



**KINGSGATE**  
**CONSOLIDATED N.L.**

**1994 ANNUAL REPORT**



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**KINGSGATE CONSOLIDATED N.L.**

ACN 000 837 472

Quoted on the Australian Stock Exchange Limited

**TELEPHONE:**

(09) 430 4249

**FACSIMILE:**

(09) 430 5901

**DIRECTORS:**

**A.W. TRIBE**

(Chairman)

Western Australia

**D.P.M. BUECHNER**

Western Australia

**B.J. FROST**

Victoria

**R.C. DAVEY**

Victoria

**G.A. MENZIES**

Victoria

**SECRETARY:**

**P.E. PAKES**

Western Australia

**REGISTERED OFFICE AND PRINCIPAL BUSINESS OFFICE:**

108 Marine Terrace,

Fremantle, Western Australia, 6160

**SHARE REGISTRY:**

**SECURITY TRANSFER REGISTRARS PTY. LTD.**

Level 1, 168 Adelaide Terrace,

Perth, Western Australia, 6000

**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

**CONTROLLED ENTITIES:**

Patron Limited (Incorporated in the United Kingdom)

Issara Mining Limited (Incorporated in Thailand)



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## CHAIRMAN'S REPORT

The company has maintained steady progress in moving towards further exploitation of its major gold prospect in Thailand. Drilling programmes were performed on the company's gold tenements in Queensland and the heavy minerals prospect in Western Australia.

The Thai Goldfields prospect was first explored during 1987. During the year, the company obtained an option to acquire a further interest in the area. Past exploration has indicated that there is the potential for substantial tonnage of mineralisation in the order of 200,000 tonnes per vertical metre of gold and silver bearing ore at grades to be determined by deep drilling. After the first major exploration was completed, it was decided to concentrate on improving mining titles held over the area. During the year, the company, together with its Thai co-venturer, a subsidiary of Ban Pu Public Co. Ltd., have been steadily working towards securing suitable mining titles over the area of interest. A further drilling programme is planned to commence once the issue of titles has been resolved. It is felt that significant progress was made during the year, but the company is aware that patience is required when conducting operations in overseas countries where local customs and ways of doing business must be observed.

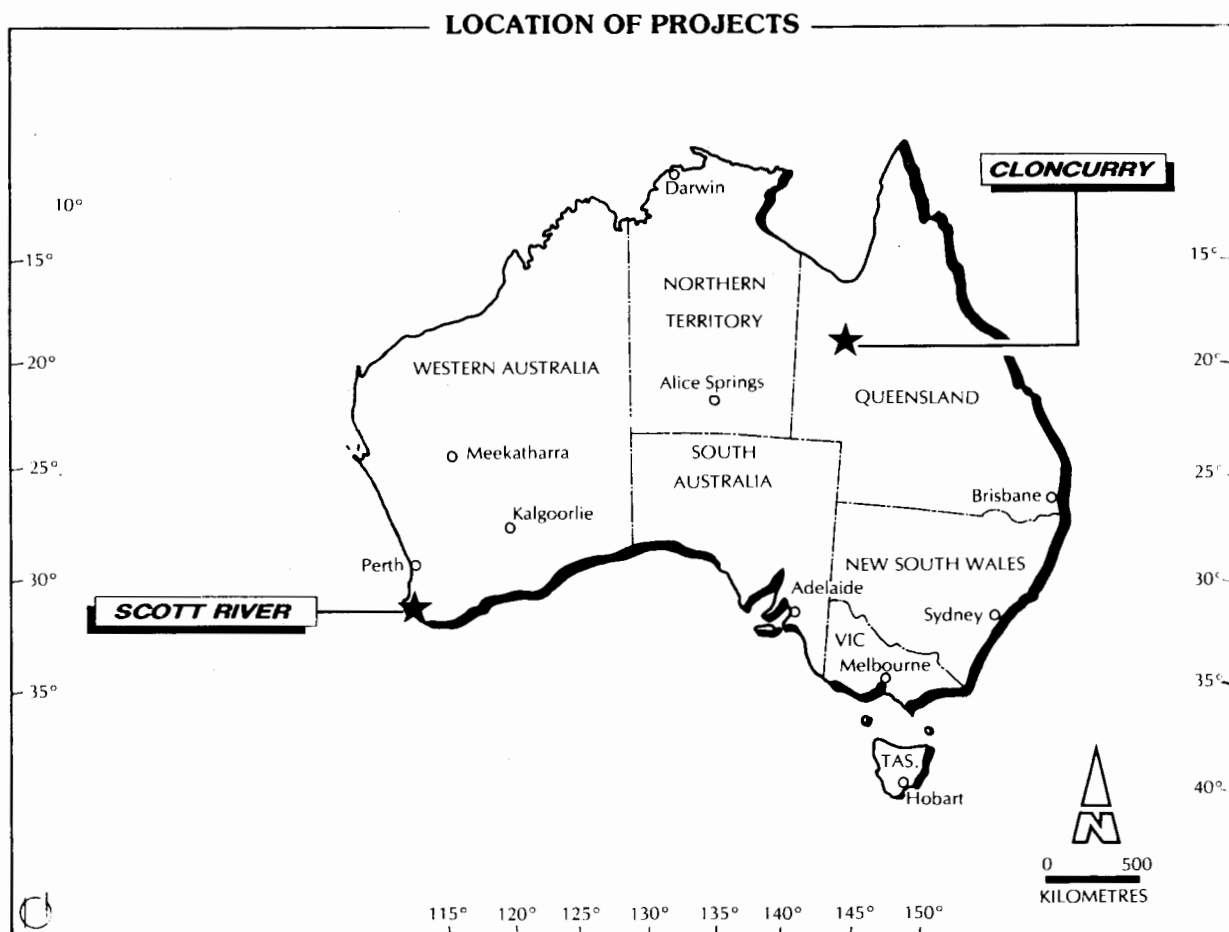
More drilling of the Cloncurry prospect in Queensland was performed during 1994. The results of this work indicated that the area has the potential to contain reserves in excess of those already proven. Further exploration is planned for the coming year.

Results from the company's Scott River heavy minerals deposit indicated that the area did not meet the criteria required for an economic mining operation. The company and its co-venturer are considering their position, but it is unlikely that Kingsgate will be involved in future exploration of this area.

The operations of the company were conducted economically allowing funds to be directed mostly towards exploration activities. Additional capital was raised by way of a share placement and the liquidation of some of the company's investments.

The search for new opportunities for the company continues and it is hoped to supplement the existing portfolio of prospects with additional areas of interest in the coming year. In addition, it is hoped that the Thai Goldfields prospect will be drilled within the next twelve months and further exploration of the Queensland gold prospects is planned.

ALAN TRIBE  
Chairman  
September, 1994



| Tenement                        | Interest Held* | Mineral Type   |
|---------------------------------|----------------|----------------|
| CLONCURRY<br>EPM 4774, EPM 5766 | 100%           | Gold           |
| THAI GOLD PROJECT               | 49%            | Gold           |
| SCOTT RIVER<br>MLs 70/823,824   | 55%            | Heavy Minerals |

\* includes rights to acquire interests



**CLONCURRY GOLD PROJECT**  
Cloncurry Gold Field - Queensland  
Interest held - 100%

Located 25 kilometres south-east of Cloncurry in Queensland this project comprises two tenement areas, EPMs 4774 and 5766 covering approximately 90 square kilometres of the highly prospective Cloncurry gold and base metal belt, mainly consisting of metasediments and metavolcanics of the Toole Creek Volcanics and Mt.

Norma Quartzite, within the Middle Proterozoic, Soldiers Cap Group.

Various prospects have been defined within the tenement area, as shown in Figure 1 below and a general description of each area is as follows.

