1.27	4.9	0.11	0.44
	Total	**8.1**	**1.13**	**5.0**	**0.29**	**1.30**
Chatree North Mine Leases [6,7,8]	Proved	32.0	0.99	10.3	1.02	10.56
	Probable	16.0	0.93	8.9	0.48	4.59
	Total	**48.0**	**0.97**	**9.8**	**1.49**	**15.15**
Stockpiles	Subtotal	**5.6**	**0.79**	**12.1**	**0.14**	**2.19**
Total from Pits	Proved	37.4	1.00	9.5	1.20	11.42
	Probable	18.7	0.98	8.4	0.59	5.02
Chatree Total	**Total**	**61.7**	**0.97**	**9.4**	**1.93**	**18.63**

Chatree Mineral Resources Inclusive of Ore Reserves as at 30 June 2010 (>0.3 grams/tonne gold cut-off grade)

Source	Category	Tonnes Million	Grade: Gold grams/tonne	Grade: Silver grams/tonne	Contained Ounces: Gold Million ounces	Contained Ounces: Silver Million ounces
Chatree Mine Leases [1]	Measured	23.6	0.79	4.4	0.60	3.36
	Indicated	15.2	0.82	4.2	0.40	2.07
	Inferred	11.5	0.80	4.5	0.30	1.67
	Total	**50.3**	**0.80**	**4.4**	**1.30**	**7.10**
Chatree North Mine Leases [2]	Measured	56.2	0.81	8.6	1.47	15.49
	Indicated	41.6	0.74	6.7	0.99	9.00
	Inferred	19.8	0.66	5.0	0.42	3.19
	Total	**117.6**	**0.76**	**7.3**	**2.88**	**27.68**
Stockpiles	Subtotal	**5.6**	**0.79**	**12.1**	**0.14**	**2.19**
	Measured	79.8	0.81	7.4	2.07	18.85
	Indicated	56.7	0.76	6.1	1.39	11.07
	Inferred	31.4	0.71	4.8	0.72	4.86
Chatree Total	**Total**	**173.5**	**0.77**	**6.6**	**4.32**	**36.97**

Notes on Ore Reserves:

1. *Reserves are based on a three (3) year average gold price of US$950/oz and a silver price of US$15.00/oz.*
2. *C North and D Pit assume the approval to mine through highway 1301 will be granted.*
3. *H West and J Pits assume the mining lease approval to the west of Chatree will be granted.*
4. *S Pit assumes the mining lease is extended beyond the current northen limit.*
5. *All reserves are based on detailed pit designs.*
6. *Q South assumes the approval to mine through highway 1191 will be granted.*
7. *Q South assumes the approval to extend the mining lease to the west of the current mining lease will be granted.*
8. *Q South, Q Central and Q North assume the approval to mine through highway 1344 will be granted.*
9. *All proportions >0% have been used hence no Ore Discounting has been applied.*

Notes for Mineral Resources:

1 *Includes Cn, C, H, S, D and J cut to the end of June 2010 Chatree mine surface*

2 *Includes A, Ae, Q, Kw and Ke at Chatree North mine, cut to the end of June 2010 Chatree mine surface*

Competent Persons

Information in this report relates to Exploration Results, Mineral Resource and Ore Reserve estimates based on information compiled by the following Competent Persons: Ron James, Fiona Davidson, Guy Davies and Suphanit Suphananthi who are employees of the Kingsgate Group and members of The Australasian Institute of Mining and Metallurgy and Rob Spiers who is an employee of Hellman & Schofield Pty Ltd and Member of the Australian Institute of Geoscientists. These people qualify as Competent Persons as defined in the Australasian code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2004 edition) and possess relevant experience in relation to the mineralisation being reported herein as Exploration Results, Mineral Resources and Ore Reserves. Each Competent Person has consented to the Public Reporting of these statements and the inclusion of the material in the form and context in which it appears.

Sustainability Report

Kingsgate Consolidated Limited is a well-credentialed explorer, developer and miner of precious metal deposits. A dedication to the highest levels of sustainability is central to Kingsgate's business and this is achieved by working with our stakeholders, including the local communities, and in managing environmental issues.

Our sustainability goals and environmental/community management plans have been reviewed to ensure that the major expansion of Kingsgate's Chatree ore processing plant (underway at present) will fit in with the plans. The expansion, and the additional mining this brings, has been the primary impact during the past year on our stakeholders.

Stakeholder Interests

Kingsgate's stakeholders include the local communities, employees, suppliers, investors, governments and regulators. This report reflects the stakeholder and Company perspective on sustainability, as it is central to past and future operations, and to the approach taken with new projects.

Kingsgate has always taken an ethical approach to the management of the Chatree mine, acknowledging the benefits of this and considering that the mine is the first and largest gold mine in Thailand. Kingsgate, and its Thai subsidiary, Akara Mining Limited, have focused on a safe, fair and healthy workplace where learning and self-improvement is celebrated in an uncontaminated local environment where most of the staff live.

The key issues for our stakeholders and how the Company responded are summarised in this report. The Chatree mine has been operating for nine years and the key issues have been similar in this period. The primary concern this year has been to ensure that a larger operation and processing plant is managed appropriately without significantly increasing its local and environmental impact.

Efficient water use and maintaining good water quality in a rural agrarian environment is a key issue always taken into consideration. This includes ensuring that the cyanide used in the ore processing plant is recycled or destroyed to ensure that the environment remains un-contaminated. Control of dust and noise from the operations has been achieved by gravel surfacing and watering roadways and by using noise bunds and working only during daylight hours in some areas.

Snapshot

Our People

- 99% Thai workforce at Chatree mine.
- 80% of workforce are local employees.
- 32% management positions held by women.
- A further 12 months without a Lost Time Injury (bringing the record to 7 years without an LTI).
- Received the Thai Zero Accident Gold Award, the Thai Prime Minister's Award for Best Labour Relations and Welfare and the National Occupational Safety and Health Award.
- Received the Producer of the Year Award from an Australian mining magazine, Resource Stocks.

Our Communities

Community Development

- In 2007, Kingsgate became the world's only miner to achieve the Social Accountability SA 8000 accreditation which is maintained to date.
- 60% of the A$12.9 million in mining royalties go directly to local provinces and village councils.
- A$853,000 spent on community development programs last year in the form of individual scholarships, school contributions and charitable donations including an A$69,000 (2 million Thai Baht) donation to the Queen Sirikrit Fund. New water supplies have been provided to local villages.
- New community involvement plan using an external independent organisation, Population Development Association, based on an initial survey of local communities and governments on attitudes and to evaluate the quality of life.

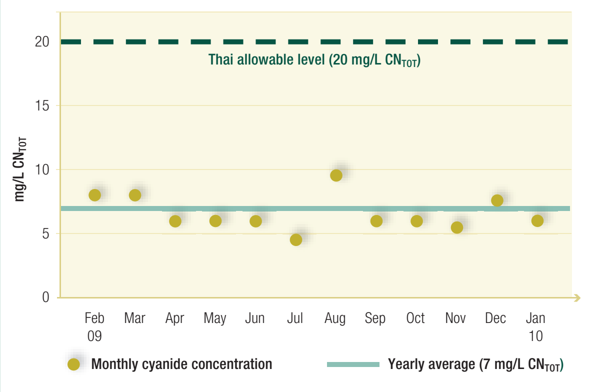
Our Environment

- A$7.5 million is accrued in Akara's Environmental Levy Funds. These are financed by an A$1.85 per ounce levy for mine closure and an A$3.50 per ounce levy for ongoing environmental remediation.
- No reportable incidents occurred but 19 minor environmental incidents were recorded.
- Airborne dust levels remain at low levels due to road watering and gravel surfacing of the main roads in the mine area.

Cyanide Management

- No cyanide environmental incidents occurred during the year. This is in comparison with 5 minor cases the previous year relating short term overages of cyanide discharged to the tailings storage facility.
- The average monthly cyanide concentration for the year was 7 mg/L CN_{TOT} which was well below the standard of less than 20 mg/L CN_{TOT}.

Total Cyanide Measurement 2009/2010



Water Management

- Dry season water shortage is less of a concern, even though the area experienced a severe drought last year, due to increased storage and capture of excess runoff during the wet season.

Our Supply Chain

- 85% of goods are sourced in Thailand and 94% of warehouse items.

For Governments

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

Safety of the workforce has been central to the successful record of only one lost time injury during the last ten years, including the year of the initial construction. Our, mainly Thai, workforce and contractors have driven this culture of safety through personal ownership of individual and shared safety goals, and they remain a focus as our workforce expands temporarily to over 1,600 people during the plant expansion and construction.

Self-improvement via company sponsored training has been underway for a number of years and has generated an improved sense of worth and leadership amongst the 28 Thai employees sponsored to study for a Masters level degree.

Within the local community, capacity building has been a key aim, apart from the ongoing construction of improved water facilities and the support of local education.

The supply chain policy remains dominantly local, except during a major expansion, and discussions are held regularly allowing local providers to substitute suppliers from elsewhere.

Each year, the Company commits to sustainability targets and reports on its progress on these targets.

The Company has and will continue to mine and process gold in an ethical way that will continue to provide mutual benefit for all our stakeholders. This includes providing capacity building within local communities and minimising environmental impact.

Success together

Kingsgate's Sustainability Policy

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

Kingsgate is committed to respecting the safety, health, social, economic and environmental needs of the stakeholders and anticipating the needs of future generations in the communities where we work.

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

Kingsgate Stakeholders and Major Material Issues

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

Your Imperative is Our Imperative

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

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

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

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

EMPLOYEES

Central to the Company's ethos is to provide a safe, healthy and fair workplace with fair remuneration and individual development opportunities in an environment that respects people, allowing for honest feedback and merit-based promotion.

Safety

A safe workplace is created by an effective safety management system with appropriate standards and backed by committed active support from all workers. Gold mines, like many other industries, are challenging workplaces in which to achieve best practice health and safety outcomes.

The Chatree workers and subcontractors, who number more than 1000, have set a world class example of health and safety in the mining industry, evidenced by seven years (13.8 million hours) with no lost time injuries. This commitment to safety excellence is from all employees and subcontractors on our site.

Professional Safety

Thanat Sommechai is the Occupational Health and Safety Manager at Chatree. He is proud of his team's ongoing achievement that Akara Mining Limited has won the **"Zero Accident Gold Award 2010"** for recognition of its safety record of zero lost time injuries or accidents for over 10 million hours. There are only 15 companies in Thailand that will receive the Gold Award this year.

Thanat is also proud that his team has been able to influence the mining contractor, Lotus Hall, on its safety performance and management. This year Lotus Hall has won the **"Zero Accident Silver Award 2010"** for its safety record.

Safety Performance

	2010	2009	2008	2007	2006	2005
Lost Time Injuries	**0**	0	0	0	0	0
Total Recordable Injuries	**5**	5	4	8	4	2
Total Injuries	**10**	12	29	23	24	10
LTI Frequency Rate*	**0**	0	0	0	0	0
TRI Frequency Rate*	**2.0**	2.5	2.2	3.9	2	1.3
TI Frequency Rate*	**4**	6	15.7	11.3	12	6.4

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

Development and Growth

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

Over 100 different training courses were offered through the year ranging from administrative to safety and technical courses.

Women occupy 32% of management positions as the Company adopted a merit-based promotion system from the inception of the mine.

COMMUNITY

In 2010, a new Community Involvement Plan was initiated using the Thai external independent group, Population Development Association (PDA). The aim is to prepare and implement a strategy to further develop the quality of life of villagers around the Chatree area, by engaging directly with the stakeholders in villages, the local village heads and the local government as well as the Chatree employees. PDA has a learning centre in Lampang Province where they have successfully initiated similar community developments. This approach was an outcome from last year's updated Chatree Community Relations Procedure which also covered employment, conduct, complaints and communication.

The Akara General Manager is responsible for stakeholder engagement with the heads of the community and external relations management team. The key person is the Community and External Relations Manager who is the primary point of contact and liaison, together with the Environment Manager, Human Resources Manager, and Administration and Management Systems Manager.

Local community and local government meetings have ensured dialogue is maintained between the Company and the community. Concerns centre on the issues of land purchases, employment, dust, water and noise, with five formal complaints lodged.

Complaints have been received regarding possibility of the local water quality being affected by cyanide contamination. Analysis by independent authorities, including government ones, has demonstrated that no contamination has occurred. Detailed education sessions about the mine's processing method and the cyanide destruction procedure were held.

The provision of effective water reticulation systems to local villages has been a key development focus of the Company in partnership with the local government. Water tanks have been provided by either the Company or the local government to gravity feed the water to the village. The Company also provides a borehole into a potable water aquifer with a fully maintained pump and filter equipment. This has involved laying new water pipelines to improve efficiency of supply and reduce leakages and blockages. Nine villages in the three provinces surrounding the Chatree mine have had water supply installed with help from the Company. Drinking water has also been provided directly by the Company especially during the dry season.

New water supply system for Klong Talad village, Phitsanulok Province.

