



**KINGSGATE CONSOLIDATED N.L.**

**1992 ANNUAL REPORT**

*(Formerly Kingsgate Consolidated Limited)*

ACN 000 837 472  
Quoted on the Australian Stock Exchange Limited

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**DIRECTORS:**

A.W. TRIBE  
(Chairman)  
Western Australia

D.P.M. BUECHNER  
Western Australia

G.A. MENZIES  
Victoria

**SECRETARY:**

P.E. PAKES  
Western Australia

**REGISTERED OFFICE AND PRINCIPAL BUSINESS OFFICE:**

67 Harvest Road,  
North Fremantle, Western Australia, 6159

**SHARE REGISTRY:**

SECURITY TRANSFER REGISTRARS PTY. LTD.  
77 Bennett Street,  
East Perth, Western Australia, 6004

**AUDITORS:**

PRICE WATERHOUSE,  
254 St. George's Terrace,  
Perth, Western Australia, 6000

**BANKERS:**

AUSTRALIA & NEW ZEALAND BANKING GROUP LIMITED  
77 St. George's Terrace,  
Perth, Western Australia, 6000

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## CHAIRMAN'S REPORT

The 1992 year was a period of re-generation and increased activity for the company. As previously foreshadowed, the company changed its status from that of a "Limited" company to an "N.L." company. This status is in keeping with the company's present exploration activities and makes it possible to raise additional capital by the issue of shares at less than par value.

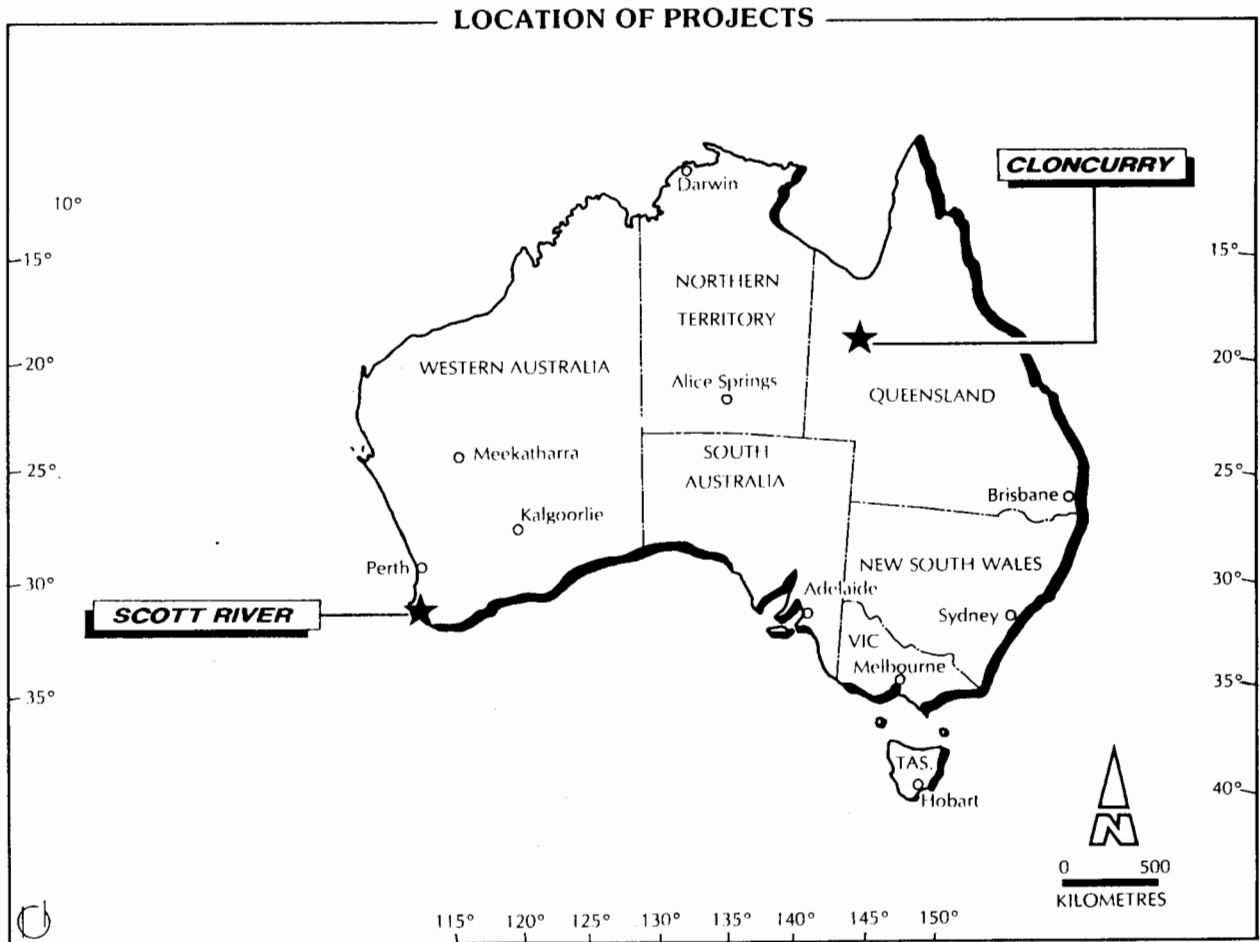
After this move, the company was able to replenish its dwindling cash resources by way of a placement of 11,200,000 ordinary fully paid shares at an issue price of 6 cents per share. This has provided additional working capital to fund exploration activities.

The company's portfolio of exploration interests was significantly improved during the year with the acquisition of interests of mining areas in both Queensland and Thailand. Both areas are prospective for gold and have been subjected to earlier work programmes which have yielded encouraging results. Details of each area are contained within the body of this report.

In addition to this, Kingsgate has continued to progress its work on the heavy mineral prospects held in Western Australia. Since last year, the commercial market for heavy minerals has improved giving a positive signal for the future exploration and development of this area. It is important that the company maintain its interest through what has proved to be a difficult period for the industry and be able to exploit this area at the appropriate time.

Kingsgate continues to conduct its operations with the emphasis in expenditure being upon exploration rather than administration. The 1993 year will be an interesting period for the company during which planned work programmes could significantly enhance each of the company's exploration prospects. I look forward to being able to announce progress to shareholders in the quarterly reports to the Stock Exchange.