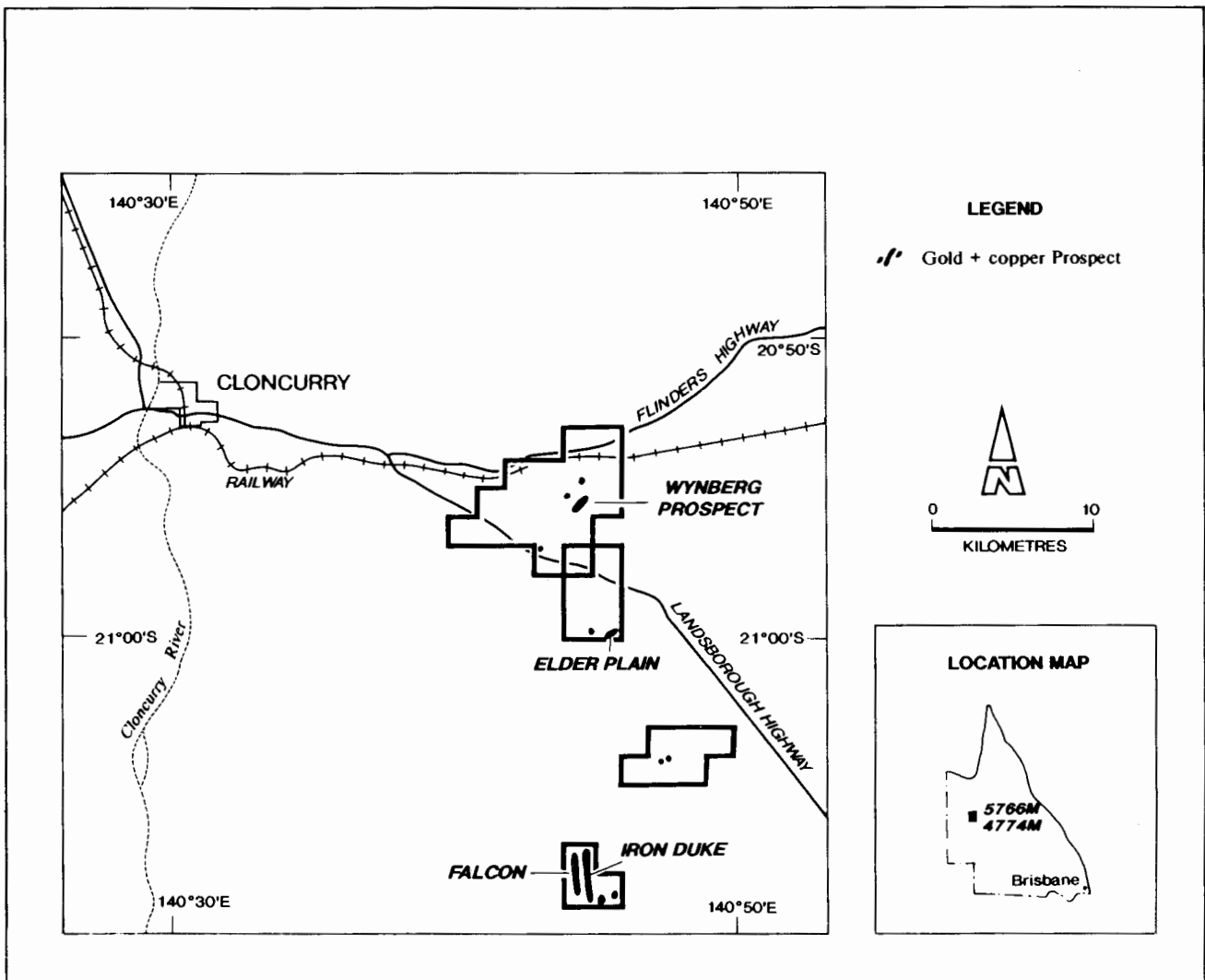


Figure 1 - Cloncurry Location Map

**Wynberg** The Wynberg area is located approximately 30 kilometres south-east of Cloncurry. Some 90% of the prospect is covered by recent and ancient alluvium to a depth of 1 to 3 metres. Previous work performed on the area included a total of 72 RC holes and 32 costeans, totalling 1500 metres which have been excavated and sampled. The results of these earlier programmes identified 8 lenses of gold

mineralisation in an area 1200 metres long by 250 metres wide, the majority of which were located in the West Lens.

The 1992 exploration programme comprised the drilling of 11 RC holes which resulted in intersections of interest in 8 holes, 7 of which were drilled in the West Lens. Details of the intersections are shown in Table 1 below.

| Hole No. | Azimuth (degrees) | Depression (degrees) | From (m)       | To (m)         | Interval (m) | Gold (g/t)           |
|----------|-------------------|----------------------|----------------|----------------|--------------|----------------------|
| WYN 62   | 92                | 60                   | 24             | 26             | 2            | 1.73                 |
| WYN 63   | 90                | 60                   | 14<br>26       | 16<br>28       | 2<br>2       | 2.80<br>26.80        |
| WYN 64   | 91                | 60                   | 51<br>57       | 53<br>66       | 2<br>9       | 1.73<br>5.03         |
| WYN 65   | 90.5              | 60                   | 16             | 18             | 2            | 1.80                 |
| WYN 66   | 81.5              | 60                   | 15<br>29<br>43 | 21<br>33<br>45 | 6<br>4<br>2  | 2.53<br>1.45<br>2.02 |
| WYN 67   | 87.5              | 60                   | 6<br>28        | 24<br>30       | 18<br>2      | 4.86<br>1.75         |
| WYN 68   | 92.5              | 60                   | 32<br>60       | 38<br>64       | 6<br>4       | 2.68<br>7.60         |
| WYN 71   | 92.5              | 60                   | 18<br>46       | 22<br>48       | 4<br>2       | 5.06<br>1.20         |

*Table 1 - Intersections from Drilling Programme - May, 1992*

These drilling programmes defined gold mineralisation in at least 6 fault planes within a general structural zone trending north-east south-west through dark to black siltstones, fine sandstones and grey cherty sediments of the Toole Creek Volcanics. The resources contained within these gold bearing structures are:-

Measured Resource 93,000 tonnes@ 4.4 g/t Au  
 Indicated Resource 138,000 tonnes@ 4.2 g/t Au  
 Inferred 48,000 +tonnes@ 2.8 g/t Au  
 280,000 tonnes@ 4.0 g/t Au

Figure 2 is a section at 5401mN, showing the style of mineralisation in the West Lens.

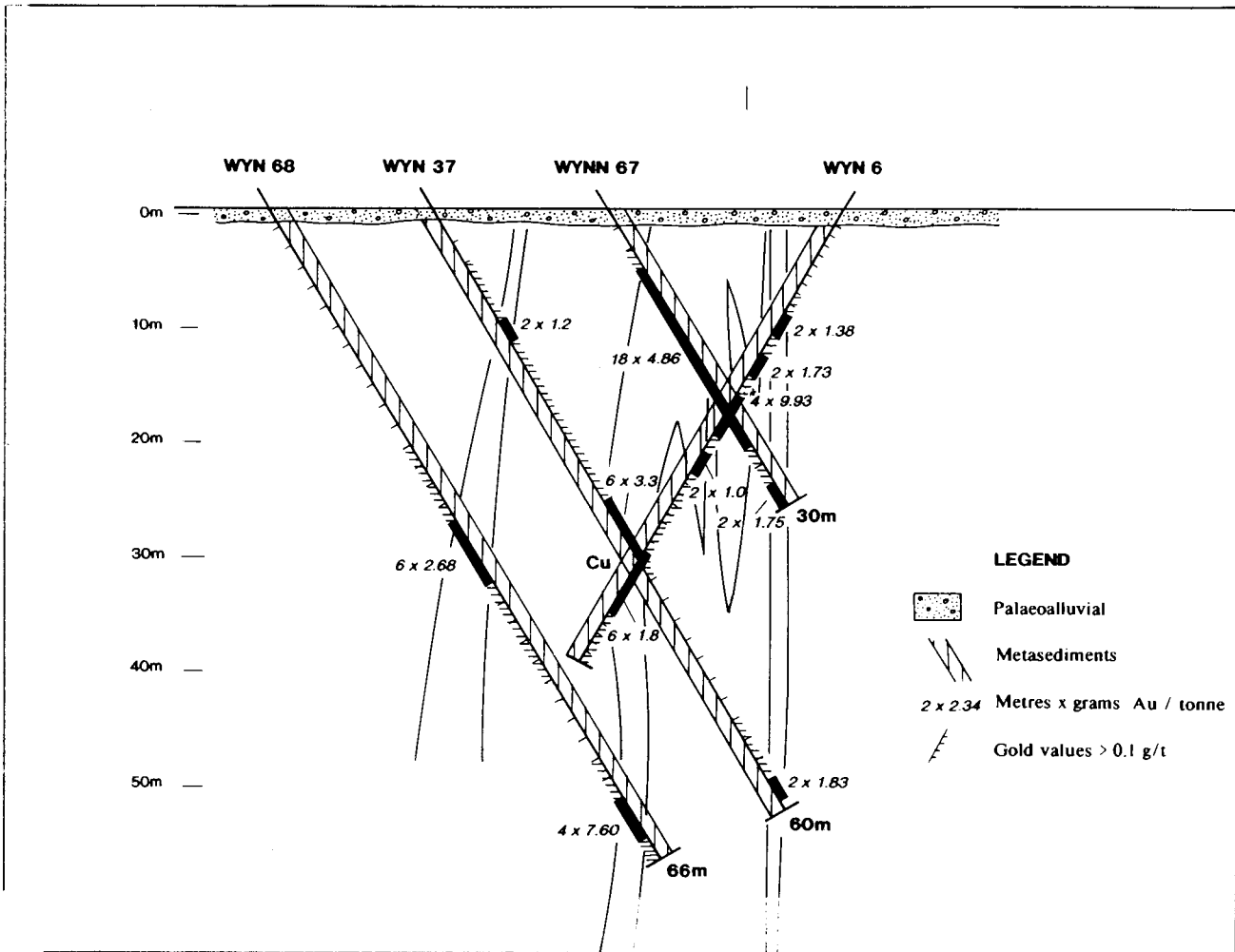


Figure 2 - Wynberg Prospect - Drill Section S40-1-N

A further 6 RC holes were drilled in the Wynberg Prospect during the 1994 exploration season details

of which are shown in Table 2 below.

| Hole  | Azimuth grid degree | Depression degrees | From metres | To metres | Interval metres | Au >1ppm |
|-------|---------------------|--------------------|-------------|-----------|-----------------|----------|
| WYN73 | 092                 | 60                 | 16          | 24        | 8               | 2.86     |
|       |                     |                    | 18          | 22        | 4               | 4.65     |
| WYN74 | 090                 | 60                 |             |           |                 |          |
| WYN75 | 091                 | 60                 | 24          | 30        | 6               | 0.62     |
| WYN76 | 089                 | 60                 | 16          | 24        | 8               | 1.89     |
|       |                     |                    | 40          | 42        | 2               | 1.69     |
| WYN77 | 090                 | 60                 | 12          | 14        | 2               | 1.56     |
|       |                     |                    | 18          | 24        | 6               | 1.16     |
| WYN78 | 090                 | 60                 | 16          | 18        | 2               | 1.52     |

Table 2 - Intersections from Drilling Programme - April 1994

These six holes have further enhanced the prospect with additional tonnage indicated in the three mineralised structures drilled. Further RC scout and resource definition drilling is planned at Wynberg early in the current year.

