



Kingsgate

Consolidated Ltd

ABN 42 000 837 472

Directors

Ross D Smyth-Kirk
(Chairman)

Michael Diemar
(Managing Director)

John Falconer

Peter McAleer

John T Shaw

Secretary

John Falconer

Stock Exchange Listing

Kingsgate Consolidated Ltd ordinary shares are listed on the Australian Stock Exchange

Registered Office and Principal Business Office

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Share Registry

**Security Transfer
Registrars Pty. Ltd.**

Level 1, 168 Adelaide Terrace,
Perth, Western Australia, 6000

Auditors

PricewaterhouseCoopers

201 Sussex Street,
Sydney, New South Wales, 1171

Bankers:

**Australia & New Zealand
Banking Group Limited**

68 Pitt Street,
Sydney, New South Wales, 2000

Macquarie Bank Limited

1 Martin Place
Sydney, New South Wales, 2000

Controlled Entities

Kingsgate Capital Pty Limited
(Incorporated in Australia)

Patron Limited
(Incorporated in the United
Kingdom)

Akara Mining Limited
(Incorporated in Thailand)

Issara Mining Limited
(Incorporated in Thailand)

Naka Udsahakum Limited
(Incorporated in Thailand)

Parasol Limited
(Incorporated in Thailand)



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- Chatree Mine construction completed within time and under budget
- Initial 7 months gold production at cash cost of USD61 per ounce
- Maiden profit of AUD33 million
- Maiden dividend of AUD0.15 per share
- First resource estimate on Prospect A increased resources at Chatree by 59%
- Initial upgrade of Chatree plant in progress
- Next plant upgrade at planning stage
- Search is underway for the next projects



The year under review has, indeed, been a momentous one for your Company. With the completion of construction and commencement of production in late November 2001 the Company has transformed from a successful explorer to a highly profitable miner. As a result, and, as predicted in last year's Annual Report, the market has substantially re-rated your company.

The Chatree mine was officially opened by the Prime Minister of Thailand, Dr Thaksin Shinawatra on 12 December, 2001 creating intense interest in the Thai media. As the first gold mine in modern times in Thailand, and in an environment of encouragement of foreign investment in the country, the project offers employment, new technologies and foreign exchange earnings – all highly prized.

Our wholly owned subsidiary, Akara Mining Ltd, continues to enjoy strong support at all levels of government and the incentives offered by the Board of Investment have been most helpful in establishing our successful operation.

After only seven months of operation we announced a profit of \$A33 million to 30 June, 2002 and declared a maiden dividend of 15 cents per share. A truly remarkable effort and one recognized as such by reports in various Australian newspapers. We also announced that based on a forecast production of 160,000 oz of gold and 450,000 oz of silver and a gold price of \$US302, we would expect a profit for the year to 30 June, 2003 of at least \$US25 million. It is the intention of your Board to maximize dividend payments to shareholders after having regard to the cash position at the time and the requirements for the ongoing development of the Company.

Also, since the end of the year, we have announced an initial resource figure for the A prospect and expect an upgrade of resources and reserves in and around the two pits. Drilling will also be undertaken on the area designated K prospect in the next few months to determine the extent, if any, of mineralisation there. Additionally, it is hoped that drilling will be able to commence on B prospect as soon as possible.

Due to the announced and expected increases in resources and reserves, a decision will soon be made on an upgrade of the plant and it may well be that this will be to a greater capacity than was originally anticipated.

As can be seen, the coming year offers new opportunities and exciting prospects for your Company. Already established as one of the lowest cost gold producers in the world, we believe this status can be maintained for a number of years to come just on what has been proven up so far, and exploration is ongoing.

Again, credit must go to all those responsible for the establishment and development of this project and I would like to thank the management and my fellow directors for their effort and support during the year.

Rest assured that your Board is totally committed to the enhancement of shareholder value and, as well as the continued profitability and sustainability of dividends, your Board will be looking at all possible avenues to add value to your investment.

Ross D Smyth-Kirk



Addressing Chatree opening ceremony, Ross Smyth-Kirk and Surapol Udompornwirat



Chairman's Report

The Chatree Gold Mine in Thailand was constructed within time and under budget and in its first 7 months to 30 June, 2002 produced 91,185 ounces of gold at a cash cost of USD61 per ounce.

This incredible success was due to a wide range of people:

- The staff who made the grassroots gold discovery and spent years on the intense technical, political and social activity related to the project. In particular, Mr Surapol Udompornwirat, the Executive Vice President of Akara Mining Ltd, who continues to be instrumental in our Thai success.
- The consulting organisations who translated the data into reality, including Ausenco Limited who designed and supervised the construction, and who has since won an excellence award for the project.

- The Macquarie Bank team who backed the project early and hard.
- The operating staff under General Manager, Phil MacIntyre, who picked up the ball and ran with it so well, and
- You shareholders who consistently backed our dream.

We were pleased to be able to announce a maiden AUD0.15 dividend and it has been gratifying to witness the increasing support and recognition being given to Kingsgate in the market place and during our roadshows throughout Australia, North America and Europe.

Our focus now is to enhance the life of the Chatree Mine by continuing well directed mineral exploration to generate further resources and reserves. This has already translated into success on Prospect A where resources of 706,000 ounces of gold and 8,989,000 ounces of silver were defined this calendar year.

Aggressive drilling programs are ongoing.

An important part of the enhancement of Chatree is to optimise plant throughput and to this end three additional CIL tanks will be brought online by December, 2002 and the parameters for another expansion, including additional grinding capacity, are under study.

Supported by strong cash flows from Chatree and the growing operational and financial credibility of Kingsgate, a policy of business development has been implemented through which it is hoped to source Kingsgate's next projects. Due to a lack of high quality projects available, the net will be cast widely.

Kingsgate's future appears to be bright.



Mike Diemar



Acceptance by Prime Minister Thaksin of gold and silver bars for the King of Thailand from Mike Diemar and Surapol Udompornwirat

The past year has seen the achievement of many long term milestones in Kingsgate's development.

As the year commenced, construction of the Chatree Gold Mine was in full swing with over 700 workers on site. This phase was completed in October, 2001 and a successful commissioning took place throughout November ahead of schedule and under budget. The mine was officially opened in mid December by the Thai prime minister His Excellency Mr Thaksin Shinawatra. At a later date, a 9 kilogram bar of gold and a 9 kilogram bar of silver, being the first production from Chatree, was presented by company staff to His Majesty King Bhumibol of Thailand.

Production for the 7 months to the 30th June resulted in a throughput significantly exceeding the nameplate capacity of 1 million tonnes per annum. Metal production of 91,185 ounces of gold and 353,146 ounces of silver at a cash cost of USD61 per ounce was achieved, which ranked this mine as one of the lowest cost producers in the world.

This successful start-up resulted in a consolidated net profit of AUD33 million for the financial year and a maiden dividend of AUD0.15 per share being announced.

Exploration drilling recommenced in January 2002 after a 2 year pause. Most of the focus was on Prospect A, located north of Tawan Pit, which culminated in an initial resource estimate being completed in July 2002 of approximately 700,000 ounces of gold and 9 million ounces of silver, an increase of 59% in the total Chatree resource to greater than 2 million ounces of gold equivalent. Drilling will continue at Prospect A,

with the aim of bringing that area to reserve status at the earliest possible date.

Recent drilling programs around Tawan and Chantra Pits are expected to add to resources and reserves within the mining leases. This will allow revised mine schedules to be produced and based on these and the additional resources at Prospect A, a plant expansion is being considered for the 2003 calendar year.

The Chatree Mine has maintained a commendable record in the safety and environmental areas both during the construction phase and in production. Over 1.7 million man hours was achieved with no lost time injuries. The mine was designed to operate at a high environmental standard and the success in this area was confirmed during the year by an independent audit.

Regular consultation with district communities and officials in matters of employment, local contracts, safety and environment, continued throughout the year.

Exploration focus in the coming year will continue to concentrate on brownfields prospects close to the Chatree Mine and on new tenements applied for within trucking distance of the Chatree plant.

Kingsgate has now embarked on a program of business development, to expand the group by actively seeking to acquire further gold projects to develop. The demonstrated ability of the Kingsgate team to operate successfully in the Asian environment and the operational, environmental and financial credibility achieved to date at Chatree will aid considerably in this quest.



First gold pour at Chatree



Blessing ceremony for Chatree Mine

Summary

The Chatree Gold Mine in Thailand has been in commercial production since 27 November, 2001 and to date has exceeded production expectations.

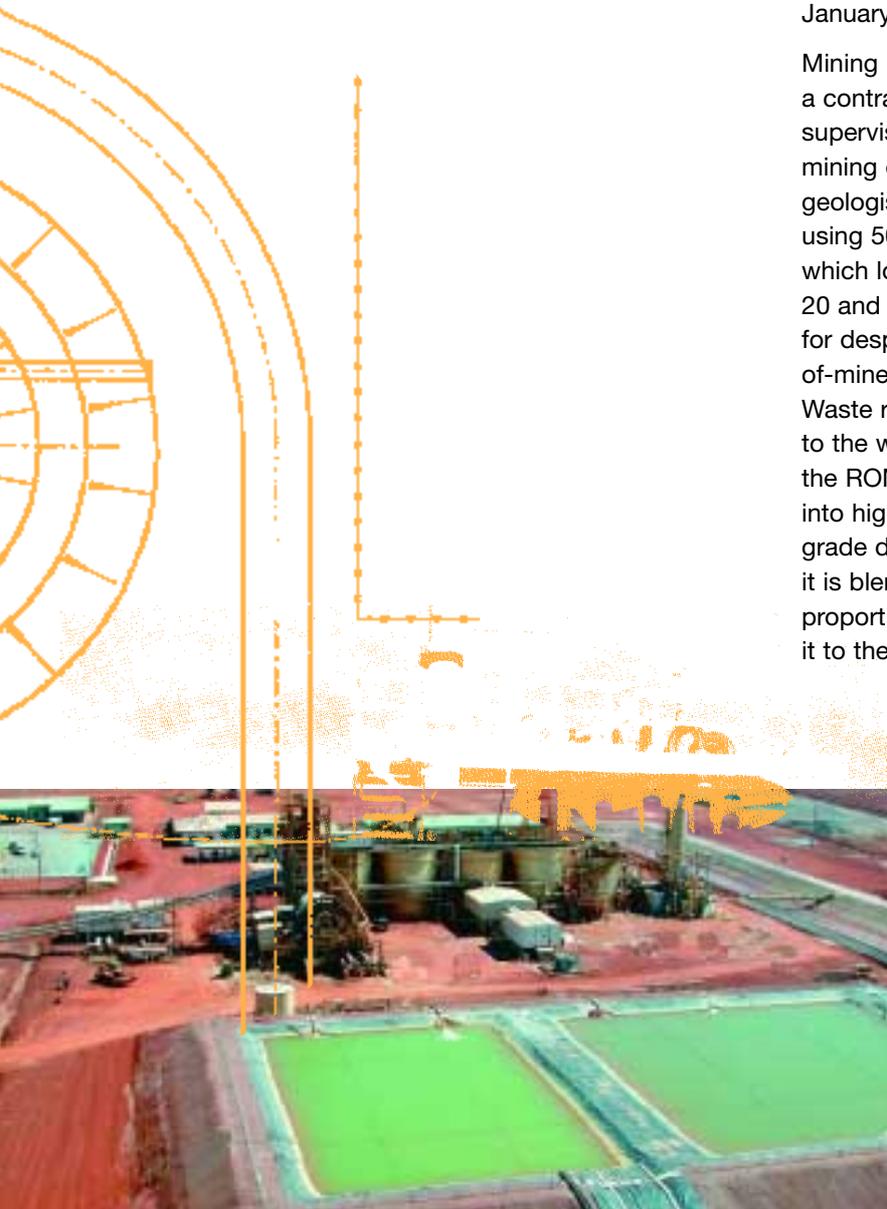
Project construction took place between December, 2000 and October, 2001 with commissioning throughout November 2001. It was completed within time and under budget.