Community Contributions

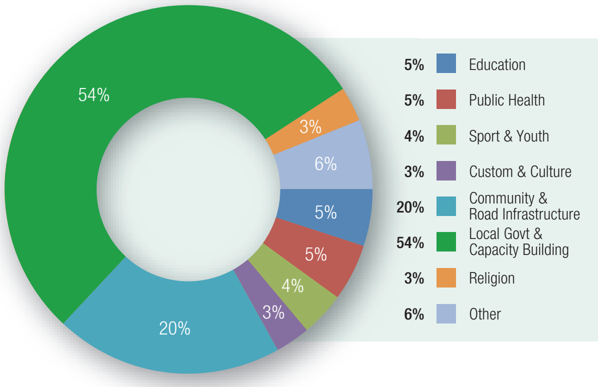
Community contributions are aimed mainly at education, health and water supply but the approach has been to follow the United Nations Millennium Project goals. Direct contributions were made to local student scholarships, local conference facilities, health care emergency van, water supplies and home reconstruction after the ravages of summer storms. More was spent on community contributions due to increased profitability at the mine.

In 2010, the focus was as follows:

Community Contributions

	2010 $	2009 $
Education	**39,194**	27,824
Public Health	**41,331**	40,592
Sport & Youth	**34,971**	26,245
Custom & Culture	**26,608**	12,379
Community & Road Infrastructure	**167,703**	12,659
Local Govt & Capacity Building	**460,811**	0
Religion	**28,968**	7,322
Other	**53,856**	24,535
Total	853,442	151,556

Community Development Expenditure 2009/2010



Our community

Business development

Local community development initiatives include assisting new businesses develop with either seed capital or low interest loans, together with guidance for establishing a local business.

"Thep Nimit", was established in 2010, along these guidelines, and is selling drinking water from Khao Din village, Phichit Province, 3km from Chatree. After detailed Food and Drug Administration certification, this business is now underway and expanding.

Our community

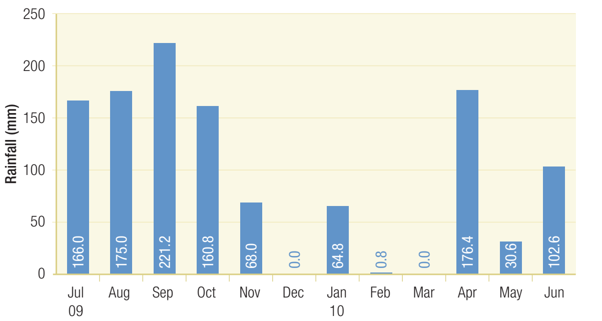
Philanthropy

The onset of the wet season in May each year can be accompanied by severe storms and lightning strikes. Direct aid was provided to assist in repairs and renovations to damaged houses in two nearby villages. Survival kits were provided for immediate assistance as well as volunteers from the mine employees to assist in reconstruction.

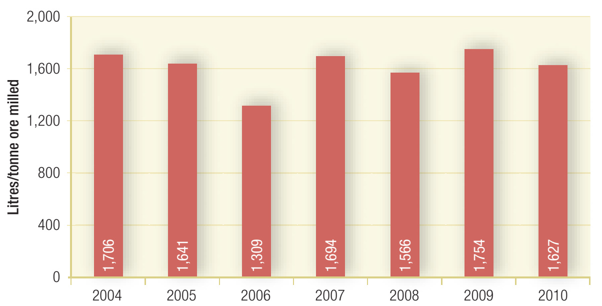
Water Usage

	2010	2009	2008	2007	2006	2005	2004
Throughput ('000 tonnes)	2,705	1,878	2,474	2,405	2,000	1,829	1,671
Water use ('000 litres)	4,400,000	3,294,000	3,873,000	4,075,000	2,619,000	3,003,000	2,851,000
Litres/tonne of ore milled	1,627	1,754	1,566	1,694	1,309	1,641	1,706

Rainfall at Chatree 2009/2010



Water Efficiency



Water Quality, Water Efficiency and Dust Control

Water storage improved with more pits used to capture wet season runoff for use by the mine and the community during the dry season. A crippling drought affected the area during 2010 and assistance was provided by drilling more water bores in various villages and direct provision of filtered drinking water to 10 villages.

No new issues have emerged relating to groundwater this year. Elevated baseline levels of manganese, sulphate and total dissolved solids were identified prior to any mining operations in the area and continue to persist. Water quality monitoring of the Tawan pit sump is still required as it is intended to be a local water source after mining operations cease, although mining may re-commence at some stage.

Water usage was at similar levels to the prior year, slightly increased due to a full year of operations from the Chatree North mining leases, and more efficient due to improvements in the processing plant. A comprehensive water balance study has been recommended now that operations are at a maximum rate.

Dust

Dust levels were well below prior years showing that new methods of controlling dust have worked. This included gravel surfacing and watering of main haul roads and improved revegetation in key areas. Dust has been a source of local complaints and the Company is focused on delivering better performance. Dust or noise levels did not exceed Thai government standards. Continuous monitoring equipment continues to suffer from equipment problems due to the electro-magnetic currents in the lateritic soil near the villages of Noengsaen and Nongraman. At this stage, new technology is required to overcome these local issues.

Rehabilitation

A planned rehabilitation trial at the tailings storage facility was deferred because the facility will be full within two years and it was deemed excessive to establish a separate trial tailings pad outside the present facility. Views differ as to whether there should be a requirement of a topsoil layer for rehabilitation. Trials are planned to grow different crops, including biodiesel crops, directly into the surface of the tailings storage facility. This will be reviewed in the future.

A new tailings storage facility is planned to be constructed in the coming year.

Vegetation monitoring on the waste rock dumps show that survival and growth rates are similar for all types of topsoil/capping which may mean a thinner cap of topsoil is sufficient for rehabilitation. 100% vegetative cover, including some tree species, grasses and low shrubs, has been achieved in the waste rock dumps and appears to reach 100% cover after two consecutive wet seasons.

Cyanide Management

The Chatree mine continues to be fully compliant with all standards of practice in the International Cyanide Management Code for Gold Mining Operations. The Code covers the life-cycle of cyanide including the source of the cyanide, safe transport, handling and storage, operations and environmental protection.

No short term overages of the 20mg/L CN_{TOT} standard were registered in 2009/10, a substantial improvement on last year's five. New equipment was installed in October 2009 which records levels of cyanide at 20 minute intervals. This has provided advance warning of any potential issues and has aided the avoidance of any overages.

The above demonstrates that high levels of cyanide destruction are being achieved and that the levels of cyanide being discharged to the tailings storage facility represent no hazard to any component of the environment.

Environmental Incidents

During the year, there were no reportable environmental incidents; only 19 minor ones were recorded, of which 17 were small oil spills from mobile equipment.

Climate Change

Thailand is a signatory to the Kyoto Protocol, part of the United Nations Framework Convention on Climate Change. Industries in Thailand with the most capacity to reduce emissions and develop clean technologies include mining.

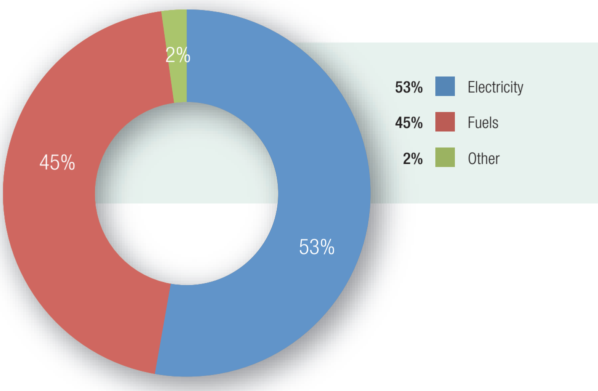
Environmental Incidents

Category	Definition	2010	2009	2008	2007	2006	2005	2004
Level 1	Low severity (includes oil spills less than 10 litres)	19	16	4	20	15	2	2
Level 2	Minor severity (one-off occurrence)	0	0	0	0	0	0	0
Level 3	Minor severity (repeated occurrence)	0	0	0	0	0	0	0
Level 4	Medium occurrence (effects can be reversed)	0	0	0	0	0	0	0
Level 5	High severity (non-reversible, serious impact)	0	0	0	0	0	0	0

CO_2 Emissions

Electricity usage is the main focus for Chatree to reduce CO_2 emissions. Electricity accounts for 53% of overall emissions with fuel, such as petrol and diesel, accounting for a further 45%.

Source of CO_2 Emissions



The rise in total emissions from last year is mainly due to the increased rate of production from a full year of operations in the Chatree North mining leases with a larger mobile mining fleet mining twice as many tonnes as the prior year but will now stabilise and reduce slightly under the continuing Energy Reduction Program. Larger mining equipment has delivered reduced CO_2 emissions per 1000 tonnes of ore mined.

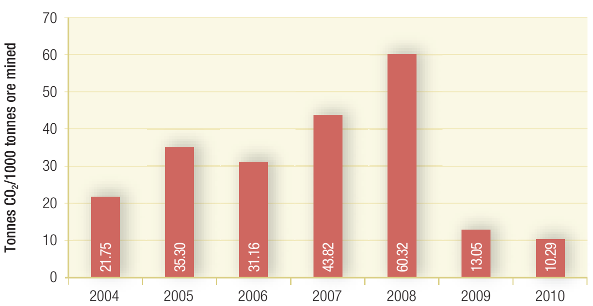
Energy Reduction Program

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

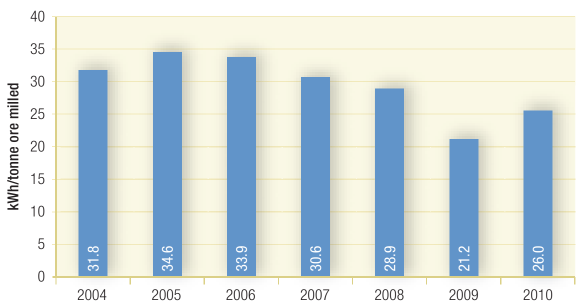
Environmental Audit

A comprehensive and independent environmental audit was conducted during 2009/10 by Environ Australia Pty Ltd. This was the eighth annual audit conducted by Environ and the targets in this sustainability report reflect recommendations contained in the audit.

CO_2 Efficiency (Tonnes CO_2 /1000 tonnes ore mined)



Electricity Use (kWh) per tonne of ore milled



CO_2 Emissions

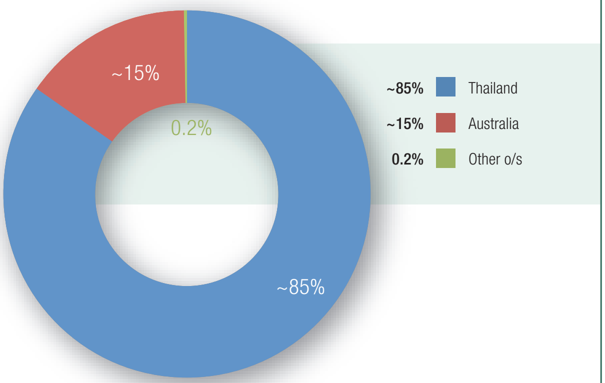
	2010	2009	2008	2007	2006	2005	2004
From electricity use (tonnes)	35,980	30,359	44,198	45,516	35,899	33,493	18,118
From mobile equipment (tonnes)	30,459	18,848	13,709	20,089	23,697	19,041	13,158
From LPG (tonnes)	436	866	833	873	849	786	856
From explosives (tonnes)	883	492	197	259	340	373	184
Total (tonnes)	67,758	50,565	58,937	66,737	60,785	53,693	32,316
Ore mined ('000 tonnes)	6,583	3,874	977	1,523	1,951	1,521	1,946
CO_2 (tonnes) per 1000 tonne ore mined	10.29	13.05	60.32	43.82	31.16	35.30	21.75

SUPPLIERS AND BUYERS

A$134 million, or 85% of all purchases, is spent directly in Thailand.

94% of warehouse items are sourced from Thailand, which excludes the new expansion equipment. This demonstrates our continued focus on local capacity building. Local sourcing also helps to reduce our overall carbon footprint.

Source of Goods and Services



Support for contractors

Nucharee Brown is the Managing Director of the Thai mining contractor, Lotus Hall, which has provided services to the mine since inception. Akara guided Lotus Hall initially with positive examples of mining contracting in other countries and also on best practice health and safety standards which were then adopted. Recently, Akara urged Lotus Hall to consider training women to drive the trucks which haul ore and waste from the mine. After some initial scepticism, the improved performance, efficiency and lower maintenance has meant that Lotus Hall has expanded the number of female drivers.

Khun Nucharee has been awarded **"Business Woman of the Year - Phichit Province"** by the Phichit Governor in March 2010 and the same award in Lampang Province.

GOVERNMENT

Royalties and Taxes

The total royalties paid to the Thai authorities during the year was in excess of A$12.9 million.

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

The royalty rose to US$78 per ounce, up from US$60 last year and US$40/ounce the year before, due to the nature of the Thai royalty regime which is an incremental royalty rate based on the Baht denominated gold price.