ALAN W. TRIBE  
Chairman  
Perth, Western Australia  
October, 1992



Tenement	Interest Held	Mineral Type
SCOTT RIVER EL 70/408 MLs 70/723,724,725	55%	Heavy Minerals
CLONCURRY EPM 4774, EPM 5766	100%	Gold
THAI GOLD PROJECT	64.3%	Gold

## Heavy Minerals Prospect

### SCOTT RIVER

South West Mineral Field - Western Australia  
Interest held - 55%

Located approximately 20 kilometres north-east of Augusta near the southern coast of Western Australia, the project area falls within the Scott River Coastal Plain which is a low-lying area with known deposits of heavy minerals. The tenement area held by the company is considered to be contiguous with the adjacent deposits of heavy minerals owned by Cable Sands Pty. Ltd. and the Beenup deposit of BHP-UTAH Minerals International Ltd.

During January, 1992 the company acquired a further 10% interest in the area from Wynarde Pty. Ltd. thereby increasing its equity to 55%.

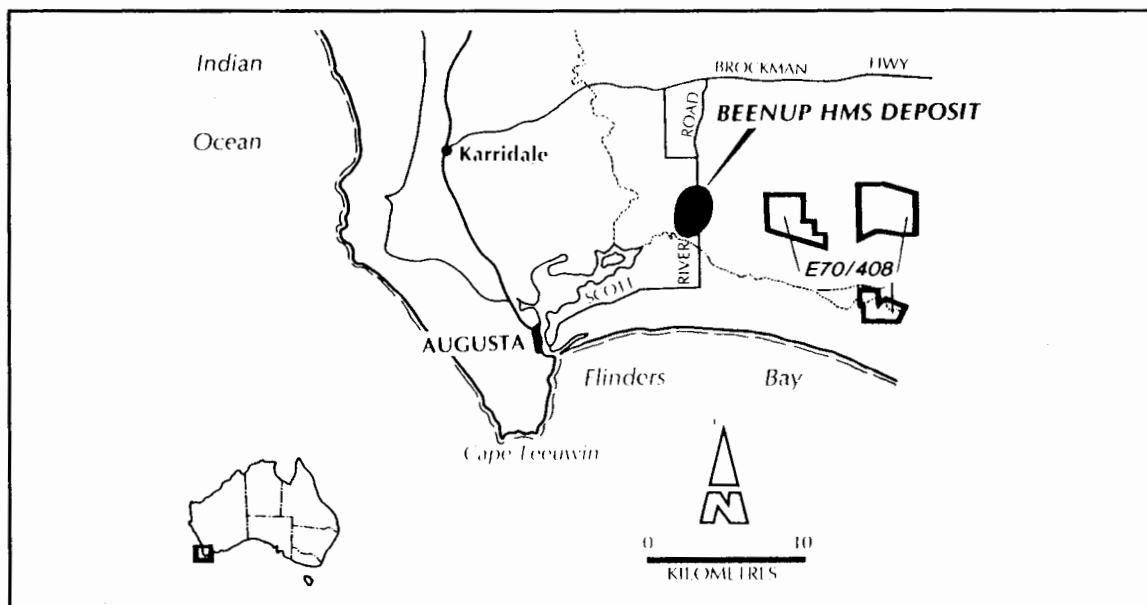
Following the compulsory reduction of the exploration licence over the past two tenement years, the joint venture has now applied for three Mining Leases over the project area.

During the year ended 30th June, 1992, the company has concentrated on reviewing the information obtained from previous drilling programmes and the many samples collected from those programmes. These reviews are being used to assist with the planning of future exploration and drilling programmes to further substantiate the independent "inferred" resource estimate (using the guidelines of Aus.IMM) of:

- 584,679,000 tonnes of mineral sands using a cut off grade of 3% heavy minerals;
- 20,000,000 tonnes of contained heavy minerals.

This "inferred" resource estimate was contained in a report commissioned by the joint venture and completed by Dr. Julian F.H. Barnes of Resource Service Group Pty. Ltd. during May, 1991. The result of this report indicated that the resource is of significant magnitude and confirms that the Scott Plain area is a major region for heavy minerals.

As at the date of this report, the joint venture is continuing negotiations with the landowners affected by the applications for mining leases with a view to maintaining access to their properties during forthcoming exploration programmes. Also work is proceeding on the review and evaluation of the results of previous drilling programmes and the samples obtained so that future programmes may be planned for in-fill drilling to further assess the areas previously shown to contain high levels of heavy minerals and ilmenite and gain a more accurate estimate of the overall size of the "inferred" resource in the company's project area.