Ore mining in the Tawan Pit has been continuous since September 2001. Tawan Pit covers the former C and H orebodies. Mining in Chantra Pit covering the former Prospect D resource will commence in January, 2003.

Mining is carried out by a contractor under the supervision of Chatree mining engineers and geologists. Ore is mined using 50 tonne excavators which load the ore into 20 and 35 tonne trucks for despatch to the run-of-mine (ROM) ore pad. Waste rock is transported to the waste dump. Ore on the ROM pad is separated into higher grade and lower grade dumps from which it is blended in various proportions by feeding it to the crusher bin.

The ore is passed through a jaw crusher and is conveyed to a crushed ore stockpile which holds one week's supply of plant feed. The crushed ore is reclaimed by apron and vibratory feeders to a conveyor and is fed by chute into the semi autogenous grinding mill where it is ground to minus 75 micron size and pumped to the cyclone tower for classifying prior to entry to the 7 cyanide leach tanks.

Gold and silver is leached from the ground ore by cyanide and is adsorbed onto carbon grains. The gold bearing carbon is collected and the metals are stripped from it by chemicals which are then passed through an electrowinning cell in which the metal is electroplated onto the cathode. The metal is recovered as sludge and is dried and smelted in a gas furnace and poured into gold/silver dore bars for shipment in security transport to an offshore refinery for separation and purification into saleable gold and silver. The leached ground ore is detoxified to remove



Gold processing plant



most of the remaining cyanide and pumped to the tailings storage facility from where excess water is returned to the plant for reuse.

A 24 hour on site laboratory is used to assay process plant, mine and exploration samples for gold and silver.

The processing plant operates on a 24 hour basis and one meal per shift is provided from an on-site canteen to all staff. A total workforce of 290 staff and contractors are currently employed.

Safety in the workplace has been an important focus for the Company both during construction and in production. Over 1.7 million man hours have been achieved to the end of August, 2002 without a lost time injury occurring.

This is a record that all staff are justifiably proud of. An ambulance and medical staff are stationed on site in case of emergencies.

During the 7 months to 30 June, 2002, throughput at Chatree Mine was 17% greater than the processing plant nameplate

capacity and metal production was above forecast at 91,185 ounces of gold and 353,146 ounces of silver.

Forecast production for the 2002/2003 financial year will be approximately 1,250,000 tonnes of ore processed, 160,000 ounces of gold and 450,000 ounces of silver produced.

A plant expansion comprised of 3 additional CIL tanks is underway and is scheduled for commissioning in mid December, 2002.

A further expansion is being considered for calendar 2003 when additional tanks and more grinding capacity will be added to increase throughput to more than 1,500,000 tonnes per year. The level of production will be finalised by January, 2003.

The mine and processing plant are working very efficiently, and the smooth start-up and production since is a testament to the professionalism of all those involved in the design, construction and the operation of the Chatree Gold Mine.

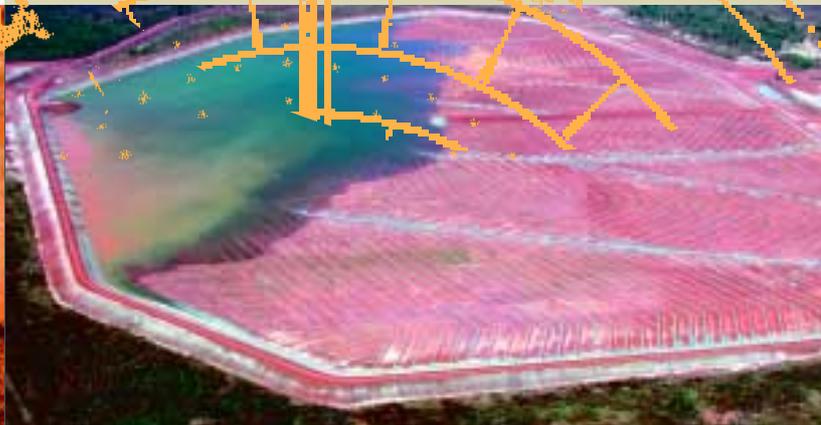
The Company believes that responsible environmental management and superior environmental performance is integral to an efficient and successful company.

An Environmental Management System has been implemented that provides the framework for integrating environmental factors into all planning processes and operational decisions.

Training of all personnel in environmental awareness is a high priority at Chatree. Employees, contractors and suppliers are encouraged to recognise and to minimise the impact of their activities.

Regular audit and assessment programs have been initiated and resulting recommendations have and will continue to be implemented to continuously improve performance and promote prompt follow-up action.

Open communication about environmental risks is practised. Prompt investigation of incidents is undertaken to eliminate future occurrences. Regular discussions are held to disseminate ideas for improvement and to promote effective



Tailings storage facility

Environmental

decision making and action involving staff and employees.

Compliance with all applicable legal and regulatory requirements is ensured as a minimum standard and constant awareness is maintained of new and changing regulations.

Recognition is made of the links between economic, social and cultural issues within the community. Regular consultation highlights concerns, aspirations and values regarding the operation and future closure aspects of the mine which are then addressed allowing suitable solutions to be achieved.

Commitment to public reporting of environmental performance is demonstrated by adhering to the standards detailed in the Australian Minerals Industry Code for Environmental Management of which Kingsgate is a signatory.

Progressive rehabilitation of disturbed areas is implemented with the most suitable vegetation for the region.

Monitoring is carried out at the Chatree Mine to ensure that all aspects of the process are being carried out to high environmental standards. Monitoring within and adjacent to the mine covers, noise, vibration, air quality, climate, and surface and ground water quality and levels.

All aspects of the tailings storage facility are monitored to ensure the facility meets its commitment of being a safe and secure operation. The monitoring includes the composition and distribution of the tailings, stability and freeboard of the wall, water quality and water return from the facility to the processing plant and the bird and animal life that inhabit the facility. Groundwater monitoring around the facility is carried out for leak detection.

A mine waste management plan has been implemented to ensure that any waste rock with potential to produce acid rock drainage is encapsulated in clay and buried with other non acid forming waste. Programs have been instigated to recycle as much waste packaging material as possible from the site. This has resulted in considerable reduction of the volume required for waste disposal and has produced a modest income that is provided to the employees' social fund.

Vegetation trials and planting are undertaken to reduce erosion of exposed surfaces and to enhance the visual impact of the site including along roads, near buildings and entrance gates and around the edge of the run of mine ore pad.

All these programs have a high level of staff participation and have engendered a sense of pride throughout the workforce. Management maintains a strong and continuous focus to develop and implement the environmental practices into the culture and work ethics of all employees, contractors and visitors and to ensure this policy is well known in the surrounding community.

The Chatree Gold Mine is committed to minimising environmental impact.



Geologists logging drill cuttings



Ducks on tailings storage facility

The Chatree Mine is located in Thailand within South East Asia. Thailand's population is 61.8 million people, living in an area of 513,115 sq. km (about the size of France) giving a population density of 190 per square kilometre.

Approximately 20% of the population is located in urban areas with the capital, Bangkok, having more than 10 million residents. Buddhist Thai people make up 95% of the population with the rest comprised of Malays, Cambodians, Lao and hill tribes.

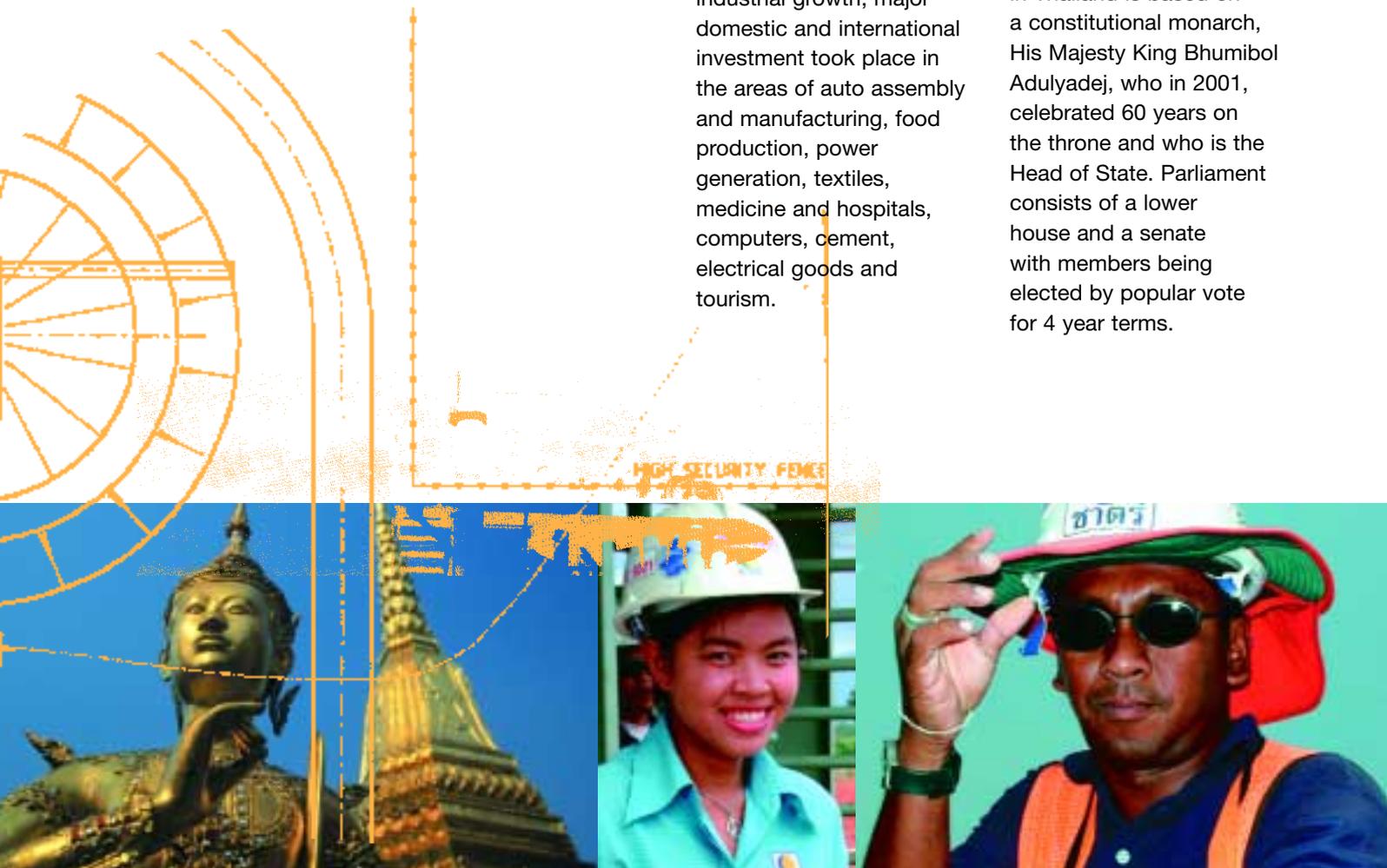
Between 1985 and 1995, Thailand enjoyed the world's highest economic growth rate averaging 9% annually. The Asian economic crisis contracted the economy considerably in 1997 and 1998 after which it entered a slow recovery stage from 1999.