Certification

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

Chatree management systems are certified to ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 standards for quality, environment and occupational health and safety. The Company laboratory is certified to ISO 17025 for fire assaying and bullion assaying.

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

INVESTORS

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

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

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

Corporate Governance Statement

Corporate Governance Practices

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

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

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

Roles and Responsibilities of the Board

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

The Board is responsible for:

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

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

In carrying out its duties the Board meets formally at least nine times per year. Additional meetings are held to address specific issues or are held as the need arises. Directors also participate in meetings of various Board committees. In the financial year ending 30 June 2010, the Board met 13 times and there were 5 Committee meetings.

Composition of the Board

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

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

During the 2010 financial year there were five Directors, currently there are four (John Falconer resigned on 26 August 2009). Details of the Directors who held office during the 2010 financial year, including their qualifications, experience and the period for which each Director has held office are set out on page 40 of this Report.

At each Annual General Meeting of the Company, one third of the Directors (or the number nearest one-third) must retire from office. In addition any other Director who has held office (without re-election) for 3 years or more must also retire from office. The Directors to retire at any Annual General Meeting must be those who have been in office the longest since their last election. The retirement of Directors who were elected on the same day, must be determined by lot (unless they agree otherwise between themselves). A retiring Director is eligible for re-election.

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

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

Director Independence

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

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

For the 2010 financial year, four of the Company's five Directors (including the Non-Executive Chairman) were considered by the Board to be independent throughout the year. Those Directors were Mr Ross Smyth-Kirk, Mr John Falconer (prior to his resignation), Mr Peter McAleer and Mr Craig Carracher.

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

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

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

Appointment of Directors

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

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

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

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

Performance Review of the Board and Senior Executives

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

Performance evaluations of the Board, its committees, the individual Directors and key executives were undertaken in the 2010 financial year in accordance with the above processes.

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

Independent Professional Advice

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

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

Board Committees

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

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

Each committee operates under its own charter.

Audit Committee

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

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

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

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

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

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

The Audit Committee met twice during the 2010 financial year.

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

Auditor Independence and Engagement

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

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

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

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

PricewaterhouseCoopers was appointed as external auditor of the Company for the 2010 financial year.

Risk Oversight and Management

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

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

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

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

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

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

Remuneration Committee

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

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

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

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

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

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

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

The Remuneration Committee met once during the 2010 financial year.

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

Nomination Committee

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

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

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

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

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

The Nomination Committee met twice during the 2010 financial year.

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

Ethical Standards and Code of Conduct

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

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

The core values of the Code of Conduct are:

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

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

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

Share Trading Policy

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

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

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

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

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

Communication with Shareholders and Continuous Disclosure

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

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

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

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

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

Annual General Meeting

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

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

Corporate Governance Disclosure

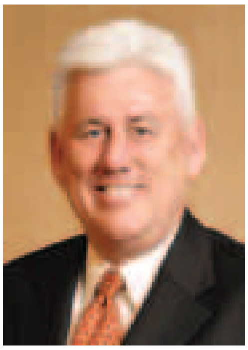
The Company's governance policies and procedures comply in all substantial respects with the Australian Stock Exchange Corporate Governance Principles and Recommendations (Second Edition Corporate Guidelines, August 2007). The following table compares the ASX Recommendations and the Company's corporate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

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

Annual Report 2010

Senior Management

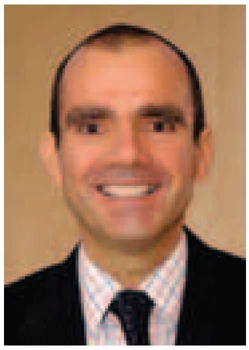
Gavin Thomas



Peter Warren

Philip MacIntyre

Pakorn Sukhum



Ronald James

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

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

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

Gavin Thomas has had a successful career in developing mining companies from the exploration phase into mid-tier gold and/or copper production entities. He has over 39 years of international experience in exploring for, evaluating, developing, operating and reclaiming mines in North and South America, Australia, the Southwest Pacific, Asia and Europe. Amongst Gavin's credits is the discovery of "Lihir" in Papua New Guinea, one of the largest gold deposits in the world. In particular, he has extensive experience in Thailand and South America.

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

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

Peter Warren joined Kingsgate in March 2006 as Chief Financial Officer and is a CPA of over 31 years standing, with an extensive involvement in the resources industry. Prior to Kingsgate, he was Company Secretary and Chief Financial Officer of Equatorial Mining Limited and of the Australian subsidiaries of the Swiss based Alusuisse Group and has held various financial and accounting positions for Peabody Resources and Hamersley Iron.

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

Phil MacIntyre joined Kingsgate as the General Manager of Chatree Gold Mine in July 2001. He has a metallurgical and management background with over 31 years of mine operations experience in Canada, Papua New Guinea, Australia and Thailand. Previously, Phil was Mine General Manager at the Kidston Gold Mine in Queensland Australia and, before that, Mill Superintendent at the Porgera Joint Venture in Papua New Guinea, at the Royal Oak Giant Mine, at Westmin Resources' Myra Falls Mine and at the Premier Gold Project and other projects in Canada.

Pakorn Sukhum BSc (Hons) University of London UK, MBA Sasin Graduate Institute of Business Administration Thailand
Chief Executive Officer, Akara Mining Limited

Pakorn Sukhum joined the Management Team of Akara Mining as Chief Executive Officer at the end of 2009. He brings to Akara over 21 years of industrial commercial managerial experience in various industries such as Metallurgy, Chemicals and Ceramics in international and domestic markets of Thailand, having held senior management positions in both Thai and Multinational joint venture companies such as Basell Poyolefins, Bayer AG as well as Padeang Industry of Thailand. His major contributions and responsibilities have ranged from project management, commercial marketing and sales to business development.

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

Ron James has 26 years of experience in exploration and mining at management level inclusive of setting up gold mines and exploration projects from their earliest stages through to development and sustainability. Before joining Kingsgate, he was Chief Mine Geologist at the Gold Ridge mine in the Solomon Islands and later Group Exploration Manager for Ross Mining NL. Ron is familiar with the technical and operating requirements for emerging projects in a variety of terrains and environments and has a strong focus on maximising returns from ore bodies through optimum waste and ore classification as well as increasing reserves from near-mine resource development.

Directors' Report

Your Directors present their report on the Group consisting of Kingsgate Consolidated Limited and the entities it controlled at the end of, or during, the year ended 30 June 2010.

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 *Chairman*
- Peter McAleer *Non-executive director*
- Craig Carracher *Non-executive director*
- Gavin Thomas *Executive director*

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:

	Consolidated	
	2010 $'000	2009 $'000
Final dividend declared for the year ended 30 June 2009 of 15 cents per fully paid share payable on 23 September 2009	14,434	–
Interim dividend declared for the year ended 30 June 2010 of 15 cents per fully paid share payable on 16 March 2010	14,648	–
Total dividends paid	29,082	–

Review of operations and results

The following table shows the Group's performance over the last 5 years. The profit for 2010 was a result of the first full fiscal year of production since the Chatree North Mining Leases were granted in late 2008. The Chatree Mine operated by the Company's Thai subsidiary, Akara Mining Limited, mined 6.6 million tonnes of gold bearing ore and treated 2.7 million tonnes of gold bearing ore during the year which produced 132,628 ounces of gold and 549,522 ounces of silver. The Group continues to have a major commitment to exploration within Thailand.

	2010	2009	2008	2007	2006
Net Profit / (Loss) After Tax ($'000)	**73,066**	32,522	36,197	(12,590)	16,662
Dividends Paid (Cash & DRP) ($'000)	**29,082**	–	–	4,513	8,669
Share Price 30 June ($)	**9.47**	6.70	5.23	5.55	5.14
Basic Earnings Per Share (Cents)	**75.2**	34.9	51.7	(17.3)	19.3
Diluted Earnings Per Share (Cents)	**74.5**	34.9	51.5	(17.3)	19.3

During the year 541,571 shares were issued under the Group's dividend reinvestment plan contributing $4.5 million of equity. In addition, 3,317,820 options were exercised at various prices for $22.2 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

During July and August 2010, 738,333 employee options were exercised raising $3.2 million.

In July 2010, the Group exercised an option to call the preference shares held by Sinphum Co., Ltd., the Thai preference shareholder in Akara Mining Limited pursuant to the shareholders' agreement between the Group and Sinphum Co., Ltd. This transaction will facilitate the process for the initial public offering of Akara Mining Limited on the Stock Exchange of Thailand ("IPO") (see more details over page). In compliance with the shareholders' agreement, Sinphum Co., Ltd. will receive a premium of Baht 43 million ($1.5 million) in excess of the par value of the preference shares being Baht 265 million ($9.5 million). As of the date of this report, Sinphum Co., Ltd. has not complied with the notice to call the preference shares. The Group is in discussion with Sinphum Co., Ltd. with regard to Sinphum Co., Ltd. meeting its obligations under the shareholders' agreement and any delay to Sinphum Co., Ltd. meeting its obligations may impact the timing of any decision by the Group to implement the IPO.

Akara Mining Limited signed a construction contract for the Chatree North gold processing plant with the global diversified engineering and project management group, Ausenco Limited, on 13 August 2010.

Akara Mining Limited signed a 5 year mining contract (based on the current mine plan) with Lotus Hall Mining on 19 August 2010.

A dividend of 20 cents per share was declared on 27 August 2010 with respect to the year end 30 June 2010. The record date is 10 September 2010 and the dividend will be paid on 24 September 2010.

No other matter or circumstance has arisen since 30 June 2010 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 Group is considering an IPO of 51% of Akara Mining Limited on the Stock Exchange of Thailand as part of an overall strategy to diversify the Group as a one mine one country entity. In conjunction with a decision to implement the IPO, the Group is reviewing possible mergers and acquisitions at all levels of the development pipeline within the gold resources sector.

Other developments of the Group in the subsequent financial year include the expansion of the treatment plant to a nominal capacity of 5 million tonnes per annum, continuation of the expanded exploration program 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 2010, 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 2009 to 30 June 2010)

	Appointed	Independent	Board	Audit Committee	Nomination Committee	Remuneration Committee
Meetings Held:			13	2	2	1
Meetings Attended:						
Ross Smyth-Kirk	1994	Yes	13	2	2	1
John Falconer **	1995	Yes	5	1	–	–
Peter McAleer	2000	Yes	13	2	2	1
Craig Carracher	2007	Yes	13	2	2	1
Gavin Thomas	2007	No	13	2	2	1

** *Resigned 27 August 2009*

During the financial year, thirteen Board meetings, two Audit Committee meetings, two Nomination Committee meetings and one Remuneration Committee meeting 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 63*

Chairman

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 30 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.

Peter McAleer *B Com (Hons), B L (Kings Inn – Dublin, Ireland), Age 67*

Non-executive director

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*

Non-executive director

Craig Carracher brings considerable relevant Thai experience having been managing partner of an international law firm based in Thailand for many years. Mr Carracher has held numerous directorships of listed and private groups throughout Asia and was previously Group General Counsel with Consolidated Press Holdings Limited, Special Advisor to the Chairman of the Australian Securities and Investment Commission and Associate to the former Chief Justice of the Supreme Court of New South Wales. Mr Carracher is Managing Director of Telopea Capital Partners, an Asia focused private equity and advisory group with offices in Sydney, Beijing and Hong Kong. Mr Carracher is also a non-executive director of the ASX listed Sunland Group Limited.

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

Gavin Thomas *BSc FAusIMM, Age 59*

Managing Director

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 39 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.

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 18 years.

Responsibilities: Chief Financial Officer.

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 program that is market competitive and complimentary to the reward strategy of the organisation.

The program 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 program 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 incentives

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 page 36) 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.

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

- Genesio Circosta – Country Exploration Manager, Thailand.

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

2010	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	–	2,120	14,400	–	–	176,520
John Falconer**	25,000	–	–	2,250	–	–	27,250
Peter McAleer*	100,000	–	–	–	–	–	100,000
Craig Carracher	100,000	–	–	10,800	–	–	110,800
Sub-total non-executive directors compensation	**385,000**	**–**	**2,120**	**27,450**	**–**	**–**	**414,570**
Executive director							
Gavin Thomas	850,000	–	36,855	50,000	–	–	936,855
Other key management personnel							
Peter Warren^ #	435,000	–	8,277	49,863	–	34,246	527,386
Phil MacIntyre^	675,171	–	11,672	–	–	50,861	737,704
Stephen Promnitz^ #	375,000	–	–	25,000	–	–	400,000
Ron James^ #	551,200	–	–	–	–	27,126	578,326
Sub-total executive director and other key management personnel compensation	**2,886,371**	**–**	**56,804**	**124,863**	**–**	**112,233**	**3,180,271**
Other group executives							
Genesio Circosta^	341,920	–	1,847	–	–	–	343,767
Sub-total other group executives compensation	**341,920**	**–**	**1,847**	**–**	**–**	**–**	**343,767**
Total	**3,613,291**	**–**	**60,771**	**152,313**	**–**	**112,233**	**3,938,608**

* *Consulting fees of $100,000 (2009: $100,000) 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 3 highest paid executives of the Company, as required to be disclosed under the Corporations Act 2001.