Location of EL 70/408

**CLONCURRY GOLD PROJECT**

Cloncurry Gold Field - Queensland

Interest held - 100%

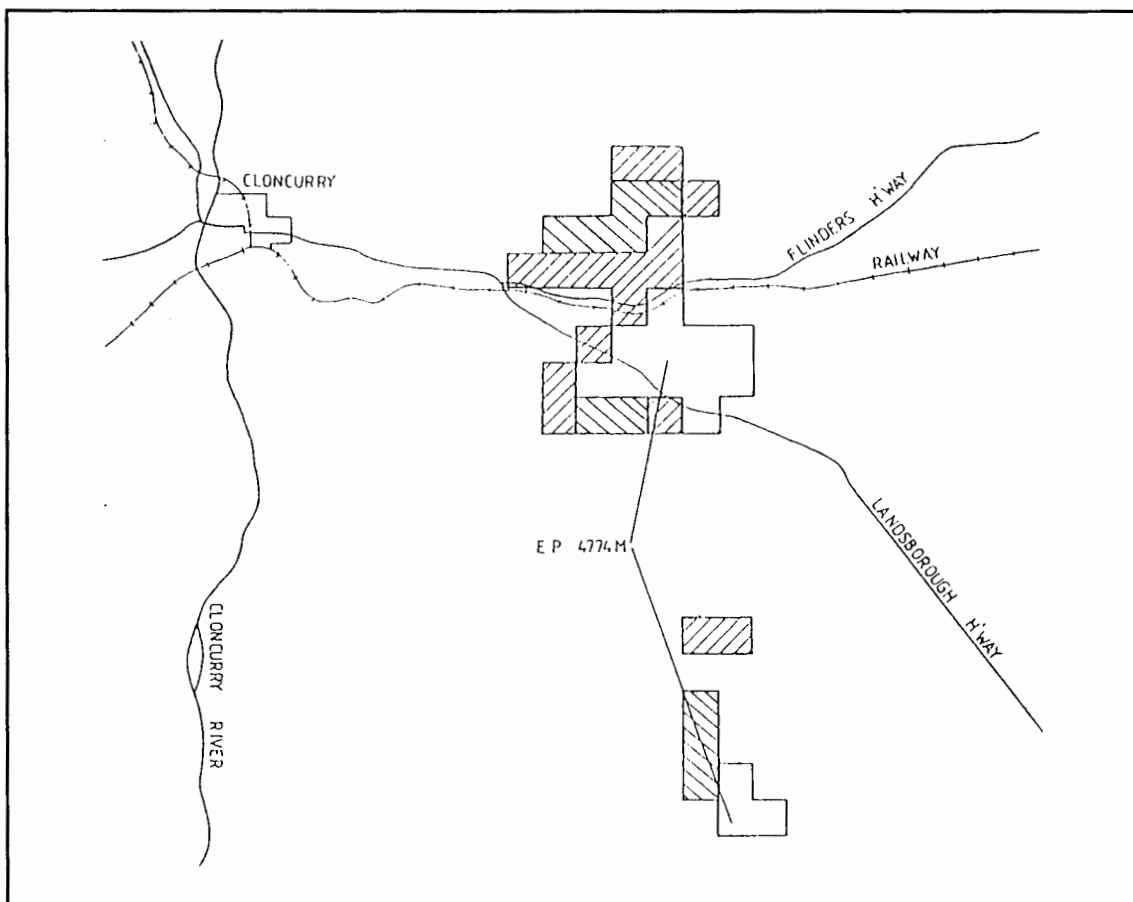
During January, 1992, the company acquired a 50% interest in the Cloncurry Gold Project from Devex Limited and since the date of the accounts, has acquired the remaining 50% interest from Epoch Mining N.L.

The Project contains two areas, EPMs 4774 and 5766 and covers an area of 93 square kilometres located 25 kilometres south-east of Cloncurry in Queensland. The EPMs cover prospective sections of the Cloncurry Gold and Mineral Field which has historically been a profitable gold and base metal producer. Extensive regional exploration for base metals and gold has been undertaken by various companies since the late 1960's and numerous gold and base metal/gold prospects have been evaluated.

A major part of the EPMs consists of metasediments and metavolcanics (amphibolites) of the Middle Proterozoic Soldier Cap Group,

and in some parts of the EPMs this is overlain by a sub-horizontal sheet of calc-silicates and calc-silicate breccias, the Gilded Rose Breccia. Tertiary to recent alluvial deposits have been developed in some areas, particularly to the east.

The Wynberg Gold Prospect has been evaluated from previous work carried out in the area. This prospect is located approximately 30 kilometres south-east of Cloncurry and 3 kilometres of a major highway. A total of 61 RAB and RC percussion drill holes were drilled on the prospect prior to the company obtaining its equity, and 32 costeans, totalling 1500 metres, have been excavated and sampled. This work has identified eight lenses of gold mineralisation in an area 1200 metres long by 250 metres wide. Some of the better drill intersections areas are shown in Table 1 below.



Location of EPM 4774

Hole No.	North (m)	East (m)	Azimuth (deg's)	Depression (deg's)	From (m)	To (m)	Interval (m)	Gold (g/t)
WYN 1	5197.0	5122.0	265	55	6	8	2	3.8
					16	19	3	6.8
					45	47	2	1.1
WYN 2	5480.0	4920.0	216	55	23	25	2	3.1
WYN 3	5508.0	4960.0	217	55	4	22	18	4.1
WYN 6	5401.0	4958.0	270	60	18	22	4	8.8
					34	40	6	1.7
WYN 7	5443.5	4962.0	271	60	4	8	4	5.8
					28	46	18	2.7
WYN 8	5482.0	4967.0	272	60	20	22	2	1.4
WYN 9	5533.9	4977.0	272	60	18	22	4	2.9
WYN10	5648.9	5065.4	270	59	11	14	3	2.7
WYN14	5503.2	5125.5	270	59	6	10	4	1.2
WYN15	5450.0	5151.8	270	59	29	33	4	18.8
WYN17	5402.7	5086.1	270	59	32	34	2	1.4
WYN21	5403.3	5170.3	270	60	18	20	2	9.8
WYN23	5692.9	5044.9	270	60	8	10	2	1.4
WYN29	6012.0	5075.0	90	60	13	27	14	2.1
WYN30	5805.0	4975.0	270	60	6	8	2	1.7
					16	18	2	1.2
WYN31	6050.0	5107.0	270	60	10	22	12	1.3
WYN32	6050.0	5095.0	90	60	12	20	8	1.0
WYN33	6095.0	5096.0	270	60	8	10	2	2.2
WYN36	6300.0	5047.0	270	60	7	15	8	1.3
					41	49	8	3.5
WYN37	5401.0	4923.0	90	60	11	15	4	1.0
					29	35	6	3.3
					55	60	5	1.2
WYN40	5482.0	4937.0	90	60	11	13	2	1.2
					21	29	8	1.0
					31	47	16	3.1
WYN41	5444.0	5935.0	90	60	28	38	10	7.0
WYN43	5450.0	5162.0	270	60	53	55	2	2.0
WYN44	5404.0	5180.0	270	60	28	30	2	2.4
WYN46	5503.0	5135.0	270	60	18	22	4	2.4
WYN49	5805.0	4943.0	90	60	40	48	8	3.6

Table 1 - Intersections of Previous Drilling Programmes - Wynberg Prospect

An analysis of these results indicates an aggregate inferred resource of 310,000 tonnes at 3.8 g/t using a 1.0 g/t gold cut-off to a depth of about 50 metres in eight lenses. The bulk of the mineralisation appears to be in the West Lens with an "inferred" resource of 193,000 tonnes at 4.2 g/t gold. This estimate is based on six drill holes over a length of 125 metres where good continuity of mineralisation exists between holes. Surface geochemistry and mapping indicates a continuation of this mineralised structure for at least 150 metres at each end, giving a potential to treble the resource.

A number of other lenses are open at both ends and are expected to contribute useful tonnages of mineralisation with further exploration.