During the period of strong industrial growth, major domestic and international investment took place in the areas of auto assembly and manufacturing, food production, power generation, textiles, medicine and hospitals, computers, cement, electrical goods and tourism.

Exports in 2000 were USD68.2 billion with the main trading partners being Japan (USD15 billion) and USA (USD9.5 billion). Bilateral trade between Australia and Thailand was USD2.7 billion.

Literacy rates are high throughout Thailand at more than 94% and the population has been serviced for more than 100 years by a good university system. In addition, many Thai students have historically been educated overseas and Australia currently hosts 7,800 students, mainly at the university level.

The political system in Thailand is based on a constitutional monarch, His Majesty King Bhumibol Adulyadej, who in 2001, celebrated 60 years on the throne and who is the Head of State. Parliament consists of a lower house and a senate with members being elected by popular vote for 4 year terms.



Thailand

The central Government administers the country through the Governors and elected councils in the 75 provinces. Each province is sub-divided into districts, sub-districts and villages. The governors of provinces (except Bangkok) are appointed by and report to the Ministry of Interior. The governor of Bangkok is elected for a four year term.

Judicial power is administered through the courts and uses a civil law system.



The three colours, red, white, and blue in five horizontal stripes on the national flag hold great significance. Red signifies the life-blood of Thai people; white the purity of Buddhism and the dominant blue stripe the monarchy and the important part it plays in the daily life of the Thai people.

The Royal Thai Board of Investment is empowered to sponsor both domestic and foreign investment projects by extending commercial benefits to industrial projects. Akara Mining Ltd (Akara) a wholly owned Thai subsidiary of Kingsgate, received such sponsorship for the Chatree Gold Mine and was awarded the following benefits:

- An 8 year full corporate tax holiday from first production, followed by
- A 5 year period of 50% tax reduction.
- Exemption from withholding tax on dividends to Kingsgate for 8 years.
- Exemption during the initial project construction, from import duties on imported plant and equipment not manufactured in Thailand.
- Exemption for a period of 5 years from import duties on consumables, not manufactured in Thailand.

- A guarantee against nationalisation.
- Exemption for 5 years from first production, from the terms of the Minerals Law requiring majority Thai equity in mining in Thailand. At the end of the 5 years Akara will divest 51% of its equity into Thai hands by sale or by float on the Stock Exchange of Thailand.
- Under the Thailand Australia double taxation treaty the Australian tax authorities recognise the benefits extended by Thailand and deem Thai taxes to have been paid for the purpose of income tax in Australia.



Chatree front gate on Queen's birthday

The Company's primary assets in Thailand are its gold resources, its staff and its relationship with the Thai community.

These are complex and subtle issues and the maintenance and enhancement of these assets and the delicate balance between them requires long term policies.

Company policies can be summarised as follows:

- The employment of locals from the Chatree area is given priority over Thais from elsewhere unless the skills are not locally available.
- Construction, equipment hire, transport, messing, cleaning and some supply contracts are preferentially let to local enterprises and citizens.

- Staff family accommodation is rented in local towns rather than being built by the Company.
- Involvement of the wider community and local officials in the Chatree Mine is encouraged by the hosting of regular mine visits.
- Community and staff consultation is continuing in matters related to safety, environment and staffing issues.
- Sponsorship of local sport, village clean water supplies, education and temples is ongoing.
- Longer term sustainable programs managed by the community related to job creation, education, training, sport and sporting facilities are under consideration.

Exploration drilling at Chatree recommenced in January, 2002, after a gap of 2 years during which the company and staff concentrated solely on the successful permitting, feasibility, funding, construction and commissioning of the Chatree Gold Mine.

The ongoing focus for exploration is as follows:

- **Exploration within existing mining leases at Chatree.**
- **Exploration of brownfields targets identified close to Chatree.**
- **Exploration of regional targets within about 150 kilometres of Chatree.**

Mining Leases Exploration

There is potential for the discovery of further gold mineralisation along strike and down dip from the known mineralisation being mined in the Tawan Pit and the future Chantra Pit. Drilling programs in the mining lease were commenced in July and August, 2002 in an effort to locate and define any new mineralisation that may exist in these targets. In addition, approximately 370,000 ounces of gold, in the Inferred Resource category, were previously located near the pits. Additional drill holes will be completed in an effort to upgrade as much as possible of this mineralisation to Measured and Indicated Resource category so that they may be converted to mineable reserves, if they fall within pit designs.

These programs will be completed in early October, 2002 after which resource and reserve estimations will be undertaken for completion in early November.

A new life of mine mining schedule will then be designed.



Chatree canteen



One of Chatree's staff football teams

Brownfields Exploration

Two prospects adjacent to the mining leases are scheduled for drilling in the current year.

Prospect A, is a 110 metre high hill, 1 kilometre north of Tawan Pit, categorised as public land under the control of the Forestry Department. It has been the main site of exploration since January, 2002, with a total of 119 holes having been drilled to date. Prospect A is comprised of low sulphidation epithermal quartz carbonate stockworks and fault breccia fill mineralisation similar to that being mined at Chatree.

The first independent estimate of gold and silver resources in Prospect A, was completed by Hellman & Schofield Pty Ltd of Sydney in late July 2002. The resource estimate was: 14,120,000 tonnes at 1.6 g/t Au and 20 g/t Ag (cut off grade of 0.7 g/t Au). These grades are considered to closely approximate grades that would be recovered during mining and include dilution expected during mining.

The Prospect A resources resulted in a 59% increase in total Chatree Gold Mine resources.

Preliminary metallurgical testwork indicated average gold recoveries of approximately 95%. The mineralisation, the subject of this resource estimate, had a strike length of 750 metres and was open at depth and to the north and south.

Further drill programs will be undertaken at Prospect A this financial year with the aim of achieving a higher confidence level of resources and to calculate mineable reserves.

Prospect K is located between Prospect A and the Chatree Mine and is formed by the confluence of mineralised structures running through Prospect A, Tawan Pit and Chantra Pit. One small program of drilling was completed with minor gold mineralisation being intersected in a number of holes. A larger drill program is scheduled for Prospect K in this current financial year.

A number of other potentially mineralised areas have been located

within 3 kilometres of Chatree Mine. Exploration is scheduled for the dry season commencing in November.

Regional Exploration

Due to the low trucking costs in Thailand and the excellent road network, it is considered economic to truck ore at least 150 kilometres into the Chatree CIL plant. Chatree mineralisation lies within a Permian age volcanic belt which runs through Thailand and Lao PDR. This whole belt is considered highly prospective for gold mineralisation and a regional geological study is being undertaken within the 150 kilometre trucking zone to locate mineral occurrences with potential to host Chatree style orebodies. Exploration tenements are being progressively applied for over these prospects and exploration programs involving mapping, sampling and geochemistry will be undertaken on an ongoing basis. Any orebodies located and permitted would then be mined and trucked in to the central Chatree Plant for processing.

Following the successful start-up of the Chatree Gold Mine, Kingsgate's policy is to acquire further high quality gold projects.

To this end, a General Manager, Business Development was employed to locate, analyse and recommend business opportunities suitable for Kingsgate.

There is a lack of high quality projects worldwide, however Kingsgate's growing reputation as a financially strong mine developer and operator will aid in this quest.

LPG STORAGE

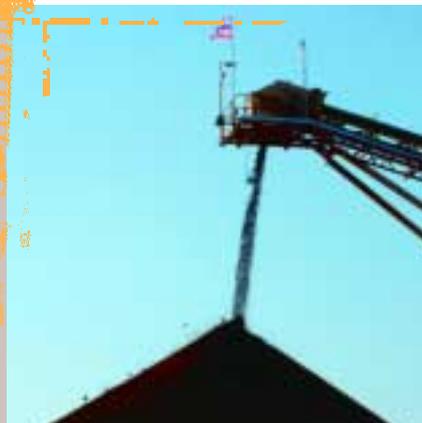


Chatree Resources.

Chatree resources at 31 July, 2002 were as follows

Chatree Mine. Measured, Indicated, Inferred Resources

Area	Tonnes	Au (g/t)	Ag (g/t)	Cut off Au g/t	Ounces Au	Ounces Ag
Chatree	13,780,000	2.6	11	0.8	1,111,000	4,656,000
Prospect A	14,120,000	1.6	20	0.7	706,000	8,989,000
Total	27,900,000	2.0	15		1,817,000	13,645,000



Business Development

This statement outlines the principal Corporate Governance practices that were in place throughout the financial year.

The Directors of the Company in office at the date of this statement are set out at the back of the Annual Report.

Directors are appointed for a three year term, (or earlier to comply with the Company's Constitution or Corporation Law) after which time they are required to seek re-election by shareholders.

When a Board vacancy exists or where it is considered that a Director with particular skills or experience is required, the Board selects a panel of candidates with the appropriate expertise and experience from which the most suitable candidate is appointed on merit.

The Board annually determines the remuneration for the Executive and Non-Executive Directors.

The Board is responsible for establishing the policies of the Company and overseeing its financial position, including approving major capital expenditure, approving mining plans, exploration, determining the appropriateness of

management compensation and monitoring the corporate conduct of its officers.