** *Resigned 27 August 2009.*

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 compensation	**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
Sub-total executive director and other key management personnel compensation	**2,595,292**	**763,634**	**58,431**	**239,865**	**–**	**304,449**	**3,961,671**
Total	**3,055,292**	**763,634**	**62,721**	**263,265**	**–**	**(915,551)**	**3,229,361**

* *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 4 highest paid executives of the Group, as required to be disclosed under the Corporations Act 2001.*
# *Denotes one of the 3 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.*

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 / Managing Director

› Term of agreement – 3 years commencing on 1 July 2008.
› Base salary, inclusive of superannuation, as at 30 June 2010 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 2010 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 2010 of Canadian $408,660 net of applicable tax to be reviewed annually by the Remuneration Committee.
› Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to 6 months base salary plus one month base salary for each completed year of service.

Stephen Promnitz – Corporate Development Manager

- Term of agreement – No fixed term.
- Base salary, inclusive of superannuation, as at 30 June 2010 of $400,000 to be reviewed annually by the Remuneration Committee.
- No termination or bonus payments.

Ron James – General Manager, Exploration and Resource Development

- Term of agreement – 3 years commencing on 1 July 2008.
- Base salary as at 30 June 2010 of $120,000 plus $2,000 per day for each day or part thereof worked in excess of 5 days in any calendar month.

Genesio Circosta – Country Exploration Manager, Thailand

- Term of agreement – 3 years commencing on 7 July 2009.
- The Company has the discretion to extend the contract for a further 12 months beyond the 3 years.
- Base salary, as at 30 June 2010 of $245,000 net of applicable tax to be reviewed annually by the Remuneration Committee.
- No termination or bonus payments.

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
08 July 2005	01 April 2010	$2.69	$0.36	100% on 07 July 2005
08 July 2005	01 July 2010	$4.00	$0.39 $0.43 $0.47	36% on 01 July 2006 36% on 01 July 2007 28% on 01 July 2008
08 July 2005	01 July 2010	$5.00	$0.25 $0.29 $0.33	36% on 01 July 2006 36% on 01 July 2007 28% on 01 July 2008
08 July 2005	01 July 2010	$6.00	$0.17 $0.21 $0.24	36% on 01 July 2006 36% on 01 July 2007 28% on 01 July 2008
08 July 2005	01 July 2010	$7.00	$0.11 $0.15 $0.18	36% on 01 July 2006 36% on 01 July 2007 28% on 01 July 2008
13 October 2005	26 October 2010	$3.00	$1.52	100% on 26 October 2005
13 October 2005	26 October 2010	$4.00	$1.15 $1.24	50% on 01 November 2006 50% on 01 November 2007
13 October 2005	26 October 2010	$5.00	$0.85 $0.94	50% on 01 November 2006 50% on 01 November 2007
13 October 2005	26 October 2010	$6.00	$0.63 $0.72	50% on 01 November 2006 50% on 01 November 2007
13 October 2005	01 August 2010	$3.25	$1.44 $1.51 $1.58	50% on 01 August 2006 25% on 01 August 2007 25% on 01 August 2008
13 October 2005	01 August 2010	$4.00	$1.12 $1.21 $1.29	50% on 01 August 2006 25% on 01 August 2007 25% on 01 August 2008
13 October 2005	01 August 2010	$5.00	$0.80 $0.90 $0.99	50% on 01 August 2006 25% on 01 August 2007 25% on 01 August 2008

Continued on following page

Grant date	Expiry date	Exercise price	Value per option at grant date	Date vested and exercisable
13 October 2005	01 August 2010	$6.00	$0.58 $0.68 $0.77	50% on 01 August 2006 25% on 01 August 2007 25% on 01 August 2008
13 October 2005	01 August 2010	$7.00	$0.43 $0.52 $0.61	50% on 01 August 2006 25% on 01 August 2007 25% on 01 August 2008
07 July 2006	01 July 2011	$5.50	$1.60 $1.73 $1.84	33% on 01 July 2007 33% on 01 July 2008 34% on 01 July 2009
07 July 2006	01 July 2011	$6.00	$1.46 $1.59 $1.71	33% on 01 July 2007 33% on 01 July 2008 34% on 01 July 2009
07 July 2006	01 July 2011	$7.00	$1.22 $1.36 $1.48	33% on 01 July 2007 33% on 01 July 2008 34% on 01 July 2009
07 July 2006	01 July 2011	$8.00	$1.22 $1.36 $1.48	33% on 01 July 2007 33% on 01 July 2008 34% on 01 July 2009
04 April 2008	03 April 2013	$6.00	$1.21 $1.36 $1.50	33% on 03 April 2009 33% on 03 April 2010 34% on 03 April 2011
04 April 2008	03 April 2013	$6.00	$0.37	100% on 21 November 2008
04 April 2008	03 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	Value of options at grant date	Number of options vested during the year	Number of options lapsed during the year	Value at lapse date
Directors of Kingsgate Consolidated Limited					
Ross Smyth-Kirk	–	–	–	–	–
John Falconer **	–	–	–	–	–
Peter McAleer	–	–	–	–	–
Craig Carracher	–	–	–	–	–
Gavin Thomas	–	–	–	–	–
Key management personnel of the Group					
Peter Warren	–	–	166,999	–	–
Phil MacIntyre	–	–	50,000	–	–
Stephen Promnitz	–	–	–	–	–
Ron James	–	–	26,667	–	–

** Resigned 27 August 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	Date of exercise of options	Number of ordinary shares issued on exercise of options during the year	Intrinsic value at exercise date* $
Directors of Kingsgate Consolidated Limited			
Craig Carracher	04 March 2010	100,000	314,000
Gavin Thomas	25 February 2010	60,000	360,600
	30 June 2010	2,000,000	6,440,000
Key management personnel of the Group			
Peter Warren	13 November 2009	100,000	364,000
	17 November 2009	100,000	258,000
	19 November 2009	150,000	258,000
Phil MacIntyre	23 November 2009	100,000	445,000
	25 February 2010	50,000	135,000
Stephen Promnitz	24 November 2009	225,000	730,000
Ron James	01 October 2009	60,000	163,200

* The value at the exercise date of options that were granted as part of remuneration and were exercised during the year, has been determined as the intrinsic value being the difference between the fair value of shares and the price that a counterparty is required to pay for those shares.

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 42 to 47, 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 and will not exceed $6.00 for options issued in April 2008.

Name	Cash Bonus Paid %	Cash Bonus Forfeited %	Options Year granted	Options Vested %	Options Forfeited %	Options Financial years in which the options may vest	Options Maximum total value of grant yet to vest $
Gavin Thomas	–	–	2006	100	–	–	–
Peter Warren	–	–	2007	100	–	–	–
			2008	67	–	2009	–
					–	2010	–
					–	2011	201,996
Phil MacIntyre	–	–	2006	100	–	–	–
			2008	67	–	2009	–
					–	2010	–
					–	2011	300,000
Stephen Promnitz	–	–	2006	100	–	–	–
Ron James	–	–	2006	100	–	–	–
			2008	67	–	2009	–
					–	2010	–
					–	2011	159,996

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	–	624,400	411,000	–
Peter Warren	6.5	720,190	499,666	–
Phil MacIntyre	6.9	358,000	139,000	–
Stephen Promnitz	–	311,250	127,438	–
Ron James	4.7	191,483	47,100	–

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
08 July 2005	500,000	$4.00 expiring 01 July 2010
13 October 2005	25,000	$3.25 expiring 01 August 2010
13 October 2005	50,000	$4.00 expiring 01 August 2010
13 October 2005	100,000	$5.00 expiring 01 August 2010
07 July 2006	50,000	$6.00 expiring 01 July 2011
04 April 2008	179,180	$4.68 expiring 01 April 2013
04 April 2008	1,126,334	$6.00 expiring 01 April 2013
04 April 2008	500,000	$7.00 expiring 01 April 2013

Shares issued on the exercise of options

In 2010:

- 60,000 options were exercised at $2.69;
- 154,820 options were exercised at $4.68;
- 580,000 options were exercised at $5.00;
- 50,000 options were exercised at $5.50;
- 1,098,000 options were exercised at $6.00;
- 1,225,000 options were exercised at $7.00; and
- 150,000 options were exercised at $8.00.

This resulted in the issue of 3,317,820 fully paid ordinary shares being 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	4,520,176	400,000
John Falconer **	198,346	200,000
Peter McAleer	100,000	200,000
Craig Carracher	100,000	100,000
Gavin Thomas	2,763,721	500,000
Other key management personnel of the Group		
Peter Warren	-	151,000
Phil MacIntyre	150,000	100,000
Stephen Promnitz	-	175,000
Ron James	-	80,000

** Resigned 27 August 2009

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:

	Consolidated	
REMUNERATION OF AUDITORS	**2010** $	**2009** $
(a) Audit services		
PricewaterhouseCoopers Australian Firm		
Audit and review of the financial reports	**356,350**	351,500
Related Parties of PricewaterhouseCoopers Australian Firm		
Audit and review of the financial reports	**214,120**	122,159
Total remuneration for audit services	**570,470**	473,659
(b) Non-audit services		
PricewaterhouseCoopers Australian Firm		
IPO related services	**45,000**	33,000
Other services	**46,000**	18,000
Related Parties of PricewaterhouseCoopers Australian Firm		
IPO related services	**101,962**	112,906
Other services	**6,118**	70,034
Total remuneration for non-audit related services	**199,080**	233,940
(c) Taxation services		
PricewaterhouseCoopers Australian Firm		
Tax compliance services	**75,740**	153,600
Related Parties of PricewaterhouseCoopers Australian Firm		
Tax compliance services	**83,949**	18,787
Total remuneration for tax related services	**159,689**	172,387

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 52.

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

27 August 2010

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Financial Statements

Auditor's Independence Declaration

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Auditor's Independence Declaration

As lead auditor for the audit of Kingsgate Consolidated Limited for the year ended 30 June 2010, I declare that to the best of 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
27 August 2010

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Statements of Comprehensive Income

for the year ended 30 June 2010

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000
Revenue from continuing operations	3	**176,098**	114,092
Other income	4	**–**	2,432
Changes in inventories of finished goods and work in progress		**27,851**	20,306
Direct costs of mining and processing		**(82,212)**	(69,739)
Employee benefits expense		**(11,820)**	(11,647)
Depreciation and amortisation expenses	5	**(14,004)**	(11,575)
Finance costs	5	**(1,823)**	(1,698)
Exploration expensed		**(385)**	(294)
Foreign exchange losses	5	**(2,507)**	-
Other expenses from ordinary activities	5	**(8,847)**	(8,820)
Profit / (loss) before income tax		**82,351**	33,057
Income tax benefit / (expense)	6	**(9,285)**	(535)
Profit / (loss) after income tax		**73,066**	32,522
Other comprehensive income			
Exchange differences on translation of foreign operations		**1,634**	15,911
Total other comprehensive income for the year, net of tax		**1,634**	15,911
Total comprehensive income for the year		**74,700**	48,433
		Cents	**Cents**
Basic earnings per share	33	**75.2**	34.9
Diluted earnings per share	33	**74.5**	34.9

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

Statements of Financial Position

as at 30 June 2010

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7	49,098	29,680
Receivables	8	13,844	9,155
Inventories	9	11,744	10,521
Other assets	10	28,615	8,172
Total current assets		103,301	57,528
Non-current assets			
Inventories	9	37,552	9,393
Exploration, mine property, plant and equipment	12	221,516	199,700
Deferred tax assets	13	3,732	4,462
Available-for-sale financial assets	11	1,071	–
Other assets	10	1,903	3,890
Total non-current assets		265,774	217,445
TOTAL ASSETS		369,075	274,973
LIABILITIES			
Current liabilities			
Payables	15	15,055	13,665
Provisions	16	1,003	1,448
Current tax liabilities	17	3,225	–
Borrowings	14	10,982	2,103
Total current liabilities		30,265	17,216
Non-current liabilities			
Provisions	16	11,157	7,162
Payables	15	5,909	–
Borrowings	14	82	41
Deferred tax liabilities	18	5,619	5,514
Total non-current liabilities		22,767	12,717
TOTAL LIABILITIES		53,032	29,933
NET ASSETS		316,043	245,040
EQUITY			
Parent entity interest			
Contributed equity	19	156,068	129,300
Reserves	20	4,008	4,579
Retained profits	20	155,967	111,161
TOTAL EQUITY		316,043	245,040

The above statement of financial position should be read in conjunction with the accompanying notes.