A single hole drilled on the WOW prospect grid 1,000 metres to the west of Wynberg, returned 6 metres of 1.9 g/t gold, indicating a potential for the discovery of further mineralisation on that prospect. Results of that intersection are shown in Table 2.

Hole No.	North (m)	East (m)	Azimuth (deg's)	Depression (deg's)	From (m)	To (m)	Interval (m)	Gold (g/t)
WOW1	3845.0	2203.0	325	60	27	33	6	1.9

Table 2 - Intersection of Hole Drilled in WOW Prospect

During May, 1992, the company carried out a further drilling and exploration programme on the Wynberg Prospect and on three other targets within the tenements which have similar geochemical and/or geophysical characteristics to the Wynberg Prospect.

A total of 497 metres of reverse circulation percussion drilling in 11 holes resulted in intersections of interest in 8 of the 11 holes. Of these 8 areas of interest, 7 were drilled in the West Lens. Details of the intersections are shown in Table 3.

Hole No.	Azimuth (degrees)	Depression (degrees)	From (metres)	To (metres)	Interval (metres)	Gold (g/t)
WYN 62	92.0	60	24	26	2	1.73
WYN 63	90.0	60	14 26	16 28	2 2	2.80 26.80
WYN 64	91.0	60	51 57	53 66	2 9	1.73 5.03
WYN 65	90.5	60	16	18	2	1.80
WYN 66	81.5	60	15 29 43	21 33 45	6 4 2	2.53 1.45 2.02
WYN 67	87.5	60	6 28	24 30	18 2	4.86 1.75
WYN 68	92.5	60	32 60	38 64	6 4	2.68 7.60
WYN 71	92.5	60	18 46	22 48	4 2	5.06 1.20

Table 3 - Intersections from Drilling Programme - May, 1992



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The purpose of this programme was to test the vertical and lateral continuity of the previously drilled mineralisation and to attempt to locate the north and south extensions of the West Lens. The results indicated continuity of gold mineralisation between drill lines 40 metres apart in the central zone of West Lens. Vertical continuity has less regularity in the detailed hole to hole correlation and at this stage it is believed to be influenced by supergene effects and perhaps structural complexity. The best intersections of:-

WYN 63	2 metres	@ 26.80 g/t Au
WYN 64	9 metres	@ 5.03 g/t Au
WYN 67	18 metres	@ 4.86 g/t Au
WYN 68	4 metres	@ 7.60 g/t Au

confirmed the high grade of the correlatable mineralisation.

Three holes designed to intersect the interpreted strike extensions of the West Lens failed to intersect gold values greater than 1 g/t. The rock geochemistry intersected in these holes suggested that the West Lens may have been offset by cross-cutting structures as found in other parts of the Wynberg Prospect.

Prior to carrying out further drilling programmes the company proposes a detailed re-logging of drill cuttings in order to assist in the geological interpretation and the location of future holes.

The Elder Plain East Prospect is located approximately 7.5 kilometres south-east of the Wynberg Prospect.

Gridding and mapping in an area of anomalous gold and copper values resulted in gold values of 21.3 and 27.2 g/t gold over 2-5 metres in irregular gossanous, ferruginous chert outcrops. The mineralisation appears to run parallel to fault-controlled quartz veins.

The company is reviewing the data acquired for a proposed programme of grid-based RAB geochemical drilling which will define the strike and length of mineralisation prior to trenching and/or RC drilling.

The Little Duke/Iron Duke Prospects are located 23 kilometres south of Wynberg and 1.2 kilometres north-east of the Mt. Freda Gold Mine of Diversified Mineral Resources N.L.

Work by previous explorers around small workings over a length of 600 metres, returned anomalous gold values up to 1.5 g/t gold over 60 metres, along the line of mineralisation. This structurally controlled gold bearing quartz chert breccia occurs within shales and amphibolites containing a number of banded iron formations.

A chip sample of 2.5 metres length across the southern wall of a 7 metre deep shaft has 9.36 g/t gold, which may indicate that grades increase with depth. The proximity of the prospect to the mothballed Mt. Freda CIP plant gives it considerable potential and the company is planning an exploration programme of gridding, mapping, outcrop sampling, traversing and trenching with a view to identifying possible drilling targets within the area.

### THAI GOLDFIELDS PROSPECT

Thai Goldfields, Thailand

Interest held - 64.3%

During January, 1992 the company completed negotiations with Epoch Mining N.L. on an option to acquire an interest in this prospect. Since the date of the accounts, a re-negotiation of that transaction resulted in the company acquiring 64.3% interest in the area.

The Thai Goldfields Prospect is a large epithermal zone 800 metres long and 140 metres wide, with significant indications of gold mineralisation. Exploration programmes performed to date comprise 201 soil samples by shallow auger drilling, 207 surface rock chip samples and 800 metres of trenches, all of which were channel sampled.

Some of the trench samples received are shown in Table 4.

In each of these cases the trenches ended in mineralisation. Samples in the 5 g/t to 10 g/t gold range were common and the highest assay result received was 219 g/t gold.

Intermediate trenches were very short but confirmed continuity of mineralisation at similar grades. The western, northern and southern limits of mineralisation have not been established to date. However, detailed c-horizon soil sampling and rock chip sampling indicates that the main mineralised zone may be over 800 metres in length and 100-140 metres wide.

The company is now planning a drilling programme the main objective of which will be the evaluation of the area with a view to obtaining more information on the depth of the mineralisation. Normally this type of surface geochemical anomaly does extend to depth and the ore grade frequency increases with depth or concentrates in narrower zones. It is believed that the prospect has the potential to contain over 200,000 tonnes per vertical metre of medium to low grade mineralisation.

Metres North	Trench	Intercept (metres)	Width (metres)	Grade g/t Au	Comments
3260	T 2	11.50 W - 50.00 W	38.5	1.7	Open to west
3200	T 3	18.50 E - 50.00 W	68.5	1.4	Open to west
2800	T 8	13.81 E - 56.10 W	69.91	2.9	
2690	T10	10.00 E - 113.00 W	123.00	1.4	Open to west
2600	T12	0.60 W - 75.00 W	75.60	0.8	Open to east and west

Table 4 - Trench Assay Intercepts - Thai Goldfields Project

## ***Directors' Report - Statutory Requirements***

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In respect of the financial year ended 30th June, 1992, the directors of Kingsgate Consolidated N.L. submit the following report made out in accordance with a resolution of the directors:

**1. THE NAMES OF THE DIRECTORS OF THE COMPANY IN OFFICE AT THE DATE OF THIS REPORT**

A.W. Tribe, C.P.A., F.C.C.A. (Chairman)  
D.P.M. Buechner  
G.A. Menzies, LL.B.