**WOW** This prospect is located 1 kilometre west of Wynberg in similar black shales, cherty siltstones and amphibolites. Two holes have been drilled on the prospect, WOW2 returned an intersection of 4m at 3.00 g/t Au., which supports an earlier intersection of 6m at 1.9g/t Au in hole WOW1, 45 metres to the west. Further drilling is planned in the current year.

**Elder Plain East** is located approximately 7.5 kilometres south-east of Wynberg. Previous surface exploration has located a gold bearing structure within which chip sampling over small ferruginous chert outcrops returned values of 21.3 and 27.2 g/t Au. A further two holes were drilled during the programme conducted in April 1994 but neither produced results of greater than 1ppm Au.

**Iron Duke/Little Duke Prospect** is situated 23 kilometres south of Wynberg and consists of gold mineralisation located within a north-south fault zone with small gold workings extending over 1300 metres of the 2000 metres of mapped structure. The mineralisation is contained within quartz, jasper, and siderite breccia.

Sampling has indicated that anomalous gold with subordinate copper occurs along most of the structure, with the following results being obtained:

- 3.0 g/t Au was obtained from Little Duke shaft mullock;
- 9.6 g/t Au over 2.5 metres from across the shaft itself at depth;
- 1.53 g/t Au over 60 metres along the lode;
- 30.5 and 0.85 g/t Au from the Iron Duke workings 600 metres to the north.

A soil grid over the southern half of the structure defined anomalous arsenic copper and gold with a maximum soil value of 3.5 g/t Au being recorded.

A further 3 RC holes were drilled in the area during April 1994 and these returned a best intersection of 4m at 1.25g/t Au.

**Falcon Prospect** This north trending fault zone lies 300 metres west of Iron Duke. It is similar and parallel with Iron Duke/Little Duke and contains the old Comstock East, Falcon, Falcon North and The Jewel gold workings. Earlier sampling returned 5 samples greater than 1 g/t Au (average 2.1 g/t) from the 11 lode samples taken over a lode length of 1200 metres. Recent infill samples returned values of up to 39.3 ppm Au and Cu of 8.2% in the narrow quartz, carbonate, gossanous lodes.

Two further RC holes were drilled during April 1994, neither of which produced results of greater than 1ppm Au.

A number of areas of surface gold/copper mineralisation located during the last year will be subject to further exploration, including drilling.





## **THAI GOLDFIELDS PROSPECT**

Thai Goldfields, Thailand

Interest held - 49%

This prospect is contained within a hill located on a flat plain in Pechaboon Province in Central Thailand. Figure 3 below shows the location of the project.

In 1993, Kingsgate acquired 100% of Patron Limited, the owner of 64.3% of the issued capital of Issara Mining Limited, which in turn owns the Thai Gold Project. During 1993 an option agreement was entered into to acquire a further 32.2% of Issara Mining Limited.

Issara commenced exploration for gold in Thailand in 1987 and a large number of areas were studied resulting in numerous gold targets being defined throughout Thailand. The most interesting area of mineralisation discovered was designated as 1508, which comprises a hill 85 metres high, 900 metres long and 450 metres wide, located in central Thailand.

Detailed surface exploration has been undertaken including gridding, geological mapping, ground magnetics, grid based soil sampling by shallow drilling, rock chip sampling and over 800 metres of trenches dug to bedrock and sampled. A large epithermal gold system has been defined covering the hill. Rock channel samples in the 5 g/t to 10 g/t Au range were common, the highest assay result received being 219 g/t Au. A target zone with bedrock gold values averaging 1.6 g/t over widths up to 12 metres running the length of the hill, was defined. This suggests potential for a substantial tonnage of mineralisation in the order of 200,000 tonnes per vertical metre of gold and silver bearing ore, at grades to be determined by deep drilling.

This system has been defined along a north/south gold bearing structure for at least 14 kilometres. One mining lease has been granted and four SPLs have been applied for over the entire 14 kilometres of mineralised structure.

In 1993 a joint venture between Issara and Prae Lignite Limited, a subsidiary of Ban Pu Public Co. Ltd, of Bangkok, Thailand was negotiated and a joint venture company, Akara Mining Limited, was formed with equity held 51% by Prae Lignite and 49% by Issara.

The finalised agreement with Prae Lignite provides for the exploration of the project by geophysics, RAB and diamond drilling and is designed to test the depth of the mineralisation and its grade, as well as the strike extensions to the north and south of the central zone.

During the year the company and its co-venturer focussed upon improving mining titles over the area of interest. This has proven to be a time consuming task requiring patience and the observance of the local culture and customs. The company views the issue of title as important to its future involvement in this project. Therefore, before any further exploration activity is performed on this area, the company and its co-venturer propose to resolve this matter. It is felt that good progress was made during the year and it is hoped to complete the next phase of RAB and diamond drilling during the coming dry season.

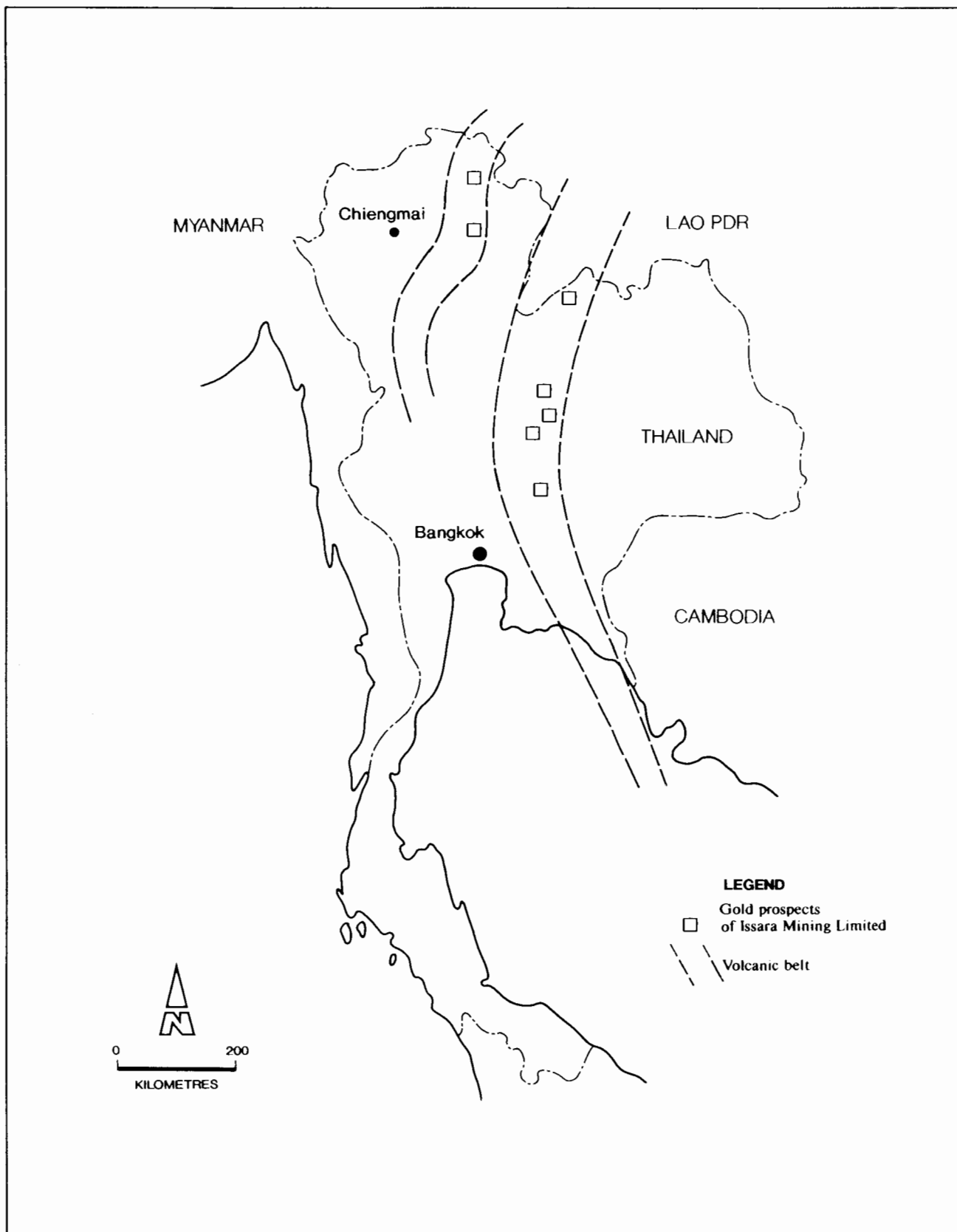


Figure 3 - Thailand Project



## **SCOTT RIVER**

South West Mineral Field - Western Australia

Interest held - 55%

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

Following the re-evaluation of earlier data, some of the most prospective samples were sent for further laboratory evaluation. This enabled targets to be defined for an infill drilling programme of some

twenty holes, drilled to a depth of 30 metres each. This programme was carried out late in the 1993/94 fiscal year with the objective of further delineating the previously defined targets. The report from the consultants responsible for the drilling programme indicated that the mineral resource potential for the area is not good. Applying what are considered to be acceptable criteria for determining the economic potential of mineralisation in a project, the Scott River area fell short of what is required.