An Audit Committee was established on 23 July, 2001. The Audit Committee consists of the following Non-Executive Directors:

John Falconer
(Chairman)

Ross Smyth-Kirk

The main responsibilities of the Audit Committee are to:

- review and report to the Board on the annual and half-year financial report and all other financial information published by the Company or released to the market;
- assist the Board in reviewing the effectiveness of the organisation's internal control environment covering:
 - effectiveness and efficiency of operations
 - reliability of financial reporting
 - compliance with applicable laws and regulations
- determine the scope of the internal audit function and ensure that its resources are adequate and used effectively, including co-ordination with the external auditors;
- oversee the effective operation of the risk management framework; and

- recommend to the Board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement and the scope and quality of the audit.

The Audit Committee will receive regular reports from management and the internal and external auditors. It will also meet with the external auditors at least twice a year – more frequently if necessary. The external auditors have a clear line of direct communication at any time to either the Chairman of the Audit Committee or the Chairman of the Board.

Board members, executive management and all employees are made aware of the requirements to follow corporate policies and procedures, to obey policies and procedures, to obey the law and to behave with high standards of honesty, integrity, fairness and equity.

Directors have the right, in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. Prior written approval of the Chairman is required, which will not be unreasonably withheld. A copy of the advice is to be provided to all Directors.



Chatree grinding mill

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In respect of the financial year ended 30 June 2002, the directors of Kingsgate Consolidated Ltd, the company and chief entity, submit the following report made out in accordance with a resolution of the directors:

1. Directors

The following persons were directors of Kingsgate Consolidated Ltd during the whole of the financial year and up to the date of this report:

Ross D Smyth-Kirk
(Chairman)

Michael G Diemar
(Managing Director)

John Falconer
(Company Secretary)

John T Shaw

Peter McAleer

2. Principal activities of the consolidated entity

During the year the principal continuing activity of the consolidated entity was mineral exploration and mining. During the year, the company's wholly controlled entity Akara Mining Ltd completed the development of the Chatree Gold Mine in Thailand and commenced mining operations. There have been no other significant changes in the principal activities of the consolidated entity during the financial year.

3. Operating results

The consolidated results of the consolidated entity for the financial year ended 30 June 2002 was a profit of \$33,022,000 (2001 - \$2,365,047 loss) after deducting income tax of \$390,000 (2001 - nil).

4. Dividends

The directors of the consolidated entity on 2 August 2002 declared an unfranked dividend of \$0.15 per share to be paid on 28 October 2002. No dividends were paid or declared by the consolidated entity since the end of the previous financial year.

5. Review of operations

Construction of the Chatree Gold Mine was completed in October 2001 with a very successful commissioning being completed by the end of November 2001.

Commercial gold production commenced on 1st December 2001 and production for the 7 months to the 30th of June resulted in a throughput exceeding the nameplate capacity of 1 million tonnes per annum by 17%.

Metal production for the 7 months was 91,185 ounces of gold and 353,146 ounces of silver. Cash cost was a low USD61 per ounce.

Revenue from gold sales for the period was \$51.8 million and a profit of \$33.0 million was achieved.

Directors have recommended and provided for a maiden dividend of \$0.15 per share (unfranked) to be paid on 28 October 2002.

Exploration drilling recommenced in January 2002 after a 2 year pause. Most of the focus was on Prospect A, located north of Tawan Pit, which culminated in an initial resource estimate being completed in July 2002 of 706,000 ounces of gold and 8,989,000 ounces of silver, an increase of 59% in the total Chatree resource.

The Chatree Mine has maintained a commendable record in the safety and environmental areas both during the construction phase and in production. Over 1.7 million man hours was achieved with no lost time injuries. The mine was designed to operate at a high environmental standard and the success in this area was confirmed during the year by an independent audit.

6. Change in the state of affairs

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

7. Matters subsequent to the end of the financial year

On 2 August 2002, the directors of the consolidated entity declared an unfranked dividend of \$0.15 per share to be paid on 28 October 2002.

In September 2002, 492,000 options were exercised (43,000 at an exercise price of \$0.81 and 449,000 at an exercise price of \$2.21) and 492,000 ordinary fully paid shares were issued pursuant to the exercise of options under the employees and contractors plan.

On 24 September 2002, the consolidated entity restructured its gold hedge book.

The purposes of the restructure are as follows:

- (i) Gain more exposure to a rise in the gold price;
- (ii) Build in greater overall revenue protection in the event of a gold price decline;
- (iii) Provide a mechanism to accelerate the potential reduction of committed gold ounces through the use of down and out barriers, on 79 % of granted gold call options;
- (iv) Hedge expected revenue streams of US and Australian dollars.

Except for the above, no other matter or circumstance has arisen since 30 June 2002 that has significantly affected, or may significantly affect:

- (a) the consolidated entity's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the consolidated entity's state of affairs in future financial years.

8. Likely developments

The likely developments of the consolidated entity in the subsequent financial year includes the continuation of mining operations at the Chatree Gold Mine, a potential expansion in production and further mineral exploration.

Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

9. Share options granted to directors

Options over unissued ordinary shares of Kingsgate Consolidated Ltd granted during or since the end of the financial year to any of the directors.

Directors	Options granted
R Smyth-Kirk	150,000
J Falconer	100,000
J T Shaw	100,000
P McAleer	100,000

Shares under options

Unissued shares of the company under option at the date of this report are as follows:

Date Options Granted	Expiry Date	Issue price of shares	Number of shares issued
28 Nov 2001	28 Nov 2004	\$1.48	450,000
7 May 2002	7 May 2005	\$2.21	540,000
11 Jul 2002	11 Jul 2005	\$2.66	55,000
			1,045,000

The above options are exercisable at any time on or before the expiry date. No option holder has the right under the options to participate in any other share issue of the company or of any other entity.

10. Directors' and executives' emoluments

The company's policy for determining the nature and amount of emoluments of board members and senior executives of the company is as follows:

The board determines from time to time the remuneration of executive and non-executive directors having regards to the company's stage of development, remuneration in the industry and performance.

The emoluments of each director are as follows:

Directors	Salary	Director's Fees	Super-annuation	Total
Parent Entity	\$	\$	\$	\$
Mr M G Diemar	245,000	-	30,000	275,000
Mr R D Smyth-Kirk	-	45,000	3,600	48,600
Mr J T Shaw	-	35,000	2,800	37,800

In addition the following were paid to directors related entities:

Geological service fees of \$56,430 (2001 - \$83,607) were paid or payable to Diemar & Associates Pty Ltd for geological services rendered by Vicki Diemar. M G Diemar is a shareholder and director of this company. Accounting, secretarial and taxation service fees of \$35,000 (2001 - \$42,582) were paid or payable to Carbone Falconer & Co, Chartered Accountants, of which John Falconer is the principal. Consulting fees of \$35,000 were paid or payable to Norwest Mining Consultants Ltd. of which P McAleer is an officer and director.

Other executive of the consolidated entity	Salary	Motor Vehicle	Other benefits	Total
	\$	\$	\$	\$
Surapol Udompornwirat	90,000	4,348	521	94,869

"Other executives" are officers who are involved in, concerned in, or who take part in, the management of the affairs of the consolidated entity.

11. Directors' interest in contracts

No material contracts involving directors' interests were entered into since the end of the previous financial year or existed at the end of the financial year other than the transactions detailed in note 17 to the accounts.

12. Information on directors

Ross D Smyth-Kirk, B Com, CPA, ASIA

Mr Smyth-Kirk was a founding director of the former leading investment management company Clayton Robard Management Limited and has had extensive experience over a number of years in investment management including a close involvement with the minerals and mining sectors. He was appointed to the board on 29 November 1994 and has been a director of a number of companies over the past 25 years.

Responsibilities:	Chairman and audit committee member.
Particulars of director's interest in Kingsgate Consolidated Ltd:	4,093,932 shares 150,000 options

Michael G Diemar, BSc, M AusIMM, MGSA, MAICD

Mr Diemar was appointed to the board on 29 November 1994, having previously served as executive director and chief executive officer of Epoch Mining N.L. He has over 30 years experience in the exploration and mining industry throughout Australasia, Asia, west and north-west Pacific region concentrating on coal, uranium, base metals and gold exploration/mining. He also has considerable experience in project generation/planning, property evaluation/valuation, and project and company administration.

Responsibilities:	Managing Director.
Particulars of director's interest in Kingsgate Consolidated Ltd	4,206,457 shares

John Falconer, FCA, ASIA

Mr Falconer is a Fellow of the Institute of Chartered Accountants in Australia and an Associate of the Securities Institute of Australia. He is principal of Carbone Falconer & Co, a firm of Chartered Accountants practising in Sydney, whose client base includes small publicly listed companies as well as a number of successful family businesses.

Responsibilities:	Company Secretary and Chairman of audit committee.
Particulars of director's interest in Kingsgate Consolidated Ltd	44,333 shares 100,000 options

John T Shaw, BSc, F AusIMM, MCIM, FAICD, AIME

Mr Shaw, a geological engineer, is a director of AurionGold Ltd and was Chairman of Zimbabwe Platinum Mines Ltd until March of 2001. He has more than forty years experience in four countries in building and operating both open cut and underground mines for gold, silver, tungsten and copper. He was, until his retirement two years ago, Vice-President of Australian Operations for Placer Dome Asia Pacific as well as Managing Director of Kidston Gold Mines Ltd.

Responsibilities:	Director
Particulars of director's interest in Kingsgate Consolidated Ltd	11,666 shares 100,000 options

Peter McAleer B Com (Hons) , B L (Kings Inns – Dublin – Ireland)

Mr McAleer is Chairman of Westmag Limited and a director of Kenmare Resources Plc (Ireland). Previously, he was a director and chief executive officer of Equatorial Mining Ltd and a director of Minera El Tesoro (Chile). He has been an executive director of Whim Creek Consolidated NL, Austwhim Resources NL and The Northgate Group of Companies (Canada). He has been involved in the discovery, and/or successful development, of over 10 base and precious metal deposits in Europe, Australia, South America and North America.

Responsibilities:	Director
Particulars of director's interest in Kingsgate Consolidated Ltd	280,000 shares 100,000 options

13. Directors' meetings

The number of directors' meetings held during the year ended 30 June 2002 and the number of meetings attended by each director are:

Director	Board of Directors' Meetings	
	No. Held	No. Attended
M. Diemar	14	14
R. Smyth-Kirk	14	14
J Falconer	14	14

J T Shaw	14	14
P McAleer	14	13*
Director	Audit Committee Meetings	
	No. Held	No. Attended
R. Smyth-Kirk	2	2
J Falconer	2	2

*Meeting called on short notice.

14. Insurance of officers

During the financial year, the company paid a premium of \$34,483 to insure officers of the company. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against them.

15. Environmental regulations

The company is subject to environmental regulation with respect to its gold mining operations in Thailand. For the year ended 30 June 2002, the consolidated entity has operated within all Thai environmental laws and there were no known contraventions at the date of this report.