**2. PRINCIPAL ACTIVITIES**

The principal activities of the company during the course of the financial year were mineral exploration and investment. There have been no significant changes in the principal activities of the company during the financial year.

**3. OPERATING RESULTS**

The net loss of the company for the financial year ended 30th June, 1992 was \$448,362 (1991 - \$179,555).

**4. STATE OF AFFAIRS**

During the year the company issued 11,200,000 ordinary fully paid shares in the capital of the company at a price of six (6) cents per share.

**5. REVIEW OF OPERATIONS**

A review of the operations of the company during the year and the results of those operations appears in the report on activities in this Annual Report which is included on pages 2 to 9.

**6. CHANGE OF STATUS**

The company changed its status from a Limited to a No Liability company on 20th November, 1991. This change of status was approved by shareholders in a General Meeting held on 18th October, 1991.

**7. EVENTS SUBSEQUENT TO BALANCE SHEET**

Since the end of the financial year the directors are not aware of any matter or circumstance not otherwise dealt with in the report or accounts that has significantly, or may significantly, affect the operations of the company, the results of those operations or the state of affairs of the company in subsequent financial years.

**8. LIKELY DEVELOPMENTS**

The likely developments of the company in the subsequent financial year involve the ongoing principal activities of mineral exploration and investment.

## 9. OPTIONS

No options were issued during the year and no unissued shares are under option as at the date of this report.

Options referred to in the previous Directors Report were exercisable at par on or before 31st December, 1991.

## 10. DIRECTORS BENEFITS

No director of the company has, since the end of the previous financial year, received or become entitled to receive, a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the accounts) by reason of a contract made by the company or a related entity with the director or with a firm of which he is a member or with an entity in which he has a substantial financial interest.

## 11. INFORMATION ON DIRECTORS

### **Alan W. Tribe, C.P.A., F.C.C.A. Chairman**

Mr. Tribe is an accountant with experience in Australia and overseas and was appointed to the Board during October, 1987. Mr. Tribe is also a director of one other entity listed on the Australian Stock Exchange and serves on the Boards of other entities in U.S.A. and the United Kingdom.

Particulars of director's interest in  
shares of Kingsgate Consolidated N.L. 3,000 shares

### **Dieter P. M. Buechner**

Mr. Buechner was appointed to the Board on 11th June, 1991 and has extensive experience in various areas of the mining industry and has previously provided management services to a number of public listed and private entities.

Particulars of director's interest in  
shares of Kingsgate Consolidated N.L. 100,000 shares

### **Graeme A. Menzies, LL.B.**

Mr. Menzies is a solicitor in his own practice and was appointed to the Board on 2nd July, 1991. He has been actively involved in the field of corporate law for the past 15 years including takeovers, share and business acquisitions, schemes of arrangement, the reconstruction of public entities, preparation and registration of prospectuses and listing of entities on the Australian Stock Exchange Limited. Mr. Menzies is currently a director of three other public entities as well as a number of private entities.

Particulars of director's interest in  
shares of Kingsgate Consolidated N.L. nil

The particulars of directors interests in shares and options are as at the date of the Directors Report.

## **Directors' Report - Statutory Requirements**(cont.)

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### **12. DIRECTORS INTERESTS IN CONTRACTS**

Since the date of the previous financial year no material contracts involving directors interests were entered into.

DATED at PERTH this 30th day of September, 1992  
For and on behalf of the Board of Directors

A.W. TRIBE  
Director

D.P.M. BUECHNER  
Director

### **Profit and Loss Account for the year ended 30th June, 1992**

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	Note	Consolidated & Company 1992 \$	1991 \$
OPERATING REVENUE	2	15,730	160,511
OPERATING LOSS	3	( 448,362)	( 179,555)
Income tax attributable to operating loss	5	-	-
OPERATING LOSS AFTER INCOME TAX		( 448,362)	( 179,555)
Accumulated losses at the beginning of the financial year		(2,001,450)	(1,821,895)
Aggregate of amounts transferred from reserves	17	50,000	-
Accumulated losses at the end of the financial year		(2,399,812)	(2,001,450)

The accompanying notes form an integral part of these accounts

	Note	Company		Consolidated
		1992 \$	1991 \$	1991 \$
<b>CURRENT ASSETS</b>				
Cash		245,313	6,022	6,023
Receivables	5	-	28,689	28,689
Investments	6	86,989	87,785	87,785
<b>TOTAL CURRENT ASSETS</b>		<b>332,302</b>	<b>122,496</b>	<b>122,497</b>
<b>NON-CURRENT ASSETS</b>				
Investments	6	-	1	-
Property, plant and equipment	7	13,347	14,105	14,105
Other	8	434,322	359,892	359,892
<b>TOTAL NON-CURRENT ASSETS</b>		<b>447,669</b>	<b>373,998</b>	<b>373,997</b>
<b>TOTAL ASSETS</b>		<b>779,971</b>	<b>496,494</b>	<b>496,494</b>
<b>CURRENT LIABILITIES</b>				
Creditors & Borrowings	9	105,973	46,134	46,134
<b>TOTAL CURRENT LIABILITIES</b>		<b>105,973</b>	<b>46,134</b>	<b>46,134</b>
<b>TOTAL LIABILITIES</b>		<b>105,973</b>	<b>46,134</b>	<b>46,134</b>
<b>NET ASSETS</b>		<b>673,998</b>	<b>450,360</b>	<b>450,360</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share equity	10	3,038,810	2,366,810	2,366,810
Reserves	11	35,000	85,000	85,000
Accumulated losses		(2,399,812)	(2,001,450)	(2,001,450)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>673,998</b>	<b>450,360</b>	<b>450,360</b>

The accompanying notes form an integral part of these accounts.