The joint venture participants are reviewing their position, but it is unlikely that the company will be involved in the future exploration of this area.

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## DIRECTORS' REPORT

In respect of the financial year ended 30th June, 1994, the directors of Kingsgate Consolidated N.L., the company and chief entity, 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 OF THE ECONOMIC ENTITY

The principal activities of the economic entity 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 consolidated results of the economic entity for the financial year ended 30th June, 1994 was a loss of \$43,149 (1993 - \$388,345 loss), parent company a loss of \$36,350 (1993 - \$333,665 loss) after realising an income tax benefit of \$nil (1993 - \$nil).

### 4. DIVIDENDS

The directors of the company do not recommend the payment of a dividend. No dividends were paid or declared by the economic entity since the end of the previous financial year.

### 5. REVIEW OF OPERATIONS

A review of the operations of the economic entity during the year and the results of those operations appears on pages 3 to 10 in the summary of activities of this annual report.

### 6. CHANGE IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the economic entity that occurred during the financial year not otherwise disclosed in this report or the consolidated financial statements.

### 7. EVENTS SUBSEQUENT TO BALANCE DATE

The directors are not aware of any matter or circumstance since the end of the financial year, not otherwise dealt with in this report or consolidated accounts, that has significantly or may significantly, affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity 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.

## 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 as shown in the accounts and consolidated accounts) by reason of a contract made by the company, a controlled entity or a related body corporate with a director or with a firm of which the director is a member or with an entity in which the director has a substantial financial interest, with the exception of benefits that may be deemed to have arisen in relation to the following transaction entered into in the ordinary course of business:

- consulting fees paid to Mega Management Pty. Ltd., a company controlled by D.P.M. Buechner.

## 11. DIRECTORS INTERESTS 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 Note 18 to the accounts.

## 12. INFORMATION ON DIRECTORS

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

Mr. Tribe was appointed to the Board in October, 1987, having previously served as a director for other listed public mining and exploration companies. He is an accountant and is presently serving as a director of one other listed public company and a number of non-listed companies in Australia as well as being on the Board of Directors of companies in the U.S.A., United Kingdom and Singapore.

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

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

Mr. Buechner joined the Board in June, 1991 bringing with him years of experience in providing management services in various areas of the mining industry to a number of public listed and private companies.

Particulars of director's interest in  
shares of Kingsgate Consolidated N.L. 10,000 shares

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

Mr. Menzies, a solicitor in his own practice, was appointed to the Board in July, 1991. He has been actively involved in the field of corporate law and 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.

### 13. DIRECTORS' MEETINGS

The number of directors' meetings and meetings of committees of directors held in the period each director held office during the financial year and the number of meetings attended by each director are:-

| Director        | Board of Directors Meetings |              |
|-----------------|-----------------------------|--------------|
|                 | No. Held                    | No. Attended |
| A.W. Tribe      | 4                           | 4            |
| D.P.M. Buechner | 4                           | 4            |
| G.A. Menzies    | 4                           | nil          |

DATED at PERTH this 29th day of August, 1994  
For and on behalf of the Board of Directors

A.W. TRIBE  
Director

D.M.P. BUECHNER  
Director



**PROFIT AND LOSS ACCOUNTS for the year ended 30th June, 1994**

|   | Note | Company            |                    | Consolidated       |                    |
|---|------|--------------------|--------------------|--------------------|--------------------|
|   |      | 1994<br>\$         | 1993<br>\$         | 1994<br>\$         | 1993<br>\$         |
| OPERATING REVENUE   | 2    | <u>258,063</u>     | <u>138,599</u>     | <u>258,063</u>     | <u>138,599</u>     |
| OPERATING LOSS  | 3    | (36,350)           | (333,665)          | (43,149)           | (388,345)          |
| Income tax attributable to operating loss   | 4    | -                  | -                  | -                  | -                  |
| OPERATING LOSS AFTER INCOME TAX   |      | (36,350)           | (333,665)          | (43,149)           | (388,345)          |
| Accumulated losses at the beginning the financial year  |      | (2,733,477)        | (2,399,812)        | (2,788,157)        | (2,399,812)        |
| Accumulated losses at the end of the financial year   |      | <u>(2,769,827)</u> | <u>(2,733,477)</u> | <u>(2,831,306)</u> | <u>(2,788,157)</u> |
| Basic loss per share (cents per share)  |      |                    |                    | (.18)              | (1.78)             |
| (a) There were no potential ordinary shares outstanding at 30th June, 1994.   |      |                    |                    |                    |                    |
| (b) Weighted average number of ordinary shares used in the calculation of basic earnings per share  |      |                    |                    | 24,361,405         | 21,752,170         |
| c) There have been no conversions to, calls of, or subscriptions for ordinary shares since 30th June, 1994 and before completion of these financial statements. |      |                    |                    |                    |                    |

The accompanying notes form an integral part of these accounts

**BALANCE SHEETS as at 30th June, 1994**

|                                      | Note | Company        |                | Consolidated     |                  |
|--------------------------------------|------|----------------|----------------|------------------|------------------|
|                                      |      | 1994           | 1993           | 1994             | 1993             |
|                                      |      | \$             | \$             | \$               | \$               |
| <b>CURRENT ASSETS</b>                |      |                |                |                  |                  |
| Cash                                 |      | 93,714         | 73,901         | 98,257           | 77,039           |
| Receivables                          | 5    | 19,274         | 13,352         | 20,224           | 14,374           |
| Investments                          | 6    | 109,230        | 79,386         | 109,230          | 79,386           |
| <b>TOTAL CURRENT ASSETS</b>          |      | <b>222,218</b> | <b>166,639</b> | <b>227,711</b>   | <b>170,799</b>   |
| <b>NON-CURRENT ASSETS</b>            |      |                |                |                  |                  |
| Receivables                          | 5    | -              | -              | -                | -                |
| Investments                          | 6    | -              | -              | -                | -                |
| Intangibles                          | 7    | -              | -              | -                | -                |
| Property, plant and equipment        | 8    | 7,780          | 8,207          | 7,780            | 8,407            |
| Other                                | 9    | 701,958        | 559,842        | 1,345,736        | 1,203,062        |
| <b>TOTAL NON-CURRENT ASSETS</b>      |      | <b>709,738</b> | <b>568,049</b> | <b>1,353,516</b> | <b>1,211,469</b> |
| <b>TOTAL ASSETS</b>                  |      | <b>931,956</b> | <b>734,688</b> | <b>1,581,227</b> | <b>1,382,268</b> |
| <b>CURRENT LIABILITIES</b>           |      |                |                |                  |                  |
| Creditors & Borrowings               | 10   | 31,393         | 34,355         | 36,480           | 40,160           |
| <b>TOTAL CURRENT LIABILITIES</b>     |      | <b>31,393</b>  | <b>34,355</b>  | <b>36,480</b>    | <b>40,160</b>    |
| <b>NON-CURRENT LIABILITIES</b>       |      |                |                |                  |                  |
| Creditors & Borrowings               | 10   | -              | -              | 705,663          | 696,455          |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |      | <b>-</b>       | <b>-</b>       | <b>705,663</b>   | <b>696,455</b>   |
| <b>TOTAL LIABILITIES</b>             |      | <b>31,393</b>  | <b>34,355</b>  | <b>742,143</b>   | <b>736,615</b>   |
| <b>NET ASSETS</b>                    |      | <b>900,563</b> | <b>700,333</b> | <b>839,084</b>   | <b>645,653</b>   |
| <b>SHAREHOLDERS' EQUITY</b>          |      |                |                |                  |                  |
| Share capital                        | 11   | 3,635,390      | 3,398,810      | 3,635,390        | 3,398,810        |
| Reserves                             | 12   | 35,000         | 35,000         | 35,000           | 35,000           |
| Accumulated losses                   |      | (2,769,827)    | (2,733,477)    | (2,831,306)      | (2,788,157)      |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>    |      | <b>900,563</b> | <b>700,333</b> | <b>839,084</b>   | <b>645,653</b>   |

The accompanying notes form an integral part of these accounts.