Statements of Changes in Equity

for the year ended 30 June 2010

		Attributable to owners of Kingsgate Consolidated Limited			
CONSOLIDATED	Notes	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2008		111,576	(9,202)	78,639	**181,013**
Total comprehensive income 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)**
Dividends provided for or paid		–	–	–	**–**
Movement in share option reserve		–	(1,903)	–	**(1,903)**
Total transactions with owners		17,724	(2,130)	–	**15,594**
Balance at 30 June 2009		129,300	4,579	111,161	**245,040**
Balance at 1 July 2009		129,300	4,579	111,161	**245,040**
Total comprehensive income for the year		–	1,634	73,066	**74,700**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	19	26,768	–	–	**26,768**
General reserve		–	(822)	822	**–**
Dividends provided for or paid		–	–	(29,082)	**(29,082)**
Movement in share option reserve	20	–	(1,383)	–	**(1,383)**
Total transactions with owners		26,768	(2,205)	(28,260)	**(3,697)**
Balance at 30 June 2010		**156,068**	**4,008**	**155,967**	**316,043**

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

Statements of Cash Flow

for the year ended 30 June 2010

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000
Cash flows from operating activities			
Receipts from customers		**172,083**	113,015
Payments to suppliers and employees		**(119,392)**	(87,602)
Interest received		**321**	998
Finance costs paid		**(1,319)**	(1,286)
Income tax paid		**(5,225)**	(7,067)
Net cash inflow / (outflow) from operating activities	26	**46,468**	18,058
Cash flows from investing activities			
Payments for exploration and evaluation		**(2,355)**	(5,983)
Payments for mine properties, plant, equipment and land		**(28,840)**	(42,198)
Payments for available-for-sale financial assets		**(1,071)**	–
Net cash inflow / (outflow) from investing activities		**(32,266)**	(48,181)
Cash flows from financing activities			
Proceeds from borrowings, net of transaction costs		**–**	17,000
Repayment of borrowings		**–**	(17,000)
Proceeds from borrowings – preference shares		**8,643**	–
Proceeds from the issue of shares		**20,423**	15,774
Dividends paid		**(24,585)**	–
Net cash inflow / (outflow) from financing activities		**4,481**	15,774
Net increase / (decrease) in cash held		**18,683**	(14,349)
Cash at the beginning of the financial year		**29,680**	40,226
Effects of exchange rate changes on cash and cash equivalents		**735**	545
Reclassification of other deposits		**–**	3,258
Cash at the end of the reporting period		**49,098**	29,680

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

Notes to the Financial Statements

for the year ended 30 June 2010

The Financial Report of Kingsgate Consolidated Limited for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of Directors on 26 August 2010.

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 statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity of Kingsgate Consolidated Limited and its subsidiaries.

(a) Basis of preparation

This general purpose financial statements have 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 statements 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.

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.

Financial statement presentation

The Group has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the Group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

(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 2010 and the results of all subsidiaries for the year then ended. Kingsgate Consolidated Limited and its subsidiaries together are referred to in the financial statements 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) Operating segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

Change in accounting policy

The Group has applied AASB 8 Operating Segments from 1 July 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Previously, operating segments were determined and presented in accordance with AASB 114 Segment Reporting that required an entity to identify two sets of segments (geographical and business), using a risk and rewards approach, with the entity's system of internal reporting only the starting point of such segments.

As a result, following the adoption of AASB 8, the identification of the Group's reportable segments has changed to be in a manner consistent with the internal reporting provided to the chief operating decision maker. Comparative segment information has been re-presented in conformity with the transitional requirements of AASB 8. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

(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 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 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 period 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 is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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. 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. 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 acquisition method of accounting is used to account for all purchase combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests of the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition related costs are expensed as incurred.

Change in accounting policy

A revised AASB 3 Business Combinations became operative on 1 July 2009. While the revised standard continues to apply the acquisition method to business combinations, there have been some significant changes.

All purchase consideration is now recorded at fair value at the acquisition date.

Acquisition related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition.

As the changes were implemented prospectively from 1 July 2009, there was no effect on the Group's accounting.

(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 in 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 whether 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, and truck counts.

(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.

(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 an 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

The estimated costs of decommissioning and removing an asset and restoring the site are included in the cost of the asset as at the date the obligation first arises and to the extent that it is first recognised as a provision. This restoration asset is subsequently amortised on a unit-of-production basis.

The corresponding provision, of an amount equivalent to the restoration asset created, is reviewed at the end of each reporting period. The provision is measured at the best estimate of the present value amount required to settle the present obligation at the end of the reporting period based on current legal and other requirements and technology, discounted where material using national government bond rates at the balance sheet date with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Where there is a change in the expected restoration, rehabilitation or decommissioning costs, an adjustment is recorded against the carrying value of the provision and any related restoration asset, and the effects are recognised in the statement of comprehensive income on a prospective basis over the remaining life of the operation.

The unwinding of the effect of discounting on the restoration provision is included within finance costs in the income statement.

(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 provisions for employee benefits 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. 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 2010 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 2009-8 *Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions [AASB 2]* (effective from 1 January 2010)

The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a group share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the Group settles the transaction or whether the transaction is settled in shares or cash. They also clarify how the group share-based payment arrangement should be measured, that is, whether it is measured as an equity- or a cash-settled transaction. The Group will apply these amendments retrospectively for the financial reporting period commencing on 1 July 2010. There will be no impact on the Group's financial statements.

AASB 2009-10 *Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]* (effective from 1 February 2010)

In October 2009 the AASB issued an amendment to AASB 132 *Financial Instruments: Presentation* which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The Group will apply the amended standard from 1 July 2010. As the Group has not made any such rights issues, the amendment will not have any effect on the Group's financial statements.

AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* (effective from 1 January 2013)

AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is yet to assess its full impact. However, initial indications are that it will not have a material impact on the Group's financial statements. The Group has not yet decided when to adopt AASB 9.

AASB Interpretation 19 *Extinguishing financial liabilities with equity instruments* and AASB 2009-13 *Amendments to Australian Accounting Standards arising from Interpretation 19* (effective from 1 July 2010)

AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. The Group will apply the interpretation from 1 July 2010. It is not expected to have any impact on the Group financial statements since it is only retrospectively applied from the beginning of the earliest period presented (1 July 2009) and the Group has not entered into any debt for equity swaps since that date.

AASB 2009-14 *Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement* (effective from 1 January 2011)

In December 2009, the AASB made an amendment to Interpretation 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme. It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. The Group does not make any such prepayments. The amendment is therefore not expected to have any impact on the Group's financial statements. The Group intends to apply the amendment from 1 July 2011.

(ac) Parent entity financial information

The financial information for the parent entity, Kingsgate Consolidated Limited, disclosed in Note 34 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries

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

(ii) 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.

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 by Kingsgate Consolidated Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Kingsgate Consolidated Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts 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.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

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.

(iii) Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

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 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 include 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 (Note 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 estimated recoverable reserve under this method. Factors that must be considered in determining estimated recoverable reserves (which includes both reserves and resources) and production capacity are the history of converting resources to reserves and the relevant time frames, anticipated mining method and costs, the complexity of metallurgy, markets, and future developments. The related carrying amounts are disclosed in Note 12.

(iv) Share-based payments

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

	Consolidated 2010 $'000	Consolidated 2009 $'000
3. REVENUE		
From continuing operations		
Sales revenue		
Gold sales	165,183	108,065
Silver sales	10,297	4,950
Total sales revenue	175,480	113,015
Other revenue		
Interest	321	826
Other revenue	297	251
Total other revenue	618	1,077
Revenue from continuing operations	176,098	114,092
4. OTHER INCOME		
Foreign exchange gains	–	2,432
Total other income	–	2,432
5. EXPENSES		
Cost of sales	94,500	81,178
Foreign exchange losses	2,507	-
Finance costs		
Interest and finance charges paid / payable	1,319	1,130
Rehabilitation provision discount adjustment	227	205
Amortisation and write-off of deferred borrowing costs	277	363
Total finance costs expensed	1,823	1,698
Write (back) / down of raw materials and stores	(83)	502
Depreciation and amortisation		
Mine properties	11,442	9,502
Mine buildings, plant and equipment	2,472	1,753
Non-mining property, plant and equipment	181	340
Depreciation capitalised	(91)	(20)
Total depreciation and amortisation	14,004	11,575
Other expenses from ordinary activities		
Rental expense relating to operating leases	266	220
Business development	1,223	1,163
Investor and community relations	1,216	698
Professional fees	2,527	2,144
Administration	3,615	4,595
Total other expenses from ordinary activities	8,847	8,820

6. INCOME TAX

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000
(a) Income tax expense			
Current tax		**12,535**	(731)
Deferred tax		**(3,250)**	1,202
Adjustment for exchange rate		**–**	64
Income tax expense / (benefit)		**9,285**	535
Deferred income tax expense / (revenue) included in income tax expense comprises:			
Decrease / (increase) in deferred tax assets	13	**(3,422)**	(754)
Increase / (decrease) in deferred tax liabilities	18	**172**	1,956
Deferred tax		**(3,250)**	1,202
(b) Numerical reconciliation of income tax expense to prima facie tax payable			
Profit / (loss) from continuing operations before income tax		**82,351**	33,057
Tax at Australian tax rate of 30%		**24,706**	9,919
Tax effect of amounts not deductible / assessable in calculating taxable income:			
Non-deductible expenses		**924**	90
Non-deductible amortisation		**1,180**	219
Non-deductible interest expense to preference shareholders		**199**	–
Share-based remuneration		**140**	(225)
Double deduction of expenses (Thailand)		**(1,351)**	–
Differences in Thailand tax rates *		**(19,332)**	(11,344)
Non-temporary differences affecting the tax expense		**(297)**	–
Temporary differences previously not recognised		**(2,748)**	–
Temporary differences not recognised for the Australian tax consolidated group		**1,313**	–
Tax benefit of tax losses not brought to account for the Australian tax consolidated group		**2,190**	2,607
Withholding tax on dividends from Thailand operations		**2,361**	–
Prior overprovision of tax		**–**	(731)
Income tax expense / (benefit)		**9,285**	535

* *A 30% tax holiday period existed until November 2009 and a 15% tax holiday period existed from December 2009 to June 2010 for selected BOI activities.*

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000
(c) Tax losses			
Unused tax losses for which no deferred tax assets has been recognised		**15,123**	7,705
Potential tax benefit at 30%		**4,537**	2,312
(d) Unrecognised temporary differences			
Temporary differences relating to the Kingsgate tax consolidated group for which no deferred tax asset has been recognised		**1,220**	–
Tax at Australian tax rate of 30%		**366**	–

6. INCOME TAX continued

No deferred tax liabilities have been recognised in respect of undistributed earnings of Akara Mining Limited which, if paid out as dividends, would be subject to a withholding tax of 10%. An assessable temporary difference exists, however no deferred tax liabilities have been recognised as the parent entity is able to control the timing of distributions from this subsidiary and it is not expected to distribute these profits in the foreseeable future.

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 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 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.

Akara Mining Limited also received on 18 June 2010 a BOI promotion for the Chatree North gold processing plant that is currently under construction.

Based on an 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 the new processing plant; and

(c) other benefits.

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.

7. CASH AND CASH EQUIVALENTS

	Consolidated 2010 $'000	Consolidated 2009 $'000
Cash on hand	**12**	12
Deposits held at call with banks	**44,156**	26,410
Cash and bank balances	**44,168**	26,422
Other deposits	**4,930**	3,258
Total cash and cash equivalents	**49,098**	29,680

Cash on hand

These are petty cash and cash amounts held by subsidiaries.

Deposits at call

The deposits at call are bearing floating interest rates between 0.10% – 5.77% (2009 – 0.15% – 7.52%) and they may be accessed daily.

Other deposits

This represents restricted cash held on deposit with 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.

	Consolidated 2010 $'000	Consolidated 2009 $'000
8. TRADE AND OTHER RECEIVABLES		
Trade receivables	3,694	–
Other debtors	10,150	9,155
Total trade and other receivables	13,844	9,155

Trade receivables

The trade receivable amount represents gold sales at the end of the financial year, where payment was yet to be received.

Other debtors

Other debtors mainly relates to VAT receivables and advances made for land acquisition.

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.