**Statement of Cash Flows for the year ended 30th June, 1992**

	Note	Company Inflow/(Outflow)	
		1992 \$	1991 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to trade creditors, other suppliers and creditors and employees		( 111,497)	( 16,420)
Interest received		9,730	-
Receipts from debtors		-	2,320
		<hr/>	<hr/>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	18	( 101,767)	( 14,100)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for exploration expenditure		( 184,607)	( 28,400)
Payment for exploration area acquisition		( 142,000)	-
Payment for property, plant and equipment		( 10,335)	-
Receipt/(Payment) for investments - listed companies		-	160,512
Proceeds from sale of property, plant and equipment		6,000	-
		<hr/>	<hr/>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		( 330,942)	132,072
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Collection of loans		-	9,056
Proceeds from issue of shares		672,000	-
Payment creditors/borrowings		-	( 121,112)
		<hr/>	<hr/>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		672,000	( 112,056)
<b>NET INCREASE IN CASH HELD</b>			
Cash at the beginning of the financial year		239,291	5,916
		6,022	106
		<hr/>	<hr/>
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>	18	245,313	6,022
		<hr/>	<hr/>

The accompanying notes form an integral part of these statements.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted by the company are stated to assist in a general understanding of these accounts. The accounts and consolidated accounts have been made out in accordance with the requirements in Schedule 5 to the Corporations Regulations.

**(a) Basis of Accounting**

The accounts have been prepared on the basis of historical costs and do not take into account changing money values or except where stated current valuations of non-current assets. Non-current assets are revalued from time to time as considered appropriate by the directors. The company has not adopted a policy of revaluing its non-current assets on a regular basis.

**(b) Consolidation**

The consolidated accounts of the economic entity include the results of the company and the entity it controlled for that part of the year during which control existed. The controlled entity is listed in note 13 to the accounts.

The consolidated and company profit and loss account is presented as one column as there are no material differences between the consolidated and company results for the period that the controlled entity was controlled.

**(c) Mining Tenements**

Mining tenements and exploration expenditure is capitalised in the year in which it is incurred and is carried at either cost or independent professional valuation. The carrying value of the acquisition of the areas of interest and exploration expenditure will be carried forward as an asset in the balance sheet where:

- (i) it is expected that the expenditure will be recovered through successful development and exploitation of an area of interest or by its sale; or
- (ii) exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves.

Where a project or area of interest has been abandoned the expenditure incurred thereon is written off in the year in which the decision is made.

**(d) Joint Ventures**

Where exploration, evaluation and development activities of the company are carried on through joint ventures with other parties, the company's appropriate interest in the assets and liabilities of joint ventures is included under the relevant balance sheet headings. Additional information is provided in note 14 to the accounts.

**(e) Income Tax**

The principles of the liability method of tax effect accounting have been applied.



## Notes to, and forming part of, the Financial Statements (cont)

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### (f) Depreciation

Depreciation is provided on a straight line basis on all depreciable tangible assets at a rate calculated to allocate their cost or valuation against revenue over their estimated lives. Profits and losses on disposal of fixed assets are taken into account in determining the operating results for the year.

### (g) Investments

Investments are at cost and have not been adjusted to reflect changes in market or realisable values except where the directors are of the opinion that a diminution in value is of a permanent nature.

### (h) Segment Information

The company operates predominantly in investment in the Australian mining industry. This takes the form of direct investment in mineral tenements and Australian mining companies.

### (i) Operating Revenue

Revenue includes interest income on short term monetary investments and proceeds from the sale of investments and non-current assets.

### (j) Cash Flows

For the purpose of the statements of cash flows, cash includes cash on hand, deposits held at call with bank, and investments in money market instruments, net of bank overdrafts.

## 2. OPERATING REVENUE

	Consolidated & Company	
	1992	1991
	\$	\$
Other Revenue		
- Proceeds from sales of shares	-	160,511
- Proceeds from sale of non-current assets	6,000	-
- Interest received	9,730	-
	<hr/>	<hr/>
	15,730	160,511
	<hr/>	<hr/>

3. OPERATING PROFIT/(LOSS)	Consolidated & Company	
	1992	1991
	\$	\$
(i) Operating loss before income tax has been determined after:		
<b>CREDITING</b>		
Interest received from other persons	9,730	-
Write back of diminution in value of investments no longer required	-	20,796
<b>CHARGING AS EXPENSE</b>		
Depreciation		
- Plant & equipment	4,241	4,240
- Motor vehicles	843	1,835
Loss on sale of non-current assets	10	-
Provision for:		
- Non-recovery of loans	55,000	35,349
Loss on disposal of controlled entity	1	-
Interest paid to other persons	130	-
Provision for diminution in the value of investments	28,796	-
(ii) Abnormal Items		
Operating loss before income tax includes an abnormal charge for write off of mining tenements and expenditure (income tax effect \$nil)	285,767	123,603
(iii) Directors' Remuneration		
Income received or due and receivable from the company	18,000	-
 The number of directors of the company included in these figures are shown below in their relevant income bands		
	1992	1991
	Number	Number
Income between:		
\$ nil - \$ 9,999	3	3
\$10,000 - \$19,999	1	-
	<hr/>	<hr/>
<b>Executives Remuneration</b>		
No executive officer received income from the company or related corporations in excess of \$100,000		
	1992	1991
	\$	\$
(iv) Auditors' Remuneration		
Amounts received, or due and receivable by the auditors for:		
- auditing of accounts	2,100	2,000
	<hr/>	<hr/>

**Notes to, and forming part of, the Financial Statements (cont)**

**4. INCOME TAX**

The aggregate amount of income tax attributable to the current financial period differs from the prima facie tax payable on the operating loss before income tax. The difference is reconciled as follows:-

	Company		Consolidated
	1992	1991	1991
	\$	\$	\$
Prima facie income tax on operating (loss) @ 39%	( 174,861)	( 70,026)	( 70,026)
Add - Non deductible items			
- Provision for diminution in value of investments	11,230	( 8,110)	( 8,110)
- Exploration expenditure written off	111,448	48,205	48,205
- Other	8,290	2,840	2,840
- Provision for non-recovery of loans	21,450	-	-
- Future income tax benefits relating to tax losses and other timing differences not recognised	22,443	27,091	27,091
Income tax (credit)/expense attributable to operating loss	-	-	-

Potential future income tax benefits of \$320,208 (1991 - \$290,562) attributable to tax losses carried forward have not been brought to account in the accounts at 30th June, 1992 because the directors do not believe it is appropriate to regard realisation of the future income tax benefits as virtually certain. These benefits will only be obtained if:

- the company derives future assessable income of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;
- the company continues to comply with the conditions for deductibility imposed by the law; and
- no changes in tax legislation adversely affect the company in realising the benefit from the deductions for the loss and exploration expenditure carried forward.