**STATEMENTS OF CASH FLOWS for the year ended 30th June, 1994**

|   | Note | Company<br>Inflows/(Outflows) |           | Consolidated<br>Inflows/(Outflows) |           |
|---|------|-------------------------------|-----------|------------------------------------|-----------|
|   |      | 1994                          | 1993      | 1994                               | 1993      |
|   |      | \$                            | \$        | \$                                 | \$        |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |      |                               |           |                                    |           |
| Payments to trade creditors,<br>other suppliers and employees |      | (78,308)                      | (51,795)  | (149,289)                          | (51,795)  |
| Interest received   |      | 4,787                         | 5,709     | 4,787                              | 5,709     |
| <b>NET CASH FLOWS APPLIED TO OPERATING ACTIVITIES</b>         |      |                               |           |                                    |           |
|   | 20   | (73,521)                      | (46,086)  | (144,502)                          | (46,086)  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |      |                               |           |                                    |           |
| Payments for exploration                                      |      | (161,231)                     | (183,216) | (161,722)                          | (183,216) |
| Payments intercompany   |      | (72,872)                      | -         | -                                  | -         |
| Payments for acquisition of<br>exploration areas              |      | (25,000)                      | (75,000)  | (25,000)                           | (75,000)  |
| Payment for investments                                       |      | (42,500)                      | -         | (42,500)                           | -         |
| Payment for options on investments                            |      | (61,383)                      | -         | (61,383)                           | -         |
| Payment for property, plant<br>and equipment                  |      | (1,254)                       | -         | (1,254)                            | -         |
| Proceeds on sale of listed investments                        |      | 251,819                       | 132,890   | 251,819                            | 132,890   |
| Cash acquired on acquisition of<br>controlled entities        |      | -                             | -         | -                                  | 3,138     |
| <b>NET CASH FLOWS APPLIED TO INVESTING ACTIVITIES</b>         |      |                               |           |                                    |           |
|   |      | (112,421)                     | (125,326) | (40,040)                           | (122,188) |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |      |                               |           |                                    |           |
| Proceeds from issue of shares                                 |      | 216,580                       | -         | 216,580                            | -         |
| Payments on issue of shares                                   |      | (10,820)                      | -         | (10,820)                           | -         |
| <b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>               |      |                               |           |                                    |           |
|   |      | 205,760                       | -         | 205,760                            | -         |
| <b>NET INCREASE/(DECREASE) IN CASH HELD</b>                   |      |                               |           |                                    |           |
| Cash at the beginning of the financial year                   |      | 73,901                        | 245,313   | 77,039                             | 245,313   |
| <b>CASH AT THE END OF THE FINANCIAL YEAR</b>                  |      |                               |           |                                    |           |
|   | 20   | 93,719                        | 73,901    | 98,257                             | 77,039    |

The accompanying notes form an integral part of these statements.

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**NOTES TO, AND FORMING PART OF, THE ACCOUNTS**  
for the year ended 30th June, 1994

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in preparing the accounts of the company, Kingsgate Consolidated N.L., and the consolidated accounts of the economic entity comprising the company, as the chief entity, and the entities it controls are stated to assist in a general understanding of these accounts. These policies have been consistently applied by entities in the economic entity except as otherwise indicated. The accounts and the 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, except where stated, do not take into account changing money values or current valuations of non-current assets. Non-current assets are revalued from time to time as considered appropriate by the directors and are not stated at amounts in excess of their recoverable amounts. Except where stated recoverable amounts are not determined using discounted cash flows. The company has not adopted a policy of revaluing its non-current assets on a regular basis.

**(b) Principles of Consolidation**

The consolidated accounts of the economic entity include the assets and liabilities of the company and the entities it controlled at the end of the financial year and the results of the company and the entities it controlled during the year.

The controlled entities are listed in Note 14 to the accounts.

The effect of all transactions between entities in the economic entity and inter-entity balances are eliminated in full in preparing the consolidated accounts. Outside equity interests in the results and the equity of controlled entities are shown separately in the consolidated profit and loss account and balance sheet respectively.

Where necessary, dissimilar accounting policies adopted by controlled entities have been amended to ensure consistent policies are adopted within the economic entity.

**(c) Foreign Currency**

Transactions denominated in a foreign currency are converted at the exchange rate of the date of the transaction. Foreign currency receivables which are payable as at balance date are translated at the exchange rates prevailing as at that date. Exchange gains and losses are brought to account in determining the profit or loss for the year. Non current assets are converted at the rate of exchange prevailing on the date of acquisition.

**(d) Exploration, Evaluation and Development Expenditure**

Exploration, evaluation and development costs related to current areas of interest are carried forward to the extent that:-

- i. such costs are expected to be recouped through successful development and production of the area or by its sale; or



## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **(d) Exploration, Evaluation and Development Expenditure (continued)**

- ii. exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves.

Costs will be amortised over the life of the relevant area of interest from the date of commencement or production, determined on a production output basis. In the event that an area of interest is abandoned or if the directors consider the expenditure to be of no value, accumulated costs carried forward are written off in the year in which that assessment is made.

### **(e) Joint Ventures**

Where exploration, evaluation and development activities of the economic entity 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 15 to the accounts.

### **(f) Income Tax**

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

### **(g) Depreciation and Amortisation of Property, Plant and Equipment**

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 property, plant and equipment are taken into account in determining the operating results for the year.

### **(h) Investments**

The company's and the economic entity's interests in companies which are not controlled are brought to account at cost and dividends and other distributions are recognised in the profit and loss account when received. Equity accounting principles are applied in respect of associated companies. Where, in the opinion of the directors, there has been a permanent diminution in the value of an investment, the carrying amount of the investment is written down to its recoverable amount.

### **(i) Segment Information**

The principal activities of the economic entity during the course of the financial year were mineral exploration and investment primarily in Australia. The company also holds an investment in Thailand.

### **(j) Operating Revenue**

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

### **(k) Cash Flows**

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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (l) Goodwill

Goodwill, representing the excess of the cost of equity in controlled entities over the fair value of the net assets of the controlled entities at the dates of gaining control, is shown as an intangible asset. Goodwill is amortised over its expected useful life and is written off to the extent it is not represented by probable future benefits.

### (m) Receivables

A provision is raised for any doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off during the period in which they are identified.

### (n) Employee Entitlements

Liabilities for employees' entitlements to wages and salaries, annual leave and other current employee entitlements are accrued at nominal amounts calculated on the basis of current wage and salary rates.

|  | Company        |                | Consolidated   |                |
|--|----------------|----------------|----------------|----------------|
|  | 1994           | 1993           | 1994           | 1993           |
|  | \$             | \$             | \$             | \$             |
| <b>2. OPERATING REVENUE</b>  |                |                |                |                |
| Sales Revenue  |                |                |                |                |
| - Proceeds from sales of shares  | 251,819        | 132,890        | 251,819        | 132,890        |
| - Interest received  | 4,788          | 5,709          | 4,788          | 5,709          |
| - Other  | 1,456          | -              | 1,456          | -              |
|  | <u>258,063</u> | <u>138,599</u> | <u>258,063</u> | <u>138,599</u> |
| <b>3. OPERATING LOSS</b>   |                |                |                |                |
| <b>(i) Operating loss before income tax has been determined after:</b>                     |                |                |                |                |
| <b>CREDITING</b>   |                |                |                |                |
| Interest received from other persons   | 4,788          | 5,709          | 4,788          | 5,709          |
| - Write back of provision for diminution in value of listed investments no longer required | -              | 72,397         | -              | 72,397         |
| <b>CHARGING AS EXPENSE</b>   |                |                |                |                |
| <b>Depreciation</b>  |                |                |                |                |
| - Plant & equipment  | 131            | 3,244          | 131            | 3,244          |
| - Motor vehicles   | 1,550          | 1,575          | 1,550          | 1,575          |
| Loss on scrapped equipment   | -              | 320            | -              | 320            |
| Superannuation contributions   | 960            | -              | 960            | -              |
| - Mining tenements and exploration expenditure written off                                 | 15,213         | -              | 15,213         | -              |