16. Proceedings on behalf of company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Rounding amount

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

17. Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

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



M G DIEMAR

Managing Director

Sydney

30 September 2002

	Notes	Consolidated		Company	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Revenue from ordinary activities	2	56,506	63	16,273	310
Changes in inventories of finished goods and work in progress		4,732	-	-	-
Direct costs mining and processing		(12,193)	-	-	-
Rehabilitation expenses		(151)	-	-	-
Employee benefit expenses		(2,073)	(577)	(515)	(492)
Depreciation	3	(8,620)	(34)	(14)	(30)
Borrowing cost	3	(2,566)	(504)	(72)	(504)
Foreign exchange losses	3	(131)	(526)	(130)	(196)
Provision for doubtful debt	3	-	-	(1,980)	-
Other expenses from ordinary activities		(2,092)	(787)	(1,624)	(798)
Profit/ (loss) from ordinary activities before income tax expense		33,412	(2,365)	11,938	(1,710)
Income tax expense	4	(390)	-	-	-
Profit/ (loss) from ordinary activities after income tax expense		33,022	(2,365)	11,938	(1,710)
Net profit/ (loss) attributable to members of Kingsgate Consolidated Ltd		33,022	(2,365)	11,938	(1,710)
		Cents	Cents		
Basic earnings per share		48.50	(3.91)		
Diluted earnings per share		45.93	-		

a) Weighted average number of ordinary shares used as the denominator in calculating basic earning per share: 68,083,589.

b) Weighted average number of ordinary shares used as the denominator in calculating diluted earning per share: 71,903,334.

The above statements of financial performance should be read in conjunction with the accompanying notes.

	Notes	Consolidated		Company	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
CURRENT ASSETS					
Cash assets		25,262	6,279	8,007	172
Receivables	5	7,502	230	13,714	1
Inventories	6	4,732	-	-	-
Other	7	750	186	25	27
TOTAL CURRENT ASSETS		38,246	6,695	21,746	200
NON-CURRENT ASSETS					
Receivables	5	5,643	3,956	11,728	18,017
Mine property, property, plant and equipment	8	57,976	38,969	35	45
TOTAL NON-CURRENT ASSETS		63,619	42,925	11,763	18,062
TOTAL ASSETS		101,865	49,620	33,509	18,262
CURRENT LIABILITIES					
Interest bearing liabilities	9	22,224	2,758	-	2,758
Payables	10	4,003	7,348	170	179
Provisions	11	11,772	407	10,859	407
TOTAL CURRENT LIABILITIES		37,999	10,513	11,029	3,344
NON-CURRENT LIABILITIES					
Interest bearing liabilities	9	22,224	25,751	-	-
TOTAL NON-CURRENT LIABILITIES		22,224	25,751	-	-
TOTAL LIABILITIES		60,223	36,264	11,029	3,344
NET ASSETS		41,642	13,356	22,480	14,918
EQUITY					
Parent entity interest					
Contributed equity	12	28,986	22,561	28,986	22,561
Reserves	13	665	-	-	-
Retained profits / (accumulated losses)	13	11,991	(9,205)	(6,506)	(7,643)
TOTAL EQUITY		41,642	13,356	22,480	14,918

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

Statement of financial position as at 30 June 2002

	Notes	Consolidated		Company	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		49,264	-	-	-
Payments to suppliers and employees		(17,982)	(1,974)	(1,146)	(559)
Interest received		219	57	61	6
Borrowing costs		(2,564)	(474)	(69)	(202)
NET CASH INFLOWS/ (OUTFLOWS) FROM OPERATING ACTIVITIES	19	28,937	(2,391)	(1,154)	(755)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for exploration		(1,304)	(499)	-	-
Payments for development		(33,180)	(17,285)	-	-
Loans to others, net		(606)	(67)	-	(719)
Loans to related entities		-	-	5,328	31
Payment for property plant and equipment		(24)	(1,197)	(4)	(27)
NET CASH (OUT FLOWS)/ INFLOWS FROM INVESTING ACTIVITIES		(35,114)	(19,048)	5,324	(715)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		6,799	-	6,799	-
Payments on issue of shares		(374)	-	(374)	-
Proceeds from borrowing		35,945	26,872	1,166	1,103
Repayment of borrowings		(17,561)	-	(3,926)	-
NET CASH INFLOWS FROM FINANCING ACTIVITIES		24,809	26,872	3,665	1,103
NET INCREASE/ (DECREASE) IN CASH HELD		18,632	5,433	7,835	(367)
Cash at the beginning of the financial year		6,279	846	172	539
Effects of exchange changes on cash		351	-	-	-
CASH AT THE END OF THE FINANCIAL YEAR		25,262	6,279	8,007	172

The above statements of cashflows should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

(a) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities of all entities controlled by Kingsgate Consolidated Ltd ("company" or "parent entity") as at 30 June 2002 and the results of all controlled entities for the year ended 30 June 2002. Kingsgate Consolidated Ltd and its controlled entities are referred to in this financial report as the consolidated entity.

The controlled entities are listed in note 15 to the accounts.

The effects of all transactions between entities in the consolidated entity are eliminated in full. Outside equity interests in the results and the equity of controlled entities are shown separately in the consolidated statements of financial performance and statements of financial position respectively.

Where control of the entity is obtained during a financial year, its results are included in the consolidated statement of financial performance from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control existed.

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

(b) Foreign currency translation

Transactions denominated in a foreign currency are converted at the exchange rate of the date of the transaction. Foreign currency receivables and payables outstanding 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. Foreign exchange differences arising on the translation of self-sustaining operations, using the current rate method, are recorded in a foreign currency translation reserve.

Hedging is undertaken in order to avoid or minimise possible adverse financial effects of movements in exchange rates.

- i. Gains or costs arising upon entry into a hedging transaction intended to hedge the purchase of equipment, together with subsequent exchange gains or losses resulting from those transactions are deferred up to the date of the purchase or sale and include in the measurement of the purchase or sale. In the case of hedges of monetary items, exchange gains or losses are brought to account in the financial year in which the exchange rates change. Gains or costs arising at the time of entering into such hedging transactions are brought to account in the statement of financial performance over the lives of the hedges.

- ii. Exchange gains or losses on other hedge transactions are brought to account in the statements of financial performance in the financial year in which the exchange rates change. Gains or costs arising on entry into hedges of general commitments are recognised as assets or liabilities at the time of entry into the hedges and are amortised over the lives of the hedges.
- iii. Gains and losses on speculative foreign currency transactions are brought to account as they arise. These gains and losses are measured by reference to movements in the forward exchange rates for the relevant currencies.

(c) Other derivative financial instruments

Gains and losses on derivative financial instruments, which are not hedges as defined by UIG Consensus Views, are recognised in the statement of financial performance upon realisation, or, if rolled or converted into hedging contracts, when their underlying hedged transactions occur.

(d) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred by or on behalf of the entity is accumulated separately for each area of interest. Such expenditure comprises net direct costs and does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Each area of interest is limited to a size related to a known or probable mineral resources capable of supporting a mining operation.

Exploration expenditure for each area of interest, other than that acquired from the purchase of another mining company, is carried forward as an asset provided one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- exploration activities in the area of interest have not reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable mineral resources, and active and significant operations in relation to the area are continuing.

Exploration expenditure failing to meet at least one of the conditions outlined above is written off.

Identifiable exploration assets acquired from another mining company are recognised as assets at their cost of acquisition, as determined by the requirements of AASB 1015 Accounting for the Acquisition of Assets. Exploration assets acquired are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions outlined above is met.

Exploration and evaluation expenditure incurred subsequent to the acquisition in respect of an exploration asset acquired is accounted for in accordance with the policy outlined above for the exploration expenditure incurred by or on behalf of the entity.

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered.

Evaluation expenditure for each area of interest/mineral resource is carried forward, but only to the extent to which its recoupment out of

revenue to be derived from the relevant area of interest/mineral resource, or from the sale of that area of interest, is reasonably assured.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the company's right of tenure to that area of interest is current.

Development properties

Development expenditure incurred by or on behalf of the entity is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the directors. Such expenditure comprises net direct costs and, in the same manner as for exploration and evaluation expenditure, an appropriate portion of related overhead expenditure having a specific nexus with the development property.

Once a development decision has been taken, all past and future exploration and evaluation expenditure in respect of the area of interest is aggregated with the costs of development and classified under non-current assets as "Development properties".

All expenditure incurred prior to the commencement of commercial levels of production from each development property is carried forward to the extent to which recoupment out of revenue to be derived from the sale of production from the relevant development property, or from the sale of that property, is reasonably assured.

No amortisation is provided in respect of development properties until they are reclassified as "Mine properties" following a decision to commence mining.

Mine properties

Mine properties represents the accumulated exploration, evaluation and development, expenditure incurred by or on behalf of the entity in relation to areas of interest in which mining of a mineral resource has commenced.

When further development expenditure is incurred in respect of a mine property after commencement of production, such expenditure is carried forward as part of the mine property only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production.

Amortisation of costs is provided on the unit-of-production method with separate calculations being made for each mineral resource. The unit-of-production basis results in an amortisation charge proportional to the depletion of the economically recoverable mineral reserves. Development costs still to be incurred in relation to the current reserves are included in the amortisation calculation.

The net carrying value of each mine property is reviewed regularly and, to the extent which the value exceeds its recoverable amount, that excess is either fully provided against or written off in the financial year in which this is determined.

(e) Income tax

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with

the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

(f) Depreciation and amortisation of property, plant and equipment

The cost of property, plant and equipment is written off over its expected useful life to the consolidated entity. Estimates of remaining useful lives are made on a regular basis with annual reassessments for major items. Depreciation is provided for on a straight line basis at the following annual rates:

Furniture & equipment	25%
Motor vehicles	20%
Computer software	40%

(g) Investments

The company's and the consolidated entity's interests in companies which are not controlled are brought to account at cost and dividends and other distributions are recognised in the statement of financial performance when received. 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.

The provision for investments has been made on the basis of the uncertainty of the carrying value at the time the investments were in their formative stages. The provision shall remain until such time when there is a permanent and sustainable increase in value of the investments.

(h) Operating revenue

Sales are taken up as revenue when there has been a passing of risk to the customer and

- the product is in a form suitable for delivery and no further processing is required by, or on behalf, of the consolidated entity;
- the quantity and quality of the product can be determined with reasonable accuracy;
- the product has been despatched to the customer and is no longer under the physical control of the consolidated entity (or property in the product has earlier passed to the customer). This is deemed to occur at the point in time when the gold is taken off site by the transportation company; and
- the selling price can be determined with reasonable accuracy. Sales revenue represents the net proceeds receivable from the customer, profit or loss on gold derivatives less any costs of transportation borne by the consolidated entity in delivering the product to customers.

(i) Inventories

Work in progress, comprising ore stockpiles and gold-in-process, is valued at the lower of the average cost of production and net realisable value. Cost of production includes direct costs and an appropri-

ate allocation of fixed and variable overheads, including depreciation. Stores are valued at cost, including applicable freight and duty, less a provision for obsolescence, if necessary.

(j) Cash

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.

(k) 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.