**5. RECEIVABLES**

	Company		Consolidated
	1992	1991	1991
	\$	\$	\$
<b>CURRENT</b>			
Loan to other persons	55,000	63,349	63,349
Provision for non-recovery of loans	( 55,000)	( 35,349)	( 35,349)
Other debtors	-	28,000	28,000
	-	689	689
	-	28,689	28,689

6. INVESTMENTS	Company		Consolidated
	1992 \$	1991 \$	1991 \$
<b>CURRENT</b>			
Shares in listed corporations at cost	159,386	131,386	131,386
Less Provision for diminution in value	( 72,397)	( 43,601)	( 43,601)
	<u>86,989</u>	<u>87,785</u>	<u>87,785</u>
The aggregate market values of investments listed on a prescribed Stock Exchange:			
- 30th June, 1992	<u>183,989</u>	<u>160,785</u>	<u>160,785</u>
- 30th August, 1992	<u>192,384</u>	<u>179,441</u>	<u>179,411</u>
<b>NON CURRENT</b>			
Shares in controlled entity, at cost(refer note 13)	<u>-</u>	<u>1</u>	<u>-</u>
<b>7. PROPERTY, PLANT &amp; EQUIPMENT</b>			
Plant, equipment and motor vehicles (at cost)	32,293	35,387	35,387
Deduct accumulated depreciation	( 18,946)	( 21,282)	( 21,287)
	<u>13,347</u>	<u>14,105</u>	<u>14,105</u>
<b>8. OTHER ASSETS</b>			
<b>NON CURRENT</b>			
Interest in mining tenements at independent professional valuation prepared by Dr. A.C. Gifford of Featherstone Geological Consultants Pty. Ltd. dated:			
- 17th September, 1987	210,000	210,000	210,000
Less areas abandoned during the year	( 110,000)	-	-
	<u>100,000</u>	<u>210,000</u>	<u>210,000</u>
Exploration expenditure capitalised at cost	334,322	149,892	149,892
	<u>434,322</u>	<u>359,892</u>	<u>359,892</u>

**Notes to, and forming part of, the Financial Statements (cont)**

9. CREDITORS AND BORROWINGS - UNSECURED	1992	Company 1991	Consolidated 1991
	\$	\$	\$
<b>CURRENT</b>			
Other creditors	105,973	46,134	46,134
	<u>          </u>	<u>          </u>	<u>          </u>
<b>10. SHARE CAPITAL</b>			
<b>AUTHORISED CAPITAL</b>			
200,000,000 ordinary shares of 25 cents each (1991 - 200,000,000 ordinary shares of 25 cents each)	50,000,000	50,000,000	50,000,000
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ISSUED CAPITAL</b>			
20,667,239 (1991 - 9,467,239) ordinary shares of 25 cents each fully paid	5,166,810	2,366,810	2,366,810
Less: 11,200,000 ordinary shares of 25 cents each issued at a discount of 19 cents per share	(2,128,000)	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
	<u>3,038,810</u>	<u>2,366,810</u>	<u>2,366,810</u>

During the year, the company issued 11,200,000 ordinary shares of 25 cents each at a discount of 19 cents per share, for cash. The share issue was made to provide working capital for the company and to fund ongoing exploration activities.

OPTIONS OVER UNISSUED SHARES	No. of Options 1992	No. of Options 1991
Exercisable at par on or before 31st December, 1991		
Balance at beginning of period	8,000,000	8,000,000
Cancelled during the period	8,000,000	-
	<u>          </u>	<u>          </u>
	-	8,000,000
	<u>          </u>	<u>          </u>

## 11. RESERVES

	Company		Consolidated
	1992	1991	1991
	\$	\$	\$
<b>NON CURRENT</b>			
Asset Revaluation			
Balance at beginning of period	85,000	85,000	85,000
Transfer to Profit and Loss Account on abandonment of mining tenements	50,000	-	-
	35,000	85,000	85,000

## 12. OTHER COMMITMENTS

The company has certain obligations to perform minimum exploration work on leases held. These obligations may vary from time to time in accordance with contracts signed.

## 13. INVESTMENT IN CONTROLLED ENTITY

Name of Company	Country of Incorporation	Book Value of Holding Company's Investment (Ord.shares)		Equity of Holding Company %		Contribution to Consolidated Net (loss)
		1992	1991	1992	1991	\$ 1991
Kingsgate Consolidated NL	Australia	-	-	-	-	( 179,555)
Newland Exploration NL	Australia	-	1	-	100	-
						( 179,555)

Approval was granted by the Australian Securities Commission on 3rd April, 1992 for Newland Exploration N.L. to be de-registered. This action was taken as Newland Exploration N.L. had been inactive since its incorporation on 22nd June, 1987.

## Notes to, and forming part of, the Financial Statements (cont)

### 14. INTEREST IN JOINT VENTURES

The company has the following interests in joint ventures:-

(i) Scott River Joint Venture

This is a joint venture between Kingsgate Consolidated N.L. ("Kingsgate") and Golden Plateau N.L. and Wynarde Pty. Ltd, entered into on 29th March, 1988, to pursue mineral exploration activities near Scott River. The terms of the joint venture were re-negotiated during March, 1989 and under these terms Golden Plateau N.L. would earn 45% and Wynarde Pty. Ltd. would earn 10% over a period of four years. As at 30th June, 1992 Kingsgate had increased its interest by acquiring an additional 10% from Wynarde Pty. Ltd.

(ii) Curtin Springs Joint Venture

This is a joint venture between Kingsgate and Jerele Mining Pty. Ltd. to explore an Exploration Licence near Ayers Rock. The company held a 10% interest in this area which it relinquished on 7th April, 1992 when it was decided that the joint venture would surrender the area.

(iii) Ooldea Joint Venture

This is a joint venture between Kingsgate Consolidated N.L., Offshore Diamond Mines N.L. and Baram Holdings Pty. Ltd. to explore EL 1620 in South Australia. Kingsgate had earned a 40% working interest in the area which it relinquished during April, 1992.