|   | Company    |           | Consolidated |           |
|---|------------|-----------|--------------|-----------|
|   | 1994       | 1993      | 1994         | 1993      |
|   | \$         | \$        | \$           | \$        |
| <b>3. OPERATING LOSS (continued)</b>  |            |           |              |           |
| (ii) Abnormal items included in operating loss before tax   |            |           |              |           |
| - Profit on sale of investments<br>(income tax effect \$nil)  | (239,163 ) | (52,890 ) | (239,163 )   | (52,890 ) |
| - Provision for non-recovery of loans<br>(income tax effect \$nil)  | 87,516     | 99,463    | -            | 55,000    |
| - Goodwill on consolidation written off<br>(income tax effect \$nil)  | -          | -         | -            | 519,118   |
| - Provision for diminution in the value of investments in controlled entities<br>(income tax effect \$nil)      | -          | 310,000   | -            | -         |
| - Provision for diminution in value of an option acquired during the year<br>(income tax effect \$nil)          | 81,383     | -         | 81,383       | -         |
| - Charge against group results for increase in liabilities due to third parties (Note 10)                       | -          | -         | 96,766       | -         |
| - Share issue costs   | 10,820     | -         | 10,820       | -         |
|   | =====      | =====     | =====        | =====     |
| (iii) Directors' Remuneration   |            |           |              |           |
| Income received or due and receivable by directors of the company from the company                              | 36,000     | 36,000    | 36,000       | 36,000    |
| From related bodies corporate   | -          | -         | -            | -         |
|   | =====      | =====     | =====        | =====     |
| The number of directors of the company included in these figures are shown below in their relevant income bands |            |           | 1994         | 1993      |
|   |            |           | Number       | Number    |
| Income between:   |            |           |              |           |
| \$ nil - \$ 9,999   |            |           | 1            | 1         |
| \$10,000 - \$19,999   |            |           | 1            | 1         |
| \$20,000 - \$29,999   |            |           | 1            | 1         |
| Executives' Remuneration  |            |           |              |           |
| No executive officer received income from the company or related corporations in excess of \$100,000            |            |           |              |           |
|   |            |           |              |           |
|   |            |           | 1994         | 1993      |
|   |            |           | \$           | \$        |
| (iv) Auditors' Remuneration   |            |           |              |           |
| Amounts received, or due and receivable by the auditors for:  |            |           |              |           |
| - auditing the accounts   | 2,000      | 2,800     | 2,000        | 2,800     |
| - other services  | -          | 1,390     | 3,419        | 1,390     |
|   | =====      | =====     | =====        | =====     |

#### 4. INCOME TAX

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

|  | Company  |           | Consolidated |           |
|--|----------|-----------|--------------|-----------|
|  | 1994     | 1993      | 1994         | 1993      |
|  | \$       | \$        | \$           | \$        |
| Prima facie income tax on operating loss @ 33% (1993 @ 39%)            | (11,995) | (130,129) | (14,239)     | (151,455) |
| Add - Non deductible items   |          |           |              |           |
| - Goodwill on consolidation written off                                | -        | -         | -            | 202,456   |
| - Other  | 6,993    | 3,052     | 38,122       | 3,063     |
| Add - Future income tax benefits not brought to account in respect of: |          |           |              |           |
| - Provision for diminution in value of investments                     | 26,856   | 92,666    | 26,850       | (28,234)  |
| - Exploration expenditure written off                                  | 5,020    | -         | 5,020        | -         |
| - Provision for non-recovery of loans                                  | 28,879   | 38,791    | -            | (21,450)  |
| Less:  |          |           |              |           |
| - Recoupment of prior year tax losses previously not recognised        | (55,753) | (4,380)   | (55,753)     | (4,380)   |
| Income tax attributable to operating loss                              | <u>-</u> | <u>-</u>  | <u>-</u>     | <u>-</u>  |

Potential future income tax benefits of \$210,617 (1993 - \$257,940) attributable to tax losses carried forward by the company and future benefits attributable to exploration expenditure and other timing differences allowable for deduction have not been brought to account in the consolidated accounts at 30th June, 1994 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:

- (a) the company and its controlled entities derive future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;
- (b) the company and its controlled entities continue to comply with the conditions for deductibility imposed by the law; and
- (c) no changes in tax legislation adversely affect the company or the economic entity in realising the benefit from the deductions for the loss and exploration expenditure carried forward.



|  | Company           |                   | Consolidated      |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | 1994              | 1993              | 1994              | 1993              |
|  | \$                | \$                | \$                | \$                |
| <b>5. RECEIVABLES</b>  |                   |                   |                   |                   |
| <b>CURRENT</b>   |                   |                   |                   |                   |
| Other debtors  | 19,274            | 13,352            | 20,224            | 14,374            |
|  | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
| <b>NON-CURRENT</b>   |                   |                   |                   |                   |
| Loan to controlled entity  | 227,335           | 154,463           | -                 | -                 |
| Provision for non-recovery of loans  | (227,335 )        | (154,463 )        | -                 | -                 |
|  | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
|  | -                 | -                 | -                 | -                 |
|  | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
| <b>6. INVESTMENTS</b>  |                   |                   |                   |                   |
| <b>CURRENT</b>   |                   |                   |                   |                   |
| Shares in listed corporations at cost  | 109,230           | 79,386            | 109,230           | 79,386            |
|  | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
| The aggregate market values<br>of investments listed on a<br>prescribed Stock Exchange:<br>- 30th June, 1994 | 212,593           | 323,149           | 212,593           | 323,149           |
|  | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
| <b>NON-CURRENT</b>   |                   |                   |                   |                   |
| Shares in controlled entity,<br>at cost - Patron Ltd.  | 310,000           | 310,000           | -                 | -                 |
| Less Provision for diminution in value   | (310,000 )        | (310,000 )        | -                 | -                 |
| Options on shares in controlled<br>entity - at cost - Issara Mining Ltd.                                     | 81,383            | -                 | -                 | -                 |
| Less Provision for diminution in value   | (81,383 )         | -                 | -                 | -                 |
|  | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
|  | -                 | -                 | -                 | -                 |
|  | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
| <b>7. INTANGIBLES</b>  |                   |                   |                   |                   |
| Goodwill on consolidation of<br>controlled entities  | -                 | -                 | -                 | 519,118           |
| Less accumulated amortisation  | -                 | -                 | -                 | (519,118 )        |
|  | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
|  | -                 | -                 | -                 | -                 |
|  | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |



|  | Company        |                | Consolidated     |                  |
|--|----------------|----------------|------------------|------------------|
|  | 1994           | 1993           | 1994             | 1993             |
|  | \$             | \$             | \$               | \$               |
| <b>8. PROPERTY, PLANT &amp; EQUIPMENT</b>  |                |                |                  |                  |
| Plant, equipment and motor vehicles (at cost)  | 31,840         | 30,585         | 35,077           | 30,786           |
| Deduct accumulated depreciation  | (24,060)       | (22,378)       | (27,297)         | (22,379)         |
|  | <u>7,780</u>   | <u>8,207</u>   | <u>7,780</u>     | <u>8,407</u>     |
| <b>9. OTHER ASSETS</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 | 100,000        | 100,000        | 100,000          | 100,000          |
| Exploration expenditure capitalised at cost  | 601,958        | 459,842        | 1,245,736        | 1,103,062        |
|  | <u>701,958</u> | <u>559,842</u> | <u>1,345,736</u> | <u>1,203,062</u> |
| <b>10. CREDITORS AND BORROWINGS</b>  |                |                |                  |                  |
| <b>CURRENT - Unsecured</b>   |                |                |                  |                  |
| Other creditors  | <u>31,393</u>  | <u>34,355</u>  | <u>36,480</u>    | <u>40,160</u>    |
| <b>NON-CURRENT - Secured</b>   |                |                |                  |                  |
| Creditors and borrowings   | <u>-</u>       | <u>-</u>       | <u>705,663</u>   | <u>696,455</u>   |

Included in Creditors and Borrowings are loans payable by Patron Limited through its controlled entity Issara Mining Limited (refer note 14). Resources for repayment are limited to the assets of Issara Mining Limited and any proceeds received from joint venture interests. The loans were recognised in the consolidated accounts at the directors estimate of their fair values at the date of acquisition of Patron Limited.

The directors will continue to assess the extent to which they believe payment of the liability will be probable and any further amounts recognised will result in additional goodwill on the acquisition of the Patron Limited economic entity which will be written off to the extent it is not represented by probable future benefits.





|   | Company           |                   | Consolidated      |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 1994              | 1993              | 1994              | 1993              |
|   | \$                | \$                | \$                | \$                |
| <b>11. SHARE CAPITAL</b>  |                   |                   |                   |                   |
| <b>AUTHORISED CAPITAL</b>   |                   |                   |                   |                   |
| 200,000,000 ordinary shares of 25 cents each (1993 - 200,000,000 ordinary shares of 25 cents each)    | 50,000,000        | 50,000,000        | 50,000,000        | 50,000,000        |
|   | <u>50,000,000</u> | <u>50,000,000</u> | <u>50,000,000</u> | <u>50,000,000</u> |
| <b>ISSUED CAPITAL</b>   |                   |                   |                   |                   |
| <b>Fully Paid shares of 25 cents each</b>   |                   |                   |                   |                   |
| 24,500,239 (1993 - 23,667,239) ordinary shares of 25 cents each fully paid                            | 6,125,060         | 5,916,810         | 6,125,060         | 5,916,810         |
| <b>Partly Paid Shares of 25 cents each</b>  |                   |                   |                   |                   |
| 2,000,000 (1993 - nil) ordinary shares of 25 cents each   | 500,000           | -                 | 500,000           | -                 |
| Less: Unpaid calls due 1.12.95  | (500,000)         | -                 | (500,000)         | -                 |
| <b>Discounts</b>  |                   |                   |                   |                   |
| Less: 11,200,000 ordinary shares of 25 cents each issued at a discount of 19 cents per share          | (2,128,000)       | (2,128,000)       | (2,128,000)       | (2,128,000)       |
| Less: 3,000,000 ordinary shares of 25 cents each issued at a discount of 13 cents per share           | (390,000)         | (390,000)         | (390,000)         | (390,000)         |
| <b>Premiums</b>   |                   |                   |                   |                   |
| Plus: 833,000 (1993 - nil) ordinary shares of 25 cents each issued at a premium of 1 cent per share   | 8,330             | -                 | 8,330             | -                 |
| Plus: 2,000,000 (1993 - nil) ordinary shares of 25 cents each issued at a premium of 1 cent per share | 20,000            | -                 | 20,000            | -                 |
|   | <u>3,635,390</u>  | <u>3,398,810</u>  | <u>3,635,390</u>  | <u>3,398,810</u>  |
| <b>PAID UP CAPITAL</b>  | <u>3,635,390</u>  | <u>3,398,810</u>  | <u>3,635,390</u>  | <u>3,398,810</u>  |

During the year, the company issued 833,000 ordinary shares of 25 cents each at a premium of 1 cent per share to provide additional working capital for exploration of the company's existing tenements.