(l) Trade and other creditors

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

(m) Interest bearing liabilities

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period as it becomes due and is recorded as part of other creditors.

(n) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets.

Borrowing costs include:

- interest on bank overdraft and short-term and long term borrowings; and
- ancillary costs incurred in connection with the arrangement of borrowings.

(o) Operating leases

Operating lease payments are expensed in the period in which they are incurred.

(p) Earnings per share

(a) Basic earnings per share

Basic earnings per share is determined by dividing the operating profit after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account the after tax

effect of interest and other financing costs associated with dilutive potential shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Change in the basis of determining earnings per share

In previous years basic earning per share was determined using the profit from ordinary activities after income tax and preference share dividends attributable to the members of the company, thereby excluding extraordinary items from earnings. Diluted earnings per share in previous years adjusted the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and earnings that would have arisen, had the dilutive options been exercised during the financial year rather than adjusting the weighted average number of shares to include potential ordinary shares assumed to have been issued for no consideration.

The change in the basis for calculating earnings per share figures was made to comply with AASB 1027 Earnings per Shares, issued in June 2001.

The earnings per share information for the year ended 30 June 2001 has been recalculated to present the comparative amounts on a consistent basis with the current financial year.

(q) Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at balance date, as well as dividends to be paid out of retained profits at the end of the financial year where the dividend was proposed, recommended or declared between the end of the financial year and the completion of the financial report.

(r) Rounding of amounts

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investment Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

	Consolidated		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000

2. REVENUE

(i) Revenue from operating activities

- Gold sales	51,827	-	-	-
- Silver sales	2,861	-	-	-
- Services	-	-	887	302

(ii) Revenue from outside the operating activities

- Interest received	573	57	337	6
- Other	1,245	6	15,049	2
Revenue from ordinary activities	56,506	63	16,273	310

3. PROFIT FROM ORDINARY ACTIVITIES

Expenses

Cost of sales	13,751	-	-	-
Foreign exchange losses	131	526	130	196
Provision for doubtful debts	-	-	1,980	-

Borrowing costs

- Interest and finance charges payable	2,337	202	72	202
- Exchange losses on foreign currency borrowings	229	302	-	302
Borrowing costs expensed	2,566	504	72	504

Depreciation and amortisation

- Mine properties	2,473	-	-	-
- Plant and equipment	6,147	34	14	30
Total depreciation and amortisation	8,620	34	14	30

4. INCOME TAX

The aggregate amount of income tax attributable to the current financial year differs from amount calculated on the profit or loss. The difference is reconciled as follows:-

Profit/ (loss) from ordinary activities before income tax expense	33,022	(2,365)	11,938	(1,710)
Income tax calculated @ 30% (2001 – 34%)	9,907	(804)	3,581	(582)
Tax effect of permanent differences:				
- Provision for loss on general currency hedge	-	134	-	135
- Non-deductible bad debt	-	-	594	-
- Reversal of provision for loss on general currency hedge	(119)	-	(119)	-
- Rebateable dividend	-	-	(4,140)	-
- Tax exempt profits - Thailand	(9,314)	-	-	-
- Provision for diminution of value of controlled entity	-	-	-	85
	474	(670)	(84)	(362)
Benefits of tax losses of prior years recouped	(84)	670	84	362
Income tax expense	390	-	-	-

Akara Mining Ltd, a wholly controlled entity, has received approval from the Royal Thai Board of Investment of the Office of the Prime Minister for promotion of the Chatree Gold Mine.

As a promoted enterprise, Akara and the Chatree Project is entitled to:

- i. 8 year full corporate tax holiday commencing at first gold pour on metal sales;
- ii. 5 years of half tax holiday following 1. above. ie 15% tax; and
- iii other benefits.

The above tax of \$390,000 for the consolidated entity arises in Thailand, based from deemed income which is not covered by the exemptions, and which cannot be offset by Australian tax losses.

Potential future income tax benefits of \$1,894,000 (2001 - \$1,810,000) attributable to Australian 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 30 June 2002 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 consolidated entity derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised; or
- the consolidated entity continues to comply with the conditions for deductibility imposed by the law; and
- no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses carried forward.

	Consolidated		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
5. RECEIVABLES				
CURRENT				
Other debtors	7,502	230	13,714	1
NON-CURRENT				
Loan to controlled entities (see note 17)	-	-	7,378	14,671
Loans receivable	5,643	3,956	4,350	3,346
	5,643	3,956	11,728	18,017
6. INVENTORIES				
Raw materials and stores – at cost	457	-	-	-
Work in progress – at cost	3,807	-	-	-
Gold bullion – at cost	468	-	-	-
	4,732	-	-	-
7. OTHER				
CURRENT				
Deposits	575	170	12	13
Prepayments	175	16	13	14
	750	186	25	27
8. MINING PROPERTY, PROPERTY, PLANT AND EQUIPMENT				
Exploration and evaluation expenditure				
Cost at beginning of the year	-	12,597	-	382
Expenditure incurred during the year	1,303	499	-	-
Transferred to controlled entity	-	-	-	(382)
Transferred to development properties	-	(13,096)	-	-
Foreign currency exchange differences	(21)	-	-	-
Cost at end of year	1,282	-	-	-
All 2002 costs were incurred in relation to Prospect A, Chatree Gold Project.				
Development properties				
Cost at beginning of the year	37,789	-	-	-
Expenditure incurred during the year	26,706	24,693	-	-
Transfer from exploration and evaluation expenditure	-	13,096	-	-
Transfer to mine properties	(19,305)	-	-	-
Transfer to mine buildings, plant and equipment	(44,172)	-	-	-
Transfer to land	(717)	-	-	-
Foreign currency exchange differences	(301)	-	-	-
Cost at end of year	-	37,789	-	-

	Consolidated		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Land				
Cost at the beginning of the year	-	-	-	-
Transfer from development properties at cost	717	-	-	-
Foreign currency exchange differences	(4)	-	-	-
Cost at the end of the year	713	-	-	-
Mine properties				
Cost at beginning of the year	-	-	-	-
Transferred from development properties	19,305	-	-	-
Accumulated amortisation	(2,473)	-	-	-
Foreign currency exchange differences	(45)	-	-	-
Carrying amount at end of year	16,787	-	-	-
Mining buildings, plant and equipment				
Cost	45,259	-	-	-
Less: accumulated depreciation	(6,153)	-	-	-
Foreign currency exchange differences	(42)	-	-	-
Carrying amount at end of year	39,064	-	-	-
Non-mining property plant and equipment				
Cost	364	1,475	164	160
Accumulated depreciation	(234)	(295)	(129)	(115)
Carrying amount at end of year	130	1,180	35	45
Total	57,976	38,969	35	45

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

Mining buildings, plant and equipment

Carrying amount at beginning of the year	-	-	-	-
Transferred from development properties	44,172	-	-	-
Transferred from non-mining property, plant and equipment net	1,022	-	-	-
Depreciation/ amortisation	(6,088)	-	-	-
Foreign currency exchange differences	(42)	-	-	-
Carrying amount at end of year	39,064	-	-	-

Non-mining property, plant & equipment

Carrying amount at beginning of the year	1,180	168	45	48
Transferred to mining buildings, plant and equipment	(1,022)	-	-	-
Additions during the year	24	1,153	4	27
Depreciation/ amortisation	(59)	(141)	(14)	(30)
Foreign currency exchange differences	7	-	-	-
Carrying amount at end of year	130	1,180	35	45

	Consolidated		Company	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000

9. INTEREST BEARING LIABILITIES

CURRENT

Bank loan – Secured	22,224	2,758	-	2,758
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NON CURRENT

Bank loan - Secured	22,224	25,751	-	-
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Interest bearing liabilities

The company's corporate cash advance facility with Macquarie Bank Limited of US\$2million was fully paid in the year.

The company's 100% subsidiary Akara Mining Limited has, in October 2000, executed a Syndicated Project Development Facility with Macquarie Bank. The facility is for US\$35 million to fund capital development of the Chatree Gold Mine in Thailand (including capitalised interest) and related expenses. The repayments of the facility are on a quarterly basis and the first repayment was on 31 March 2002. The facility must be repaid by 30 September 2004.

Security for both the corporate cash advance facility and Syndicated Project Development Facility is provided for by the following items:

- Share Mortgage over all entities collectively holding Kingsgate's 100% interest in Akara Mining Limited;
- First ranking charge over the assets and undertakings of Kingsgate. (The charge would be fixed over all exploration and mining information in connection with the project and include all written data and computer storage media);
- Mortgage over land and plant and equipment under construction associated with the Chatree Gold Mine.
- Assignment or pledge with respect to mining leases, contracts, and approvals associated with the operation of the Chatree Gold Mine;
- Pledges as required over all other movable properties associated with the Chatree Gold Mine and directly or indirectly owned by Akara Mining Limited; and
- Cross guarantees by all group companies.

10. PAYABLES

CURRENT

Other creditors	4,003	7,348	170	179
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11. PROVISION

CURRENT

Employee entitlement	369	12	59	12
General hedge	-	395	-	395
Other provisions	213	-	-	-
Provision for income tax	390	-	-	-
Provision for dividend	10,800	-	10,800	-
	11,772	407	10,859	407

Consolidated		Company	
2002	2001	2002	2001
\$'000	\$'000	\$'000	\$'000

12. CONTRIBUTED EQUITY

(a) Share capital

Ordinary shares fully paid

28,986	22,561	28,986	22,561
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(b) Movements in ordinary share capital of the company during the past two years were as follows:

Date	Details	Notes	Number of shares	\$'000
1 July 2000	Opening balance		59,473,304	21,582
9 October 2000	Placement	i	1,200,000	542
27 February 2001	Placement	ii	560,000	437
30 June 2001	Balance		61,233,304	22,561
30 October 2001	Rights issue	iii	10,205,550	6,260
7 May 2002	Exercise of options	iv	160,000	125
3 June 2002	Exercise of options	v	50,000	40
30 June 2002	Closing balance		71,648,854	28,986

- (i) In October 2000, the company issued 1,200,000 fully paid ordinary shares to Epoch Mining NL in consideration of Epoch's assignment absolutely to the company or its nominee certain rights including all its rights, title and interest to sum of not less than \$1,319,353 under 2 agreements executed in 1993 in which Kingsgate purchased all the issued shares capital of Patron Limited which holds Thai Mineral Assets and the purchase of Cloncurry Mining Interest
- (ii) In February 2001, the company issued 560,000 fully paid ordinary shares to Ban Pu Public Co Ltd to purchase the outstanding 10% of ordinary shares in Akara Mining Ltd, the entity which owns 100% of the Chatree Gold Mine.
- (iii) On 15 August 2001, the company invited its shareholders to subscribe to a rights issue of 10,205,550 ordinary shares at an issue price of \$0.65 per share on the basis of 1 share for every 6 fully paid ordinary shares held, such shares to be issued, and rank for dividends after 30 October 2001. The issue was fully subscribed.
- (iv) On 7 May 2002, 160,000 ordinary shares were issued pursuant to the exercise of 40,000 and 120,000 employees share options at \$0.69 and \$0.81 per share respectively. Further information relating to the Kingsgate Employees Option plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year is set out in note 18.
- (v) On 3 June 2002, 50,000 ordinary shares were issued pursuant to the exercise of 50,000 employee share options at \$0.81 per share. Further information relating to the Kingsgate Employees Option plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year is set out in note 18.