9. INVENTORIES

	Consolidated 2010 $'000	Consolidated 2009 $'000
Current		
Raw materials and stores – at cost	4,107	4,090
Provision for obsolescence	(1,731)	(1,814)
Work in progress – at cost	9,368	8,245
Total inventories – current	11,744	10,521
Non-current		
Stockpiles	37,552	9,393
Total inventories – non-current	37,552	9,393

10. OTHER ASSETS

	Consolidated 2010 $'000	Consolidated 2009 $'000
Current		
Other assets	3,124	–
Other deposits	73	1,664
Loan establishment fees	81	–
Prepayments	8,795	1,765
Prepaid mining services	9,639	4,030
Deferred stripping costs	6,903	713
Total other assets – current	28,615	8,172
Non-current		
Prepaid mining services	–	3,890
Other deposits	1,903	–
Total other assets – non-current	1,903	3,890

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Consolidated 2010 $'000	Consolidated 2009 $'000
Equity securities		
At the beginning of the financial year	–	–
Additions	1,071	–
Disposals	–	–
Revaluation	–	–
At the end of the financial year	**1,071**	–

12. EXPLORATION MINE PROPERTY, PLANT AND EQUIPMENT

	Exploration and evaluation $'000	Mine properties $'000	Mine buildings, plant and equipment $'000	Non-mining plant and equipment $'000	Total $'000
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	(19,820)	19,826	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	18,647	120,028	60,267	758	**199,700**
At 30 June 2009					
Cost	18,647	167,969	88,963	1,338	**276,917**
Accumulated depreciation and amortisation	–	(47,941)	(28,696)	(580)	**(77,217)**
Net book amount	18,647	120,028	60,267	758	**199,700**
Year ended 30 June 2010					
Opening net book amount	18,647	120,028	60,267	758	**199,700**
Additions	2,499	10,753	24,777	357	**38,386**
Reclassified	(171)	15,744	(15,573)	–	**–**
Disposals	(352)	–	(95)	(186)	**(633)**
Depreciation and amortisation expense	–	(11,442)	(2,472)	(181)	**(14,095)**
Foreign currency exchange differences	(144)	(1,203)	(480)	(15)	**(1,842)**
Closing net book amount	**20,479**	**133,880**	**66,424**	**733**	**221,516**
At 30 June 2010					
Cost	20,479	193,103	97,069	1,305	**311,956**
Accumulated depreciation and amortisation	–	(59,223)	(30,645)	(572)	**(90,440)**
Net book amount	**20,479**	**133,880**	**66,424**	**733**	**221,516**

13. DEFERRED TAX ASSETS

	Consolidated 2010 $'000	Consolidated 2009 $'000
The balance comprises temporary differences attributable to:		
Tax losses	–	5,262
Set off of deferred tax liabilities	–	(936)
Employee benefits	**828**	103
Provision for restoration and rehabilitation	**2,383**	–
Provision for obsolescence	**519**	–
Unrealised exchange loss	**2**	33
Deferred tax assets	**3,732**	4,462

	Tax losses $'000	Employee benefits $'000	Provision for restoration and rehabilitation $'000	Provision for obsolescence $'000	Unrealised exchange loss $'000	Total $'000
Movements						
At 30 June 2009	4,326	103	–	–	33	4,462
Charged to the income statement	19	683	2,260	492	(33)	3,421
Utilisation of tax losses	(4,286)	–	–	–	–	(4,286)
Foreign exchange	(59)	42	123	27	2	135
At 30 June 2010	**–**	**828**	**2,383**	**519**	**2**	**3,732**

14. BORROWINGS

	Consolidated 2010 $'000	Consolidated 2009 $'000
Secured		
Borrowings – current liabilities		
Preference shares in controlled entity	**10,982**	2,103
Total secured borrowings – current	**10,982**	2,103
Borrowings – non-current liabilities		
Preference shares in controlled entity	**82**	41
Total secured borrowings – non-current	**82**	41
Total secured liabilities		
The total secured liabilities (current and non-current) are as follows:		
Preference shares in controlled entity	**11,064**	2,144
Total secured liabilities	**11,064**	2,144

Revolving credit facilities

As at 30 June 2010, the Company had US$30,000,000 in revolving credit facilities with a financial institution. The facility was undrawn as at 30 June 2010.

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 were amortised over a 3 year period (refer Note 27 for events occurring after the reporting date). The preference shares were fully paid on 9 April 2010.

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000
15. PAYABLES			
Current			
Trade payables		4,021	6,923
Other payables and accruals		11,034	6,742
Total payables – current		15,055	13,665
Non-current			
Other payables		5,909	–
Total payables – non-current		5,909	–
16. PROVISIONS			
Current			
Employee benefits	1(w) & 25	1,003	1,448
Total provisions – current		1,003	1,448
Non-Current			
Restoration and rehabilitation	1 (v)	7,946	5,130
Employee benefits	1(w) & 25	3,211	2,032
Total provisions – non-current		11,157	7,162
Movements in provision			
Movements in the restoration and rehabilitation provision is set out below:			
Restoration and rehabilitation			
At the beginning of the financial year		5,130	3,598
Revision of rehabilitation provision		2,648	682
Provision discount adjustment		227	205
Foreign currency exchange differences		(59)	645
At the end of the financial year		7,946	5,130
17. CURRENT TAX LIABILITIES			
Current			
Taxation		3,225	–
Total taxation		3,225	–
18. DEFERRED TAX LIABILITIES			
The balance comprises temporary differences attributable to:			
Mine properties and exploration		5,619	5,514
Prepayments		–	148
Unrealised exchange gains		–	788
Set off of deferred tax liabilities		–	(936)
Net deferred tax liabilities		5,619	5,514

18. DEFERRED TAX LIABILITIES continued

	Mine properties and exploration $'000	Prepayments $'000	Unrealised exchange gains $'000	Set off of deferred tax liabilities $'000	Total $'000
Movements					
At 30 June 2009	5,514	148	788	(936)	5,514
Charged / credited to the income statement	172	–	–	–	172
Set off of deferred tax liabilities	–	(148)	(788)	936	–
Foreign exchange	(67)	–	–	–	(67)
At 30 June 2010	**5,619**	**–**	**–**	**–**	**5,619**

19. CONTRIBUTED EQUITY

	2010 No of shares	2009 No of shares	2010 $'000	2009 $'000
Share capital				
Ordinary shares fully paid	**99,995,783**	96,136,392	**156,068**	129,300

Movements in ordinary share capital:

Date	Details	Notes	2010 Number of shares	2010 $'000
01 July 2009	**Opening balance**		**96,136,392**	**129,300**
31 July 2009	Options exercised	(a)	26,667	192
26 August 2009	Options exercised	(a)	10,200	63
28 August 2009	Options exercised	(a)	18,000	112
02 September 2009	Options exercised	(a)	37,900	235
18 September 2009	Options exercised	(a)	23,506	146
23 September 2009	Dividend reinvestment plan	(b)	252,670	1,908
01 October 2009	Options exercised	(a)	60,000	377
09 November 2009	Options exercised	(a)	10,600	66
10 November 2009	Options exercised	(a)	16,667	120
13 November 2009	Options exercised	(a)	146,666	1,073
17 November 2009	Options exercised	(a)	100,000	835
19 November 2009	Options exercised	(a)	150,000	1,403
23 November 2009	Options exercised	(a)	160,000	1,061
24 November 2009	Options exercised	(a)	225,000	1,602
30 November 2009	Options exercised	(a)	60,000	442
02 December 2009	Options exercised	(a)	9,000	64
25 February 2010	Options exercised	(a)	110,000	544
04 March 2010	Options exercised	(a)	100,000	637
16 March 2010	Dividend reinvestment plan	(b)	288,901	2,589
21 May 2010	Options exercised	(a)	34,080	216
10 June 2010	Options exercised	(a)	19,534	124
30 June 2010	Options exercised	(a)	2,000,000	12,889
30 July 2009	Options expired / lapsed	(c)	–	39
30 November 2009	Options expired / lapsed	(c)	–	31
30 June 2010	**Closing balance**		**99,995,783**	**156,068**

19. CONTRIBUTED EQUITY continued

(a) Share options exercised

3,317,820 fully paid ordinary shares were issued following the exercise of the same number of options.

(b) Dividend reinvestment plan

541,571 fully paid ordinary shares were issued under the dividend reinvestment plan.

(c) Share options expired / lapsed

$70,000 worth of options expired during 2010 due to staff resignations (representing 86,666 options).

20. RESERVES AND RETAINED PROFITS

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000
(a) Reserves			
Foreign currency translation reserve		**2,032**	398
General reserve		**–**	823
Share-based payment reserve		**1,976**	3,358
Total reserves		**4,008**	4,579
Movements:			
Foreign currency translation reserve			
At the beginning of the financial year		**398**	(15,513)
Net exchange differences on translation of foreign controlled entities		**1,634**	12,377
Deferred tax	13 & 18	**–**	3,534
At the end of financial year		**2,032**	398
General reserve			
At the beginning of the financial year		**823**	1,050
Net change		**(823)**	(227)
At the end of the financial year		**–**	823
Share-based payment reserve			
At the beginning of the financial year		**3,358**	5,261
Employee share options – value of employee services		**68**	180
Employee share options – options issued to employees of subsidiaries		**257**	648
Contractor share options		**141**	290
Director share options		**–**	(1,220)
Transfer to share capital (options exercised)		**(1,848)**	(1,801)
At the end of the financial year		**1,976**	3,358

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).

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) (iii).

Share-based payments reserve

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

20. RESERVES AND RETAINED PROFITS continued

	Consolidated 2010 $'000	Consolidated 2009 $'000
(b) Retained profits		
Movements in retained profits were as follows:		
Retained profits at the beginning of the financial year	**111,161**	78,639
Transfer to retained earnings	**822**	–
Net profit attributable to members of Kingsgate Consolidated Limited	**73,066**	32,522
Dividends paid	**(29,082)**	–
Retained profits at the end of the financial year	**155,967**	111,161

21. COMMITMENTS FOR EXPENDITURE

	Consolidated 2010 $'000	Consolidated 2009 $'000
Capital commitments		
Within 1 year	**26,962**	876
Total capital commitments	**26,962**	876
Operating leases		
Within 1 year	**120**	69
Later than 1 year but not later than 5 years	**188**	87
Total capital commitments	**308**	156
Mineral leases		
Within 1 year	**–**	236
Later than 1 year but not later than 5 years	**–**	699
Later than 5 years	**–**	672
Total mineral leases	**–**	1,607
Exploration commitments		
Within 1 year	**1,999**	1,666
Later than 1 year but not later that 5 years	**–**	1,402
Total exploration commitments	**1,999**	3,068
Mining Services		
Within 1 year	**–**	13,793
Later than 1 year but not later that 5 years	**–**	41,771
Total mobile equipment commitments	**–**	55,564
Community and environment commitments		
Within 1 year	**–**	727
Later than 1 year but not later than 5 years	**–**	2,909
Later than 5 years	**–**	2,909
Total community and environment commitments	**–**	6,545
Remuneration commitments		
Within 1 year	**4,449**	2,364
Later than 1 year but not later than 5 years	**2,012**	4,727
Total remuneration commitments	**6,461**	7,091

21. COMMITMENTS FOR EXPENDITURE continued

Capital commitments

Commitments for the plant, equipment and mine properties contracted for at the reporting date but not recognised as liabilities.

Operating leases

Commitments for minimum lease payments in relation to non-cancellable operating leases.

Mineral leases

Annual payments to the Department of Industry and Mines in respect of the mineral leases.

Exploration commitments

In order to maintain current rights of tenure to exploration tenements, the consolidated entity has 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.

Mining Services

The Group has engaged a mining contractor at its operating mine in Thailand. At 30 June 2009, the mining services contract although not finalised, contained both a fixed (represented by mobile equipment charges) and a variable component. The commitments disclosed in June 2009 relate to the fixed component only based on the interim contract. The mining services contract was signed on 19 August 2010 with effect from 1 July 2010. Under the terms of this contract, the fixed component has been replaced with a variable rate and as a result the Group no longer has a commitment for future mining services costs.

Community and environment commitments

In accordance with the agreements with the Department of Primary Industries and Mines, annual payments to the Or Bor Tors and for environmental contingencies in addition to mine closure environmental provisions. These payments have been recognised as liabilities at 30 June 2010.

Remuneration commitments

The Group employs certain executives on fixed term contracts. The commitment relates to future payments under the contracts not provided for in the financial statements.

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 2010 %	Equity holding 2009 %
Issara Mining Limited	Thailand	Ordinary	**100**	100
Richaphum Limited	Thailand	Ordinary	**100**	100
Phar Lap Limited	Thailand	Ordinary	**100**	100
Akara Mining Limited	Thailand	Ordinary	**100**	100
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
Kingsgate South America Pty Ltd	Australia	Ordinary	**100**	100
Minera Kingsgate Limitada	Chile	Ordinary	**100**	100
Kingsgate Peru SRL	Peru	Ordinary	**100**	100
Minera Kingsgate Argentina S.A.	Argentina	Ordinary	**100**	100

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 has been expensed.

23. DIVIDENDS

	Consolidated 2010 $'000	Consolidated 2009 $'000
Final dividend declared for the year ended 30 June 2009 of 15 cents per fully paid share payable on 23 September 2009	14,434	–
Interim dividend declared for the year ended 30 June 2010 of 15 cents per fully paid share payable on 16 March 2010	14,648	–
Total dividends paid	29,082	–

The Group's franking credit balance at 30 June 2010 is $880,548 (2009: $7,066,707).

24. RELATED PARTIES

Transactions with related parties

Information on remuneration of Directors and Key Management Personnel is disclosed in Note 31.

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 2010 and 30 June 2009 consisted of loans advanced by Kingsgate Consolidated Limited. The loans do not bear interest. Management fees of $600,000 were received from Akara Mining Limited during the year. Service fees of $693,000 were received from Issara Mining Limited during the year.