The company also issued 2,000,000 ordinary shares of 25 cents each at a premium of 1 cent per share, credited as paid up to 1 cent per share with the balance payable on each such share, namely 25 cents, to be paid on 1st December, 1995. These shares were issued in part consideration of the company obtaining an option to acquire a further 33,333 shares in the capital of Issara Mining Limited.

|                                | Company |        | Consolidated |        |
|--------------------------------|---------|--------|--------------|--------|
|                                | 1994    | 1993   | 1994         | 1993   |
|                                | \$      | \$     | \$           | \$     |
| <b>12. RESERVES</b>            |         |        |              |        |
| NON CURRENT                    |         |        |              |        |
| Asset revaluation              |         |        |              |        |
| Balance at beginning of period | 35,000  | 35,000 | 35,000       | 35,000 |

### 13. 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.

### 14. INVESTMENT IN CONTROLLED ENTITIES

| Name of Entity  | Country of Incorporation | Book Value of Immediate Chief Entity's Investment |        | Interest of Immediate Chief Entity (Ord. Shares) |      | Contribution to Consolidated Net Loss |           |
|---|--------------------------|---|--------|--|------|---------------------------------------|-----------|
|   |                          | 1994  | 1993   | 1994   | 1993 | 1994                                  | 1993      |
|   |                          | \$  | \$     | %  | %    | \$                                    | \$        |
| Kingsgate Consolidated NL   | Australia                | -   | -      | -  | -    | (36,350)                              | (388,345) |
| Directly controlled by Kingsgate Consolidated NL - controlled body corporate: |                          |   |        |  |      |                                       |           |
| - Patron Limited*   | U.K.                     | -   | -      | 100  | 100  | (6,799)                               | -         |
|   |                          | -----   | -----  |  |      | -----                                 | -----     |
|   |                          | -   | -      |  |      | (43,149)                              | (388,345) |
|   |                          | =====   | =====  |  |      | -----                                 | -----     |
| Directly controlled by Patron Limited:  |                          |   |        |  |      |                                       |           |
| - Issara Mining Limited*  | Thailand                 | 33,333  | 33,333 | 67   | 67   | -                                     | -         |
|   |                          | =====   | =====  |  |      | -----                                 | -----     |
|   |                          |   |        |  |      | (43,149)                              | (388,345) |

\* Controlled entity of which Price Waterhouse have not acted as auditor.



## 14. INVESTMENT IN CONTROLLED ENTITIES (continued)

### (a) Acquisition of Controlled Entities

On 24th June, 1993 the company acquired 100% of the issued share capital of Patron Limited which has a 67% interest in Issara Mining Limited. In the event that the application for mineral leases is granted to Issara Mining Limited, Kingsgate will become liable to issue a further 1,000,000 ordinary 25 cent shares as additional consideration and to repay an amount of \$130,000 of the loans to the former shareholders (refer Note 10). The additional consideration will be brought to account if the share issue becomes probable and the resulting goodwill on consolidation will be written off to the extent it is not represented by probable future benefits.

### (b) Repayment of Loan to Former Shareholder

At the time of acquiring Patron Limited a loan was outstanding from Issara Mining Limited to Epoch Mining N.L. amounting to approximately \$1.2 million. Completion of negotiations for a joint venture have been undertaken with Prae Lignite Limited, ("Prae Lignite") a wholly owned controlled entity of Ban Pu Public Company Limited, Bangkok and arrangements have been made for the repayment of this loan as follows:-

- if Ban Pu elects to acquire up to a 51% interest in a new joint venture company with Issara, it will pay the sum of US\$4.5 million to Issara under the Ban Pu Agreement and Issara shall as a result pay to Epoch:
  - (i) the sum of US\$300,000 of the first instalment of US\$1.5 million under the Ban Pu Agreement, and
  - (ii) a further sum of US\$300,000 after Issara receives a further instalment of US\$1.5 million under the Ban Pu Agreement.

Epoch Mining N.L. acknowledges that such payments will be made in full satisfaction of the loan due to Epoch by Issara.

- In the event that Ban Pu does not elect to pay the sum of US\$4.5 million to Issara, Issara will procure repayment of the loan from future production of the mining tenements at a rate of 5% of the value of the gross mine production until the loan has been fully repaid.

## 15. INTEREST IN JOINT VENTURES

The economic entity has the following interests in joint ventures:-

### (i) Scott River Joint Venture

During the year ended 30th June, 1992, the company acquired a 10% interest in the Scott River Joint Venture from Wynyarde Pty. Ltd. As at 30th June, 1994 the interests of the joint venture partners in the Scott River area were Kingsgate Consolidated N.L. 55% and Golden Plateau 45%. This joint venture was established in March, 1988 to pursue exploration activities for heavy mineral sands near Scott River, Western Australia.

## 15. INTEREST IN JOINT VENTURES (continued)

### (ii) 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 was twelve months and during this period Kingsgate funded all exploration expenditure. During November, 1992 negotiations commenced for Kingsgate to acquire a 67% interest in this prospect through the acquisition of a wholly owned controlled entity, Patron Limited. These negotiations have now been completed. Kingsgate and its controlled entity, Issara Mining Limited, have now entered into a joint venture with Prae Lignite, a wholly owned controlled entity of Ban Pu Public Company Limited whereby Prae Lignite may earn a 51% interest in the area by funding exploration costs as follows:

- (i) The exploration to be funded Prae Lignite 51%, Issara 49%;
- (ii) Prae Lignite has the option at the end of the drilling, to purchase 51% of the prospect for the sum of US\$4.5 million, to be paid in instalments of US\$1.5 million at exercise, 12 months after exercise and 24 months after exercise;
- (iii) Kingsgate/Issara to have technical and management control of the project until development; and
- (iv) Prae Lignite may withdraw at any time until all option payments are made, without equity.

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

|  | Company        |                | Consolidated   |                |
|--|----------------|----------------|----------------|----------------|
|  | 1994           | 1993           | 1994           | 1993           |
|  | \$             | \$             | \$             | \$             |
| <b>OTHER ASSETS</b>                    |                |                |                |                |
| Exploration expenditure and tenements: |                |                |                |                |
| - Scott River                          | 293,438        | 277,052        | 293,438        | 277,052        |
| - Thai Goldfields Prospect             | -              | -              | 643,778        | 643,220        |
|  | <u>293,438</u> | <u>277,052</u> | <u>937,216</u> | <u>920,272</u> |

## 16. EXPLORATION EXPENDITURE COMMITMENTS

Aggregate exploration expenditure contracted for at balance date but not provided for in the accounts:

|  |                |                |                |                |
|--|----------------|----------------|----------------|----------------|
| Payable not later than 1 year  | 246,800        | 225,000        | 246,800        | 225,000        |
|  | <u>246,800</u> | <u>225,000</u> | <u>246,800</u> | <u>225,000</u> |
| The above commitments include expenditure commitments relating to joint venture operations | 131,800        | 20,000         | 131,800        | 20,000         |
|  | <u>131,800</u> | <u>20,000</u>  | <u>131,800</u> | <u>20,000</u>  |



## 17. CONSOLIDATED SEGMENT INFORMATION

| INDUSTRY SEGMENTS       | Mining     |            | Investment |         | Consolidated |            |
|-------------------------|------------|------------|------------|---------|--------------|------------|
|                         | 1994       | 1993       | 1994       | 1993    | 1994         | 1993       |
|                         | \$         | \$         | \$         | \$      | \$           | \$         |
| Total operating revenue | -          | -          | 258,063    | 138,599 | 258,063      | 138,599    |
| Segment result          | (185,730 ) | (464,142 ) | 164,024    | 130,997 | (21,706 )    | (333,145 ) |
| Unallocated expenses    |            |            |            |         | (21,443 )    | (55,200 )  |
| Operating loss          |            |            |            |         | (43,149 )    | (388,345 ) |
| Segment assets          | 1,345,736  | 1,203,062  | 109,230    | 79,386  | 1,454,966    | 1,282,448  |
| Unallocated             |            |            |            |         | 126,261      | 99,820     |
| Total assets            |            |            |            |         | 1,581,227    | 1,382,268  |

The economic entity undertakes its exploration activities predominantly in Australia and Thailand.