Consolidated		Company	
2002	2001	2002	2001
\$'000	\$'000	\$'000	\$'000

13. RESERVES

Foreign currency translation reserve

(361) - - -

General reserve

1,026 - - -

665 - - -

Movements:

(a) Foreign currency translation reserve

Balance as at 1 July 2001

- - - -

Net exchange difference on translation of foreign controlled entities

(361) - - -

Balance as at 30 June 2002

(361) - - -

General reserve

Balance as at 1 July 2001

- - - -

Transfer to reserves during the year

1,026 - - -

Balance as at 30 June 2002

1,026 - - -

(b) Retained profits

	Consolidated		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Accumulated loss at the beginning of the financial year	(9,205)	(6,840)	(7,643)	(5,931)
Net profit/ (loss) attributable to members of Kingsgate Consolidated Ltd	33,022	(2,365)	11,937	(1,712)
Transfer to general reserve	(1,026)	-	-	-
Dividend provided for or paid	(10,800)	-	(10,800)	-
Retained profit/ (loss) at the end of the financial year	11,991	(9,205)	(6,506)	(7,643)

Foreign currency translation reserve

Exchange differences arising on the translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in note 1(b).

During the year, Akara Mining Ltd was classified as a self-sustaining foreign controlled entity. Previously, it had been classified as an integrated operation.

The impact of the re-classification is that foreign exchange movements on the translation of the controlled entity's trial balance are taken to a foreign currency translation reserve. Previously, these had been recognised in the statement of financial performance of the group. This change in policy has resulted in a net gain in equity of \$367,000 in the current year.

Had the policy change occurred during the year ended 30 June 2001, the exchange loss of \$255,000 would not have been recognised in the statement of financial performance. Instead, a foreign currency translation reserve of \$260,000 would have been recognised. For the year ended 30 June 2002, there would be no effect on the statement of financial performance, and the foreign currency translation reserve would therefore increase by \$260,000 to \$627,000.

General reserve

Pursuant to Thai law, Akara Mining Ltd appropriated to a reserve fund at each distribution of dividends, an amount equal to one-twentieth of the profit after tax until the reserve fund reaches one-tenth of the registered capital of Akara. The reserve fund as at 30 June 2002 was equal to one-tenth of the registered share capital of Akara following the transfer of \$1,026,000 during the financial year.

14. OTHER COMMITMENTS

Exploration

In order to maintain current rights of tenure to exploration tenements, the consolidated entity has the following discretionary exploration expenditure requirements up until expiry of the leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable:

	Consolidated		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Not later than one year	128	178	-	-
Later than one year but not later than 2 years	-	153	-	-
	128	331	-	-

Development commitment

Commitment for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities, payable:

Not later than one year	-	18,086	-	18,086
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Operating leases

Commitments in relation to non-cancellable leases contracted for at the reporting date but not recognised as liabilities payable:

Not later than one year	568	209	96	50
Later than one year but not later than 5 years	2,542	835	101	50
Later than 5 years	984	327	-	-
	4,094	1,371	197	100

15. INVESTMENT IN CONTROLLED ENTITIES

Name of entity	Country of incorporation	Class of shares	Equity interest	Cost of parent entity's investment
			2002 %	2002 \$
Patron Limited*	U.K.	Ordinary	100	-
Issara Mining Limited	Thailand	Ordinary	100	-
Parasol Limited	Thailand	Ordinary	100	-
Naka Udsahakum Limited	Thailand	Ordinary	100	-
Akara Mining Limited	Thailand	Ordinary	100	-
Kingsgate Capital Pty Limited	Australia	Ordinary	100	1

*Controlled entity of which PricewaterhouseCoopers has not acted as auditor.

Consolidated		Company	
2002	2001	2002	2001
\$'000	\$'000	\$'000	\$'000

16. DIVIDENDS

Final unfranked dividend of 15 cents (2001: nil) per fully paid share recognised as a liability and expected to be paid 28 October 2002

10,800	-	10,800	-
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17. RELATED PARTY INFORMATION

Directors

The names of persons who were directors of the company at any time during the financial year are as follows: M Diemar, R D Smyth-Kirk, J Falconer, J Shaw and P McAleer.

Director related entities

The following was paid to director-related entities:

Geological service fees of \$56,430(2001 - \$83,607) were paid or payable to Diemar & Associates Pty Ltd for geological services rendered by Vicki Diemar. M G Diemar is a shareholder and director of this company. Accounting, secretarial and taxation service fees of \$35,000 (2001 - \$42,582) were paid or payable to Carbone Falconer & Co, Chartered Accountants, of which J Falconer is the principal. Consulting fees of \$35,000 were paid or payable to Norwest Mining Consultants Ltd. of which P McAleer is an officer and director.

Aggregate amounts payable to directors and director-related entities at balance date:

	Consolidated		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
Current Liabilities	62,612	41,978	62,612	35,328

All transactions with director related entities were based on normal commercial terms and conditions.

Transactions of directors and director related entities concerning share or share options

During the financial year, directors and their related entities acquired 1,779,903 fully paid ordinary shares through direct market purchases and purchases made under the rights issue.

The aggregate number of shares of the company held directly or indirectly by directors or director related entities at balance date:

Issuing	Entity	Class of Share	
		2002 Number	2001 Number
Kingsgate Consolidated Ltd	Ordinary shares	8,736,388	6,946,485

Wholly – owned group and other controlled entities

The wholly-owned group consists of Kingsgate Consolidated Ltd and its wholly owned controlled entities. Ownership interest in these controlled entities are set out in Note 15.

Transactions between Kingsgate Consolidated Ltd and controlled entities during the years ended 30 June 2002 and 30 June 2001 consisted of loans advanced by and assignment of liabilities to Kingsgate Consolidated Ltd. The loans do not bear interest. Management fees of \$887,000 was received from Akara Mining Ltd during the year.

	Consolidated		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Aggregate amounts receivable from controlled entities at balance date were as follows.				
Non current receivables				
Wholly owned subsidiaries (see note 5)	-	-	7,378	14,671
During the year the company advanced \$1,344,254 to controlled entities.				

Ultimate controlling entity

The ultimate parent entity in the wholly owned group is Kingsgate Consolidated Ltd.

18. EMPLOYEE ENTITLEMENTS

Employee numbers

Number of employers (as at balance date)	184	70	4	7
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Superannuation commitments

The consolidated entity makes contributions on behalf of employees to externally managed defined contribution superannuation funds. Contributions are based on percentages of employees' wages and salaries

Employees and contractors option plan

On 28 November 2001 shareholders at the annual general meeting approved the special resolution to establish the Kingsgate Employees and Contractors Option Plan 2001. Under this plan 2,500,000 options may be issued to employees and contractors of the consolidated entity (excluding directors of the company). This plan has similar option terms as the option plan established in 1998 which authorised the directors to issue up to 500,000 options to employees and contractors of the consolidated entity (excluding directors of the company).

The terms of options issued pursuant to the plan are as follows:

- 1 The exercise period for the options is three years from the date the options are granted.
- 2 Each option will entitle the holder to subscribe for 1 ordinary share of the company and the exercise price for each option will be 10% above the average closing sale price of the company's ordinary fully paid shares on the Australian Stock Exchange Ltd over 5 business days preceding the day on which options are issued (but in any event not less than 20 cents).
- 3 The options will be issued to eligible employees and contractors free of charge.
- 4 Set out below are summaries of options granted under the plans.

Grant date	Expiry date	Exercise price	Options granted	Options exercised and shares issued during the year		Unissued shares and options available at the end of the year	
				2002	2001	2002	2001
23 Dec 99	22 Dec 02	\$0.81	213,000	170,000	-	43,000	-
23 Jun 00	22 Jun 03	\$0.69	40,000	40,000	-	-	-
07 May 02	07 May 05	\$2.21	989,000	-	-	989,000	-
Total			1,242,000	210,000	-	1,032,000	-

The market price of the shares under options at 30 June 2002 was \$2.50 (2001 - \$0.89).

	Consolidated		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Aggregate proceeds received from employees on the exercise of options and recognised as issued capital	165	-	165	-
Market value of shares issued to employees on the exercise of options as at their exercise date	507	-	507	-

	Consolidated		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Operating profit/ (loss) after income tax	33,022	(2,365)	11,938	(1,710)
Depreciation	8,620	34	14	30
Provision for tax	390	-	-	-
Provision for exchange loss on general hedge	-	395	-	395
Provision for diminution in value of investment	-	-	-	250
Provision for bad debts	-	-	1,980	-
Exchange (gain)/ loss on translation	(729)	106	(729)	152
Increase/(decrease) in accounts payable	864	129	(360)	135
(Increase)/decrease in receivables	(8,498)	(100)	(13,998)	-
(Increase)/decrease in other assets	(4,732)	(590)	1	(7)
Net cash inflow/ (outflow) from operating activities	28,937	(2,391)	(1,154)	(755)

20. EVENTS OCCURRING AFTER REPORTING DATE

On 2 August 2002, the directors of the consolidated entity declared an unfranked dividend of 15 cents per share. The record date was 23 September 2002 and payment is due on 28 October 2002.

In September 2002, 492,000 options were exercised (43,000 at exercise price of \$0.81 and 449,000 at an exercise price of \$2.21) and 492,000 ordinary fully paid shares were issued pursuant to the exercise of options under the employees and contractors option plan.

Restructure of hedge book

In November, 2000, the consolidated entity hedged a portion of its gold reserves as part of the funding package for the construction of the Chatree Gold Mine in Thailand. The hedge comprised flat forwards with a delivery price of USD306.50 per ounce.

Following the successful start up of Chatree, the hedge program has being restructured to :

- (i) Gain more exposure to a rise in the gold price;
- (ii) Build in greater overall revenue protection in the event of a gold price decline;
- (iii) Provide a mechanism to accelerate the potential reduction of committed gold ounces through the use of down and out barriers, on 79 % of granted gold call options; and
- (iv) Hedge expected revenue streams of US and Australian dollars.

Following the restructure, the consolidated entity's hedge portfolio can be summarised as a series of escalating gold collars, which is bolstered through near and far dated (non-committed) gold put revenue protection. The USD and AUD structures are detailed below.

USD Structure.

This consists of 236,600 oz of sold gold call options, maturing quarterly from March, 2004 to December, 2007, at an average strike of USD316.21/oz. For all calls maturing from 2005 onwards a "single touch" down and out barrier at an average strike of USD 301.13/oz is in place. In addition, enhanced revenue protection is secured through 327,600 oz of bought gold put options maturing quarterly from December, 2002 to December, 2008 at an average strike of USD300.91/oz.