(iv) Cloncurry Joint Venture

During January, 1992 Kingsgate acquired a 50% interest in areas EPM 4774 and 5766 from Devex Limited and has an option to acquire the remaining 50% interest from Epoch Mining N.L. after conducting an exploration programme of \$70,000. The option period is for twelve months.

(v) Thai Goldfields Prospect

During January, 1992 Kingsgate negotiated an option to acquire a 96.5% interest in the Thai Goldfields Prospect in Thailand, from Epoch Mining N.L. and its co-venturer. The period of the option is twelve months and during this period Kingsgate is to fund exploration expenditure.

The Company's interests in the assets employed in the joint ventures are included in the consolidated balance sheet under the classifications shown below:

OTHER ASSETS	Company		Consolidated
	1992	1991	1991
	\$	\$	\$
Exploration expenditure and tenements:			
- Scott River	239,967	113,389	113,389
- Curtin Springs	-	63,331	63,331
- Ooldea Prospect	-	48,317	48,317
- Cloncurry Joint Venture	124,355	-	-
- Thai Goldfields Prospect	70,000	-	-
	434,322	225,037	225,037

## 15. EXPLORATION EXPENDITURE COMMITMENTS

Aggregate exploration expenditure contracted for at balance date but not provided for in the accounts:  
Payable not later than 1 year

230,000	194,800	194,800
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The above commitments include expenditure commitments relating to joint venture operations

230,000	169,000	169,000
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## 16. SEGMENT INFORMATION

INDUSTRY SEGMENTS	Mining \$	Investment \$	1992 \$	1991 \$
Other revenue	-	15,730	15,730	160,511
Total operating revenue	-	15,730	15,730	160,511
Segment result	340,767	19,066	359,833	102,807
Unallocated expenses			88,529	76,748
Operating loss			448,362	179,555
Segment assets	434,322	86,989	521,311	447,677
Unallocated assets			258,660	48,817
Total assets			779,971	496,494

## 17. RELATED PARTY INFORMATION

### Directors

The directors named in the attached Directors' Report each held office as a director of the company during the year ended 30th June, 1992. In addition, Mr. E.J. Ellyard held office during the period 1st July, 1991 until his resignation on 8th June, 1992. Remuneration received or receivable by the directors of the company is disclosed in Note 3 to the accounts.

### Ownership interests in related parties

Interests held in a subsidiary company are set out in Note 13 to the accounts. Interests held in joint ventures are set out in Note 14 to the accounts

### Transactions with Related Parties

There have been no transactions with related parties.



18. CASH FLOW INFORMATION	1992	1991
	\$	\$
<u>Reconciliation of Cash</u>		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:		
- Cash	245,313	6,022
<u>Reconciliation of net cash flows from operating activities to operating loss after income tax</u>		
- Operating loss after income tax	( 448,362)	( 179,555)
- Depreciation	5,084	6,075
- Loss on exploration expenditure written off	285,767	123,603
- Net loss on sale of non-current assets	10	-
- Provision for non-recovery of loans	55,000	35,348
- Loss on disposal of subsidiary	1	-
- Provision for diminution - listed companies	28,796	( 221,436)
- Loss on sale of shares - listed companies	-	200,639
<u>Changes in Assets and Liabilities</u>		
- Increase/(Decrease) in trade and creditors	( 28,752)	18,906
- (Increase)/Decrease in trade and other debtors	689	2,320
 Net Cash Inflows/(Outflows) from operating activities	 ( 101,767)	 ( 14,100)

## **Statement by Directors**

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In accordance with a resolution of the directors of Kingsgate Consolidated N.L., we state that:-

1. In the opinion of the directors:-
  - (a) the accounts of the company are drawn up so as to give a true and fair view of the loss of the company for the financial year ended 30th June, 1992, and the state of affairs of the company as at 30th June, 1992;
  - (b) at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due; and
  - (c) the consolidated accounts of the economic entity have been made out in accordance with Divisions 4A and 4B of the Corporations Law and so as to give a true and fair view of the loss of the economic entity for the year ended 30th June, 1992.
2. The accounts of the company have been made out in accordance with applicable accounting standards, Australian Accounting Standards and Statements of Accounting Concepts.

DATED at PERTH this 30th day of September, 1992

On behalf of the Board

A.W. TRIBE  
Director

D.P.M. BUECHNER  
Director

To the members of Kingsgate Consolidated N.L.

We have audited the attached accounts as set out on pages 12 to 25 in accordance with Australian Auditing Standards.

As indicated in Note 1(c) to the accounts the carrying value of the interest in mining tenements and capitalised exploration expenditure amounting to \$434,322 is dependent upon the successful development, exploitation and/or sale of these assets. We are not in a position to determine the likelihood of successful development and/or sale.

Subject to the foregoing reservation, in our opinion the financial statements are properly drawn up in accordance with the provisions of the Corporations Law and so as to give a true and fair view of:

- (i) the state of affairs of the company at 30th June, 1992 and the results for the year ended on that date of the economic entity; and,
- (ii) the other matters required by Division 4, 4A and 4B of Part 3.6 to be dealt with in the financial statements;

and are properly drawn up in accordance with applicable accounting standards, Australian Accounting Standards and Statements of Accounting Concepts

PRICE WATERHOUSE  
Chartered Accountants

G.J. Nairn  
Partner  
Perth  
30th September, 1992

## Shareholder Information

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### Directors' Shareholdings as at 17th August, 1992

Director	Shares
A.W. Tribe	3,000
D.P.M. Buechner	100,000
G.A. Menzies	-

### Substantial Shareholders

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

Holder	No. of Shares Held as at 17th August, 1992
Keystream Investments Pty. Ltd.	2,750,000
Corcarr Nominees Pty. Ltd.	2,126,000
Jayron Pty. Ltd.	1,750,000

### Distribution as at 17th August, 1992

Size of Holding	Number of Shareholders
1 - 1,999	235
2,000 - 5,000	185
5,001 - 10,000	48
10,001 and over	72
	—
	540
	—

Of which 235 have less than a marketable parcel.

### Statement of Issued Securities as at 17th August, 1992

- (i) The total number of shareholders is 540. Each shareholder is entitled to one vote for each share held.
- (ii) There are 20,667,239 ordinary shares of 25 cents each fully paid on issue.
- (iii) The twenty largest shareholders hold 88.38% of the company's issued capital.