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

During the year the parent entity advanced $7,551,000 (2009 – $32,028,000) to controlled entities, and received $20,241,000 in repayments.

Controlling entities

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

25. EMPLOYEE BENEFITS AND SHARE-BASED PAYMENTS

	Consolidated 2010 $'000	Consolidated 2009 $'000
Employee benefit and related on-costs liabilities		
Provision for employee benefits – current	1,003	1,448
Provision for Thai severance pay – non-current	3,211	2,032
Total employee provisions	4,214	3,480
Employee numbers		
Average number of employees during the financial year	418	398

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 2010 were $161,000 (2009 – $277,000).

25. EMPLOYEE BENEFITS AND SHARE-BASED PAYMENTS continued

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 – 2010							
Grant date	Expiry date	Exercise price	Balance start of year	Granted during year	Exercised during year	Balance end of year	Exercisable end of year
08 Jul 2005	01 Apr 2010	$2.69	60,000	–	60,000	–	–
08 Jul 2005	01 Jul 2010	$4.00	500,000	–	–	500,000	500,000
08 Jul 2005	01 Jul 2010	$5.00	500,000	–	500,000	–	–
08 Jul 2005	01 Jul 2010	$6.00	500,000	–	500,000	–	–
08 Jul 2005	01 Jul 2010	$7.00	1,000,000	–	1,000,000	–	–
13 Oct 2005	01 Aug 2010	$5.00	80,000	–	80,000	–	–
13 Oct 2005	01 Aug 2010	$6.00	80,000	–	80,000	–	–
13 Oct 2005	01 Aug 2010	$3.25	25,000	–	–	25,000	25,000
13 Oct 2005	01 Aug 2010	$4.00	50,000	–	–	50,000	50,000
13 Oct 2005	01 Aug 2010	$5.00	100,000	–	–	100,000	100,000
13 Oct 2005	01 Aug 2010	$6.00	100,000	–	100,000	–	–
13 Oct 2005	01 Aug 2010	$7.00	125,000	–	125,000	–	–
07 Jul 2006	01 Jul 2011	$5.50	50,000	–	50,000	–	–
07 Jul 2006	01 Jul 2011	$6.00	100,000	–	50,000	50,000	50,000
07 Jul 2006	01 Jul 2011	$7.00	100,000	–	100,000	–	–
07 Jul 2006	01 Jul 2011	$8.00	150,000	–	150,000	–	–
04 Apr 2008	03 Apr 2013	$4.68	334,000	–	154,820	179,180	67,854
04 Apr 2008	03 Apr 2013	$6.00	666,000	–	148,000	431,334	209,334
Total			**4,520,000**	**–**	**3,097,820**	**1,335,514**	**1,002,188**
Weighted average exercise price			**$5.78**		**$6.17**	**$5.01**	**$4.84**

25. EMPLOYEE BENEFITS AND SHARE-BASED PAYMENTS continued

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
08 Jul 2005	01 Apr 2010	$2.69	60,000	–	–	60,000	60,000
08 Jul 2005	01 Jul 2010	$4.00	500,000	–	–	500,000	500,000
08 Jul 2005	01 Jul 2010	$5.00	500,000	–	–	500,000	500,000
08 Jul 2005	01 Jul 2010	$6.00	500,000	–	–	500,000	500,000
08 Jul 2005	01 Jul 2010	$7.00	1,000,000	–	–	1,000,000	1,000,000
13 Oct 2005	26 Oct 2010	$3.00	50,000	–	50,000	–	–
13 Oct 2005	26 Oct 2010	$4.00	30,000	–	30,000	–	–
13 Oct 2005	26 Oct 2010	$5.00	80,000	–	–	80,000	80,000
13 Oct 2005	26 Oct 2010	$6.00	80,000	–	–	80,000	80,000
13 Oct 2005	01 Aug 2010	$3.25	25,000	–	–	25,000	25,000
13 Oct 2005	01 Aug 2010	$4.00	50,000	–	–	50,000	50,000
13 Oct 2005	01 Aug 2010	$5.00	100,000	–	–	100,000	100,000
13 Oct 2005	01 Aug 2010	$6.00	100,000	–	–	100,000	100,000
13 Oct 2005	01 Aug 2010	$7.00	125,000	–	–	125,000	125,000
07 Jul 2006	01 Jul 2011	$5.50	50,000	–	–	50,000	33,334
07 Jul 2006	01 Jul 2011	$6.00	100,000	–	–	100,000	66,667
07 Jul 2006	01 Jul 2011	$7.00	100,000	–	–	100,000	66,667
07 Jul 2006	01 Jul 2011	$8.00	150,000	–	–	150,000	100,000
04 Apr 2008	03 Apr 2013	$4.68	334,000	–	–	334,000	111,337
04 Apr 2008	03 Apr 2013	$6.00	666,000	–	–	666,000	222,000
Total			**4,600,000**	**–**	**80,000**	**4,520,000**	**3,720,005**
Weighted average exercise price			**$5.74**		**$3.38**	**$5.78**	**$5.78**

The share prices at the grant dates were $2.82 at 8 July 2005, $4.03 at 13 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 1.95 years (2009 – 2.20 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 2010.

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	
	2010 $'000	**2009** $'000
Options issued under employee option plan	**466**	(102)

Share-based payments – non-employee related

On 4 April 2008, 400,000 options were granted to a contractor at an exercise price of $6.00. In November 2009, 120,000 of those options were exercised.

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

	Consolidated 2010 $'000	Consolidated 2009 $'000
Profit / (loss) for the year	**73,066**	32,522
Depreciation and amortisation	**14,095**	11,575
Share-based payments	**466**	(102)
Gain / (loss) on disposal of property, plant and equipment	**281**	889
Write off of exploration cost capitalised	**352**	294
Provision for discount adjustment	**227**	–
Write back of inventories provision	**(83)**	–
Amortisation and write off of deferred borrowing costs	**277**	–
Net exchange differences	**898**	(8,928)
Change in operating assets and liabilities		
(Increase) / decrease in trade debtors	**(3,694)**	–
(Increase) / decrease in debtors	**3,236**	(4,278)
(Increase) / decrease in inventories	**(29,299)**	(15,320)
(Increase) / decrease in future income tax benefit	**(3,596)**	3,717
(Increase) / decrease in other operating assets	**(18,456)**	(5,137)
Increase / (decrease) in current tax liabilities	**3,225**	(7,798)
Increase / (decrease) in creditors	**367**	6,348
Increase / (decrease) in provisions	**675**	3,256
Increase / (decrease) in deferred tax liabilities	**4,431**	1,020
Net cash inflow / (outflow) from operating activities	**46,468**	18,058

27. EVENTS OCCURRING AFTER REPORTING DATE

During July and August 2010, 738,333 employee options were exercised raising $3.2 million.

In July 2010, the Group exercised an option to call the preference shares held by Sinphum Co., Ltd., the Thai preference shareholder in Akara Mining Limited pursuant to the shareholders' agreement between the Group and Sinphum Co., Ltd. This transaction will facilitate the process for the initial public offering of Akara Mining Limited on the Stock Exchange of Thailand ("IPO"). In compliance with the shareholders' agreement, Sinphum Co., Ltd. will receive a premium of Baht 43 million ($1.5 million) in excess of the par value of the preference shares being Baht 265 million ($9.5 million). As of the date of this report, Sinphum Co., Ltd. has not complied with the notice to call the preference shares. The Group is in discussion with Sinphum Co., Ltd. with regard to Sinphum Co., Ltd. meeting its obligations under the shareholders' agreement and any delay to Sinphum Co., Ltd. meeting its obligations may impact the timing of any decision by the Group to implement the IPO.

Akara Mining Limited signed a construction contract for the Chatree North gold processing plant with the global diversified engineering and project management group, Ausenco Limited, on 13 August 2010.

Akara Mining Limited signed a 5 year mining contract with Lotus Hall Mining on 19 August 2010.

A dividend of 20 cents per share was declared on 27 August 2010 with respect to the year end 30 June 2010. The record date is 10 September 2010 and the dividend will be paid on 24 September 2010.

28. CONTINGENT LIABILITIES

The parent entity and Group had contingent liabilities at 30 June 2010 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

Management has determined the operating segments be based on a geographical perspective, identifying two reportable segments, being Asia Pacific and South America.

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

		Consolidated	
	Gold mining and exploration	2010 $'000	2009 $'000
Sales to external customers:	Asia Pacific	**176,098**	114,092
Other revenue:	Asia Pacific	**–**	–
Total revenue		**176,098**	114,092
Segment results:			
Profit / (loss) before tax:	Asia Pacific	**82,553**	33,815
	South America	**(202)**	(758)
Total profit / (loss) before tax		**82,351**	33,057
Income tax:	Asia Pacific	**(9,285)**	(535)
	South America	**–**	–
Total income tax		**(9,285)**	(535)
Profit / (loss) after tax:	Asia Pacific	**73,268**	33,280
	South America	**(202)**	(758)
Total profit / (loss) after tax		**73,066**	32,522
Segment assets:	Asia Pacific	**369,026**	274,906
	South America	**49**	67
Total segment assets		**369,075**	274,973
Segment liabilities:	Asia Pacific	**53,022**	29,927
	South America	**10**	6
Total segment liabilities		**53,032**	29,933

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, 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.

30. FINANCIAL RISK MANAGEMENT AND INSTRUMENTS continued

The Group holds the following financial instruments:

	Consolidated	
	2010 $'000	**2009** $'000
Financial assets		
Cash and cash equivalents	**49,098**	29,680
Trade and other receivables	**13,844**	9,155
Other financial assets	**5,100**	1,664
Total financial assets	**68,042**	40,499
Financial liabilities		
Trade and other payables	**20,964**	13,665
Borrowings	**11,064**	2,144
Total financial liabilities	**32,028**	15,809

(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 US$ foreign currency risk at the reporting date was as follows:

	Consolidated	
	2010 $'000	**2009** $'000
Cash and cash equivalents	**50**	65
Payables	**103**	160
Total exposure to foreign currency risk at reporting date	**153**	225

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 revenue for the year would have been $2,073,000 higher / $2,025,000 lower (2009 – $1,470,000 higher / $1,431,000 lower).

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

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 other than the preference shares liabilities. 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.

30. FINANCIAL RISK MANAGEMENT AND INSTRUMENTS continued

(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 undiscounted cash flows.

	Notes	1 year or less $'000	1–2 years $'000	2–5 years $'000	More than 5 years $'000	Discount $'000	Total $'000
2010							
Financial liabilities							
Payables	15	15,055	881	2,645	3,004	(621)	20,964
Borrowings	14	10,982	–	82	–	–	11,064
Total financial liabilities – 2010		**26,037**	**881**	**2,727**	**3,004**	**(621)**	**32,028**
2009							
Financial liabilities							
Payables	15	13,665	–	–	–	–	13,665
Borrowings	14	2,103	–	41	–	–	2,144
Total financial liabilities – 2009		**15,768**	**–**	**41**	**–**	**–**	**15,809**

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 (refer Note 27 for events occurring after the reporting date).

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 value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

As of 1 July 2009, the Group has adopted the amendment to AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

With the exception of the following balances, the Group's assets and liabilities measured and recognised at fair value at 30 June 2010 are within the level 1 hierarchy. Comparative information has not been provided as permitted by the transitional provisions of the new rules.

› Level 3 assets include an available for sale balance of $1 million at 30 June 2010 which relates to an investment in a non listed entity.
› Level 2 liabilities include a trade payable balance of $1.6 million at 30 June 2010 which is measured based on an estimated IPO price of Akara Mining Limited.

The fair value of these assets and liabilities is determined using valuation technique such as estimated discounted cash flow and net assets analysis (in respect of the asset) and valuation technique which are indirectly based on Kingsgate Consolidated Limited's share price at 30 June 2010 (in respect of the liabilities).

31. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

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

Ross Smyth-Kirk	*Chairman – Non-Executive*
John Falconer (Resigned 27 August 2009)	*Non-Executive Director*
Peter McAleer	*Non-Executive Director*
Craig Carracher	*Non-Executive Director*
Gavin Thomas	*Executive Director*

(b) Other key management personnel

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

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

All of the above persons were also key management personnel during the year ended 30 June 2010.

(c) Key management personnel compensation

	Consolidated	
	2010 $	**2009** $
Short-term employee benefits	**2,943,175**	3,881,647
Post-employment benefits	**124,863**	263,265
Share-based payments	**112,233**	(915,551)
Total key management personnel compensation	**3,180,271**	3,229,361

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 41 to 48.