## 18. 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, 1994. Remuneration received or receivable by the directors of the company and the economic entity is disclosed in Note 3 to the accounts.

### Ownership interests in related parties

Interests held in a controlled entity are set out in Note 14 to the accounts. Interests held in joint ventures are set out in Note 15 to the accounts

### Share Transactions with Directors

The aggregate number of shares held by directors of the company at balance date were:

#### Issuing Entity

#### Class of Share - Number

Kingsgate Consolidated N.L.

Ordinary shares - 3,000

### Controlling Entity

Kingsgate Consolidated N.L. is the ultimate chief entity in the wholly-owned group comprising the company and its wholly owned controlled entity.

### Transaction with Other Related Parties

The company advanced funds to Issara Mining Limited of \$62,208 (1993 - \$ 99,643) during the financial year for the purpose of funding its exploration activities. These funds are at call and are interest free.

**18. RELATED PARTY INFORMATION (continued)**

Loans to Patron Limited by way of payments made on their behalf totalled \$7,644.

|  | Company          |                  | Consolidated |          |
|--|------------------|------------------|--------------|----------|
|  | 1994             | 1993             | 1994         | 1993     |
|  | \$               | \$               | \$           | \$       |
| <b>Amounts Receivable from Other Related Parties</b>   |                  |                  |              |          |
| Aggregate amounts receivable at balance date from:   |                  |                  |              |          |
| Current  |                  |                  |              |          |
| Controlled Entity  | 227,335          | 154,463          | -            | -        |
| Less provision for doubtful receivables  | <u>(227,335)</u> | <u>(154,463)</u> | <u>-</u>     | <u>-</u> |
| <br><b>Amounts Attributable to Transactions with Other Related Parties</b>   |                  |                  |              |          |
| Operating loss before income tax for the financial year includes aggregate amounts attributable to transactions in respect of: |                  |                  |              |          |
| Provisions for doubtful receivable from controlled entity  | <u>87,516</u>    | <u>99,463</u>    | <u>-</u>     | <u>-</u> |

**19. SUPERANNUATION COMMITMENTS**

The economic entity contributes to an approved superannuation fund in accordance with legal requirements.

**Australian Company**

The company contributes a percentage of salaries and wages to a superannuation fund administered by Legal and General Insurance. Benefits are paid on retirement.

**Overseas Subsidiary & Associated Companies**

Each company contributes to funds administered by companies outside the economic entity, as required by the law of that country.



|   | Company         |                 | Consolidated     |                 |
|---|-----------------|-----------------|------------------|-----------------|
|   | 1994            | 1993            | 1994             | 1993            |
|   | \$              | \$              | \$               | \$              |
| <b>20. CASH FLOW INFORMATION</b>  |                 |                 |                  |                 |
| <b>Reconciliation of Cash</b>   |                 |                 |                  |                 |
| 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  | <u>93,719</u>   | <u>73,901</u>   | <u>98,257</u>    | <u>77,039</u>   |
| <b>Reconciliation of net cash flows from operating activities to operating loss after income tax is as follows:</b>                               |                 |                 |                  |                 |
| - Operating loss after income tax   | (36,350)        | (333,665)       | (43,149)         | (388,345)       |
| - Depreciation  | 1,681           | 4,819           | 1,881            | 4,819           |
| - Mining tenements and exploration expenditure written off  | 15,213          | -               | 15,213           | -               |
| - Goodwill on consolidation written off   | -               | -               | -                | 519,118         |
| - Provision for non-recovery of loans   | 87,516          | 99,463          | -                | (55,000)        |
| - Loss on scrapped equipment  | -               | 320             | -                | 320             |
| - Provision for diminution in value of listed investments   | -               | (72,397)        | -                | (72,397)        |
| - Provision for diminution in value of investments in controlled entities   | 81,383          | 310,000         | 81,383           | -               |
| - Profit on sale of investments   | (239,163)       | (52,890)        | (239,163)        | (52,890)        |
| - Share issue costs written off   | 10,820          | -               | 10,820           | -               |
| <b>Changes in Assets and Liabilities</b>  |                 |                 |                  |                 |
| - Increase/(Decrease) in other creditors  | 6,942           | (1,126)         | 30,076           | (1,101)         |
| - (Increase)/Decrease in trade and other debtors  | <u>(1,563)</u>  | <u>(610)</u>    | <u>(1,563)</u>   | <u>(610)</u>    |
| Net Cash Outflows used in operating activities  | <u>(73,521)</u> | <u>(46,086)</u> | <u>(144,502)</u> | <u>(46,086)</u> |

#### Non-cash financing and investing activities

During the financial year the company acquired an option to purchase the remaining 33% of Issara Mining Limited. This was paid in part by the issue of 2,000,000 ordinary 25 cent shares being issued at a premium of 1 cent, credited as paid to 1 cent. This \$20,000 is not reflected in the statement of cash flows.

#### Financing Facilities

The company has no loan facilities or credit standby arrangements as at 30th June, 1994 (1993 - nil).

## 21. SUBSEQUENT EVENTS

There have been no matters or circumstances which have arisen since 30th June, 1994 that have significantly or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in subsequent financial years.

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## 22. CONTINGENT LIABILITIES

The company and the economic entity have no other contingent liabilities at year end except for those disclosed in notes 10 and 14 respectively, to the accounts.

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## STATEMENT BY DIRECTORS

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 results of the company for the financial year ended 30th June, 1994, and the state of affairs of the company as at 30th June, 1994;
  - (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 Part 3.6 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, 1994 and the state of affairs of the economic entity as at 30th June, 1994.
2. The accounts and the consolidated accounts have been made out in accordance with applicable accounting standards and Australian Accounting Standards.

DATED at PERTH this 29th day of August, 1994  
On behalf of the Board

A.W. TRIBE  
Director

D.M.P. BUECHNER  
Director





## **INDEPENDENT AUDIT REPORT**

To the Members of Kingsgate Consolidated N.L.

### **Scope**

We have audited the financial statements of Kingsgate Consolidated N.L. for the financial year ended 30th June, 1994 as set out on pages 14 to 31. The financial statements consist of the accounts of the Company and the consolidated accounts of the economic entity comprising the Company and the entities it controlled at the end of, and during, the financial year. The Company's directors are responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian accounting concepts and standards and the Corporations Law so as to present a view which is consistent with our understanding of the Company's and the economic entity's state of affairs, the results of their operations and their cash flows.

We have not acted as auditors of the controlled entities identified in Note 14 to the financial statements. We have, however, received sufficient information and explanations concerning these controlled entities to enable us to form an opinion on the consolidated accounts.

The audit opinion expressed in this report has been formed on the above basis.

### **Audit Opinion**

In our opinion, subject to the effect of any adjustment as might have been required had the ultimate resolution of the uncertainty discussed in the qualification paragraph been known, the financial statements of Kingsgate Consolidated N.L. are properly drawn up:-

- (a) so as to give a true and fair view of:
  - (i) the state of affairs as at 30th June, 1994 and the results and cash flows for the financial year ended on that date of the Company and the economic entity; and
  - (ii) the other matters required by Divisions 4, 4A and 4B of Part 3.6 of the Corporations Law to be dealt with in the financial statements;
- (b) in accordance with the provisions of the Corporations Law; and
- (c) in accordance with applicable accounting standards, Australian Accounting Standards and Statements of Accounting Concepts.

**PRICE WATERHOUSE**  
Chartered Accountants

J.M.C. Pope  
Partner  
Perth, 29th August, 1994

## SHAREHOLDER INFORMATION

### Directors' Shareholdings as at 29th August, 1994

| Director        | Shares |
|-----------------|--------|
| A.W. Tribe      | 3,000  |
| D.P.M. Buechner | 10,000 |
| 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 29th August, 1994 |
|----------------------|--|
| Epoch Mining N.L.    | 3,000,000                                  |
| Pinnacle Mining N.L. | 2,822,222                                  |
| Jayron Pty. Ltd.     | 1,750,000                                  |

### Distribution as at 29th August, 1994

| Size of Holding | Number of Shareholders Fully Paid Shares | Number of Shareholders Contributing Shares |
|-----------------|--|--|
| 1 - 1,999       | 233                                      |  |
| 2,000 - 5,000   | 153                                      |  |
| 5,001 - 10,000  | 40                                       |  |
| 10,001 and over | 116                                      | 1  |
|                 | —  | —  |
|                 | 542                                      | 1  |
|                 | —  | —  |

Of which 233 have less than a marketable parcel.

### Statement of Fully Paid Issued Securities as at 29th August, 1994

- (i) The total number of shareholders is 542. Each shareholder is entitled to one vote for each share held.
- (ii) There are 24,500,239 ordinary shares of 25 cents each fully paid on issue.
- (iii) The twenty largest shareholders hold 73.51% of the company's issued capital.

### Statement of Contributing Issued Securities as at 29th August, 1994

- (i) The total number of shareholders is 1. The shareholder is entitled to vote pro rata to the proportion of the total issue price paid-up for each share held.
- (ii) There are 2,000,000 ordinary shares of 25 cents each paid to 1 cent on issue.