31. KEY MANAGEMENT PERSONNEL DISCLOSURES continued

(d) Equity instrument disclosures relating to key management personnel

(i) Share holdings

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

	Balance at start of year	Received during year on exercise of options	Other changes during year	Balance at year end
2010				
Directors of Kingsgate Consolidated Limited ordinary shares				
Ross Smyth-Kirk	**4,520,176**	**–**	**–**	**4,520,176**
John Falconer **	**191,275**	**–**	**7,071**	**198,346**
Peter McAleer	**300,000**	**–**	**(200,000)**	**100,000**
Craig Carracher	**–**	**100,000**	**–**	**100,000**
Gavin Thomas	**703,721**	**2,060,000**	**–**	**2,763,721**
Key management personnel of the Group ordinary shares				
Peter Warren	**15,000**	**350,000**	**(365,000)**	**–**
Phil MacIntyre	**195,000**	**150,000**	**(195,000)**	**150,000**
Stephen Promnitz	**–**	**225,000**	**(225,000)**	**–**
Ron James	**–**	**60,000**	**(60,000)**	**–**

** *Resigned 27 August 2009*

	Balance at start of year	Received during year on exercise of options	Other changes during year	Balance at year end
2009				
Directors of Kingsgate Consolidated Limited ordinary shares				
Ross Smyth-Kirk	4,520,176	–	–	4,520,176
John Falconer	191,275	–	–	191,275
Peter McAleer	380,000	–	(80,000)	300,000
Craig Carracher	–	–	–	–
Gavin Thomas	703,721	–	–	703,721
Key management personnel of the Group ordinary shares				
Peter Warren	10,000	–	5,000	15,000
Phil MacIntyre	145,000	50,000	–	195,000
Stephen Promnitz	–	–	–	–
Ron James	–	30,000	(30,000)	–

(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 41 to 48.

31. KEY MANAGEMENT PERSONNEL DISCLOSURES continued

(iii) Option holdings

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

	Balance at start of year	Granted / (expired) during year	Exercised during year	Other changes during year	Balance at year end	Vested and exercisable at year end
2010						
Key management personnel						
Gavin Thomas	**2,560,000**	**–**	**2,060,000**	**–**	**500,000**	**500,000**
Peter Warren	**501,000**	**–**	**350,000**	**–**	**151,000**	**117,334**
Phil MacIntyre	**250,000**	**–**	**150,000**	**–**	**100,000**	**50,000**
Stephen Promnitz	**400,000**	**–**	**225,000**	**–**	**175,000**	**175,000**
Ron James	**140,000**	**–**	**60,000**	**–**	**80,000**	**53,334**

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

	Balance at start of year	Granted / (expired) during year	Exercised during year	Other changes during year	Balance at year end	Vested and exercisable at year end
2009						
Key management personnel						
Gavin Thomas	2,560,000	–	–	–	2,560,000	2,560,000
Peter Warren	501,000	–	–	–	501,000	300,335
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

Insurance

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

32. REMUNERATION OF AUDITORS

	Consolidated 2010 $	Consolidated 2009 $
(a) Audit services		
PricewaterhouseCoopers Australian Firm		
Audit and review of the financial reports	**356,350**	351,500
Related Parties of PricewaterhouseCoopers Australian Firm		
Audit and review of the financial reports	**214,120**	122,159
Total remuneration for audit services	**570,470**	473,659
(b) Non-audit services		
PricewaterhouseCoopers Australian Firm		
IPO related services	**45,000**	33,000
Other services	**46,000**	18,000
Related Parties of PricewaterhouseCoopers Australian Firm		
IPO related services	**101,962**	112,906
Other services	**6,118**	70,034
Total remuneration for non-audit related services	**199,080**	233,940
(c) Taxation services		
PricewaterhouseCoopers Australian Firm		
Tax compliance services	**75,740**	153,600
Related Parties of PricewaterhouseCoopers Australian Firm		
Tax compliance services	**83,949**	18,787
Total remuneration for tax related services	**159,689**	172,387

33. EARNINGS PER SHARE

	2010 Cents	2009 Cents
Basic earnings per share	**75.2**	34.9
Diluted earnings per share	**74.5**	34.9

	$'000	$'000
Net profit / (loss) used to calculate basic and diluted earnings per share	**73,066**	32,522

	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	**97,164,748**	93,117,150
Adjustment for calculation of diluted earnings per share: option	**863,156**	95,955
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**98,027,904**	93,213,105

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.

34. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	Parent Entity 2010 $'000	Parent Entity 2009 $'000
Balance Sheet		
Current assets	**157,126**	160,512
Total assets	**158,537**	161,489
Current liabilities	**1,556**	5,210
Total liabilities	**1,704**	5,358
Shareholders' equity	**156,833**	156,131
Issued capital	**156,068**	129,300
Share-based payments reserve	**1,976**	3,358
Retained earnings / (loss)	**(1,211)**	23,473
Profit / (loss) for the year	**4,398**	22,750
Total comprehensive income	**4,398**	22,750

(b) Guarantees entered into by the parent entity

Kingsgate Consolidated Limited has given unsecured guarantees in respect of the provisions of financial assistance in respect of some of the subsidiaries within the Group. No liability was recognised by Kingsgate Consolidated Limited in relation to these guarantees as the likelihood of payment is not probable.

(c) Contingent liabilities of the parent entity

There are no contingent liabilities in respect of the parent entity.

Annual Report 2010

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 53 to 89 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 30 June 2010 and of its performance for the financial year ended on that date, 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.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

Ross Smyth-Kirk
Director

DATED at SYDNEY this 27 August 2010

On behalf of the Board

Independent Auditor's Report

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

Report on the financial report

We have audited the accompanying financial report of Kingsgate Consolidated Limited (the company), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Kingsgate Consolidated Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

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

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

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

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

Independence

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

Auditor's opinion

In our opinion:

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

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its 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 financial report 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 41 to 48 of the directors' report for the year ended 30 June 2010. 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 year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

Marc Upcroft
Partner

Sydney
27 August 2010

Annual Report 2010

Sustainability Objectives and Targets

for Chatree 2011

OBJECTIVE	2010 Target	Result	2011 Target
Employees	Zero lost time injuries Workforce and subcontractors understand full reporting disclosure	**Achieved**	No lost time injuries
	Develop a more comprehensive employee communication strategy	**Commenced**	Continue to develop a more comprehensive employee communication strategy
	Implement an employee consultative committee to manage community donation initiatives	**Achieved**	Expand a volunteer system for employees to participate in community projects
Community	Implement community consultation and development procedures	**Achieved**	Refine the community consultation process
	Continue to implement Community Survey findings	**Commenced**	Independent community survey to be completed and included in community development process
	Continue publication of regional newsletter	**Achieved**	Continue publication of regional newsletter
	Continuous dust monitoring data available for 80% of the year	**Not Achieved**	Continue dust monitoring and improve equipment failure (due to local conditions) rate
			Construct sound bunds on western side of stockpiles to reduce potential noise to villages
Environment	Conduct a comprehensive water balance study	**Achieved**	
	Resume water monitoring in Tawan Pit sump	**Achieved**	Position gauges in sediment ponds to manage any potential overflow
	Develop a detailed Tailings Storage Facility (TSF) management plan	**Achieved**	Future vegetation trials on the TSF to assess underdrain/seepage collection and 'rinsing' of dissolved salts by rainwater
			Future borrow pits to be included in rehabilitation plan
Certification & Government	Maintain certification through continuous improvement	**Achieved**	Maintain certification through continuous improvement
Supply Chain	Increase local participation in supply chain	**Achieved**	Continue efforts to increase local participation in supply chain

Tenement Schedule

COUNTRY	MINING LEASES AND NOTES
THAILAND	**CHATREE – 100% Kingsgate** **Phetchabun Province** 1 ML: 25618/15368 **Phitchit Province** 3 MLs: 26910/15365, 26911/15366 and 26912/15367 1 Waste Dump: 1/2548 1 Tailings Storage Facility: 1/2543
	CHATREE NORTH – 100% Kingsgate **Phetchabun Province** 5 MLs: 25528/14714, 32529/15809, 32530/15810, 32531/15811 and 32532/15812 2 Waste Dumps: 1/2548 and 1/2551 **Phitchit Province** 5 MLs: 26917/15804, 26920/15807, 26921/15806, 26922/15805 and 26923/15808
	EXPLORATION TENEMENTS – 100% Kingsgate **Phetchabun Province** 50 SPLAs: 3-7/2546, 16-28/2546, 30-32/2546, 40/2546, 47-57/2546, 59/2546, 67/2546, 1-3/2548, 5-6/2548, 12-15/2548, 1-4/2550 and 3-4/2553 **Phitsanulok Province** 30 SPLs: 38-67/2549 2 SPLAs: 1-2/2550 **Phitchit Province** 21 SPLs: 17-37/2549 5 SPLAs: 1/2549 and 1-4/2550 **Chantaburi Province** 1 SPL: 6/2550 2 SPLAs: 8-9/2549 **Rayong Province** 1 SPLA: 1/2549 **Lop Buri Province** 16 SPLAs: 2-16/2550 and 1/2551
ARGENTINA	Gato, Mancha, Rio Oro, San Lorenzo, Sofia, Victoria – 100% Kingsgate. Boleadora Pampa, El Bayo, El Bozal, El Pegual, La Carona, La Herradura – under contract with 3rd party farm-in joint venture.
CHILE	Romero 5,1/60; 10,1/60; 5-A,1/60, 10-A,1/60 – all properties relinquished during the year with the exception of 3 parcels of properties sold, retaining a 1% Net Smelter Return.
PERU	Artemisa 2005, 1-2, 3-2006, 4-4, I-08, II-08, III-08 – all relinquished as of 1 July 2010.
AUSTRALIA	Queensland EL12409 (awaiting granting) – 100% Kingsgate.

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

Annual Report 2010

Shareholder Information

as at 13 September 2010

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

		No. of shares held as disclosed in notices to the Company	Percentage
Holder	BlackRock Investment Management (Australia) Limited (at 20 May 2010)	8,653,406	8.83
	UBS AG and related bodies corporate (at 16 September 2010)	6,061,213	6.02

Distribution of equity securities

		No. of shareholders of fully paid ordinary shares	No. of option holders
Size of Holding	1–1,000	2,100	7
	1,001–5,000	1,681	24
	5,001–10,000	324	9
	10,001–100,000	293	9
	100,001+	70	5
	Total	**4,468**	**54**

20 largest shareholders of quoted ordinary shares

		No. of shares	Percentage
1	HSBC Custody Nominees	21,544,244	21.38
2	National Nominees Limited	14,984,550	14.87
3	ANZ Nominees Limited	6,103,944	6.06
4	Citicorp Nominees Pty Limited	5,681,859	5.64
5	J P Morgan Nominees Australia Limited	5,130,464	5.09
6	Ross Donald Smyth-Kirk	4,586,271	4.55
7	Bruce Clayton Bird	3,207,110	3.18
8	Gavin Thomas	2,560,000	2.54
9	AMP Life Limited	1,482,692	1.47
10	Warbont Nominees Pty Limited	1,341,678	1.33
11	HSBC Custody Nominees Australia Limited	1,135,123	1.13
12	Sixteen Pty Limited	1,100,000	1.09
13	Citicorp Nominees Pty Limited	1,055,158	1.05
14	HSBC Custody Nominees Australia Limited	682,468	0.68
15	Cogent Nominees Pty Limited	644,310	0.64
16	Bainpro Nominees Pty Limited	639,636	0.63
17	Equity Trustees Limited	609,857	0.61
18	Bahulu Holdings Pty Limited	602,187	0.60
19	C Komor + D Grady	573,055	0.57
20	Rellav Pty Limited	560,698	0.56

Unquoted equity securities

There were 54 option holders holding 1,737,181 options.

Voting rights

(a) *Ordinary shares*

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

(b) *Options*

No voting rights.

Annual Report 2010

Corporate Information

Kingsgate Consolidated Limited

ABN 42 000 837 472

Directors

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

Company Secretary

Peter Warren

Chief Executive Officer

Gavin Thomas

Chief Financial Officer

Peter Warren

Stock Exchange Listing

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

Registered Office and Principal Business Address

Suite 801, Level 8, 14 Martin Place
Sydney, New South Wales 2000
Australia
Tel +61 2 8256 4800
Fax +61 2 8256 4810
info@kingsgate.com.au

Bangkok Office

Akara Mining Limited
19th Floor, Sathorn Building 2
92/54-55 North Sathorn Road
Kwaeng Silom, Khet Bangrak
Bangkok 10500
Thailand
Tel +66 2 223 9469
Fax +66 2 236 5512

Chatree Mine Office

Akara Mining Limited
No. 99 Moo 9, Khao Chet Luk
Thap Khlo
Phichit 66230
Thailand
Tel +66 5 661 4500
Fax +66 5 661 4195

Exploration Office

No. 156/9-10 Moo 11, Tambol Dong Khui
Amphoe Chon Daen
Phetchabun 67190
Thailand
Tel +66 5 664 9253
Fax +66 5 664 9082

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross, Western Australia 6153
Australia
Tel +61 8 9315 2333
Fax +61 8 9315 2233

ADR Depository

(American Depository Receipts)
The Bank of New York, ADR Division
One Wall Street, 29th Floor,
New York, NY 10286
USA
Tel +1 212 495 1784

Auditor

PricewaterhouseCoopers
201 Sussex Street
Sydney, New South Wales 2000
Australia

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1 Kilometre
March 2010

Kingsgate
Consolidated Limited