AUD Structure.

This consists of 127,400 oz of sold gold call options maturing quarterly from March, 2004 to December, 2007 at an average strike of AUD621.07/oz. For all calls maturing from 2005 onwards a "single touch" down and out barrier at an average strike of AUD 554.31/oz is in place. In addition, enhanced revenue protection is secured through 176,400 oz of bought gold put options maturing quarterly from December, 2002 to December, 2008 at an average strike of AUD591.03/oz.

The consolidated entity has taken advantage of the current low cost of borrowing gold by fixing funding out to late 2003 and thereafter has floating gold lease fees prepaid at 1.1% on the amortised face value of the put options.

When active the barrier on a call option is triggered by a single trade at/ or below the respective barrier level, with all associated ounce commitments knocking out instantly. In this event the consolidated entity would have the flexibility of remaining uncommitted or of re-committing the ounces at a later date. Note that if gold trades below all relevant barriers after 15 March, 2005, all of the remaining call options will be cancelled and the committed ounces will reduce to zero.

An important feature of this structure is that there are no committed ounces in the next 18 months and therefore the Chatree Mine production can be sold at spot and will fully participate in any rise in gold price that may occur. In the event that the gold price falls, in this period the put options will ensure a minimum price of USD300 and/or AUD580 per ounce for that portion of production covered by put options.

21. CONTINGENT LIABILITIES

The company and its controlled entities have provided to Macquarie Bank Ltd cross guarantees in respect of the project loan associated with the Chatree Gold Mine.

The company and the consolidated entity have no other contingent liabilities at 30 June 2002.

22. CONSOLIDATED SEGMENT INFORMATION

Business and geographic segments

The consolidated entity operates primarily in one business segment being gold mining and exploration and in one geographic segment being Thailand.

23. FINANCIAL INSTRUMENTS

(a) Off balance sheet derivative instruments

Commodity contracts

The consolidated entity enters into forward contract and derivative contracts to hedge a portion of gold sales. The value of US dollar denominated gold derivative contracts held by the consolidated entity will vary with market conditions and, in particular, to the Australian dollar/ US dollar exchange rate, cash interest rates and gold lease rates.

As at balance date, the entity has an unmatched commodity hedge position of 60,000 ounces where hedge contracts are to be delivered beyond the current production schedule. There are sufficient unhedged gold reserves to meet this commitment. Current resources are also expected to be proven as reserves in the short-term. This has not therefore been treated as a speculative hedge, and no mark to market adjustment has been made.

Interest rate swap contracts

The consolidated entity has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at a fixed rate of 4.95% . The variable interest rate is based on the 90 days US dollars London Interbank Offer Rate. The contracts are settled on a net basis and the net amount receivable or payable at the reporting date is included in other debtors or other creditors.

The contracts require settlement of the net interest receivable or payable each 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

(b) Credit risk exposures

The credit risk on financial assets of the consolidated entity which have been recognised on the statements of financial position, other than investments in shares, is generally the carrying amount, net of any provisions for doubtful debts.

(c) Interest rate risk exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table.

Exposure arises predominantly from assets and liabilities bearing variable interest rates as the consolidated entity intends to hold fixed rate assets and liabilities to maturity.

	Notes	Fixed interest maturing in:				Non-interest bearing	Total
		Floating interest rate	1 year or less	1 to 5 years	more than 5 years		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2002 Financial assets							
Cash		25,174	-	-	-	88	25,262
Receivables	5	-	-	-	-	13,145	13,145
Other assets	7	-	575	-	-	175	750
		25,174	575	-	-	13,408	39,157
Weighted average interest rate		1.50%	1.00%				
Financial liabilities							
Accounts payable	10	-	-	-	-	4,003	4,003
Borrowings	9	44,448	-	-	-	-	44,448
		44,448	-	-	-	4,003	48,451
Weighted average interest rate		4.80%					
Net financial assets (liabilities)		(19,274)	575	-	-	9,405	(9,294)

	Notes	Floating interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
			1 year or less \$'000	1 to 5 years \$'000	more than 5 years \$'000		
2001 Financial assets							
Cash		5,929	-	-	-	350	6,279
Receivables	5	-	610	-	-	3,576	4,186
Other assets	7	-	170	-	-	16	186
		5,929	780	-	-	3,942	10,652
Weighted average interest rate		2.00%	3.00%				
Financial liabilities							
Accounts payable	10	-	-	-	-	7,348	7,348
Borrowings	9	28,509	-	-	-	-	28,509
		28,509	-	-	-	7,348	35,857
Weighted average interest rate		6.60%	6.60%				
Net financial assets (liabilities)		(22,580)	780	-	-	(3,406)	(25,205)

(d) Net fair value of financial assets and liabilities

On balance sheet

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity approximates their carrying value.

24. REMUNERATION OF DIRECTORS

Remuneration received or receivable by the directors of the company and the consolidated entity are as follows:

	Consolidated		Company	
	2002 \$	2001 \$	2002 \$	2001 \$
Directors' remuneration				
Income paid or payable, or otherwise made available to directors by entities in the consolidated entity and related parties in connection with the management of affairs of the parent entity or its controlled entities	431,000	374,053	431,000	374,053

Options were granted to various directors pursuant to shareholders approval of a special resolution at the annual general meeting held on 28 November 2001. The following options were issued during the year. No options were exercised by directors during the year and no options were granted in the previous year.

Director	Number of options
Ross Smyth-Kirk	150,000
John Falconer	100,000
John T Shaw	100,000
Peter McAleer	100,000

The terms of options issued are as follows:

1. The exercise period for the options is three years from the date the options are granted.
2. Each option entitles the holder to subscribe for 1 ordinary share of the company and the exercise price for each option is \$1.48 (representing 25% above the average closing sale price of the company's ordinary fully paid shares on the Australian Stock Exchange Ltd, over 5 business days preceding the day on which options were issued).
3. The options were issued free of charge.

The numbers of parent entity directors whose total income from the parent entity or related parties was within the specified bands are as follows:

	2002	2001
\$20,000 - \$29,999	-	3
\$30,000 - \$39,999	3	1
\$40,000 - \$49,999	1	-
\$220,000 - \$229,999	-	1
\$270,000 - \$279,999	1	-

25. REMUNERATION OF EXECUTIVES

Remuneration received, or due and receivable, from entities in the consolidated entity and related parties by Australian-based executive officers (including directors) whose remuneration was at least \$100,000:

	2002	2001
	\$	\$
Executive officer of the parent entity	270,000	220,000

Only one executive officer received income from the consolidated entity or related corporation in excess of \$100,000.

26. REMUNERATION OF AUDITORS

	Consolidated		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
PricewaterhouseCoopers – Australian firm				
Audit or review of financial reports of the entity or any entity in the economic entity	131	77	131	51
Other services				
Other audit-related work	25	-	25	-
Total remuneration	156	77	156	51
Related practices of PricewaterhouseCoopers Australian firm (including overseas PricewaterhouseCoopers firms)				
Audit or review of financial reports of the entity or any entity in the economic entity	39	17	-	-
Other services				
Taxation	14	4	-	-
Total remuneration	53	21	-	-
Remuneration of other auditors for the audit or review of financial reports of an entity in the economic entity	2	8	2	-

DIRECTORS' DECLARATION

The directors' declare that the financial statements and notes set out on pages 17 to 34:

- (a) comply with Accounting Standards, the Corporation Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2002 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that the company and its subsidiaries will be able to pay their debts as and when they become due and payable.

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

DATED at SYDNEY this 30 September 2002

On behalf of the Board



M G DIEMAR
Director

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF KINGSGATE CONSOLIDATED LIMITED

AUDIT OPINION

In our opinion, the financial report, set out on pages 17 to 35:

- presents a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of Kingsgate Consolidated Limited and the Kingsgate Group (defined below) as at 30 June 2002 and of their performance for the year ended on that date
- is presented in accordance with the Corporations Act 2001, Accounting Standards and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001

This opinion must be read in conjunction with the following explanation of the scope and summary of our role as auditor.

SCOPE AND SUMMARY OF OUR ROLE

THE FINANCIAL REPORT – RESPONSIBILITY AND CONTENT

The preparation of the financial report for the year ended 30 June 2002 is the responsibility of the directors of Kingsgate Consolidated Limited. It includes the financial statements for Kingsgate Consolidated Limited (the company) and for the Kingsgate Group (the Group), which incorporates Kingsgate Consolidated Limited and the entities it controlled during the year ended 30 June 2002.

THE AUDITOR'S ROLE AND WORK

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our role was to conduct the audit in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our audit did not involve an analysis of the prudence of business decisions made by the directors or management.

In conducting the audit, we carried out a number of procedures to assess whether in all material respects the financial report presents fairly a view in accordance with the Corporations Act 2001, Accounting Standards and other mandatory reporting requirements in Australia, and the Corporations Regulations 2001, which is consistent with our understanding of the company's and the Group's financial position, and their performance as represented by the results of their operations and cash flows.

The procedures included:

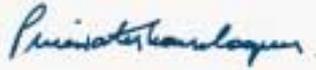
- selecting and examining evidence, on a test basis, to support amounts and disclosures in the financial report. This included testing, as required by auditing standards, certain internal controls, transactions and individual items. We did not examine every item of available evidence
- evaluating the accounting policies applied and significant accounting estimates made by the directors in their preparation of the financial report
- obtaining written confirmation regarding material representations made to us in connection with the audit
- reviewing the overall presentation of information in the financial report.

Our audit opinion was formed on the basis of these procedures.

Independence

As auditor, we are required to be independent of the Group and free of interests which could be incompatible with integrity and objectivity. In respect of this engagement, we followed the independence requirements set out by The Institute of Chartered Accountants in Australia, the Corporations Act 2001 and the Auditing and Assurance Standards Board.

In addition to our statutory audit work, we were engaged to undertake other services for the Group. These services are disclosed in note 26 to the financial statements. In our opinion the provision of these services has not impaired our independence.



PricewaterhouseCoopers
Chartered Accountants



W D McCluskey
Sydney
Partner
30 September 2002

SHAREHOLDER INFORMATION

Director's holdings as at 25 September 2002

DIRECTOR	SHARES	OPTIONS	%
Ross Smyth-Kirk	4,093,932	150,000	34%
Michael G Diemar	4,206,457	-	-
John Falconer	44,333	100,000	22%
Peter McAleer	280,000	100,000	22%
John T Shaw	11,666	100,000	22%
		450,000	100%

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

Holder	No. of shares held as disclosed in notices to the company
M Diemar	4,206,457
R Smyth-Kirk	4,093,932
B Bird	3,637,827

Distribution of equity securities as at 25 September 2002

Size of Holding	Number of Shareholders Fully paid Ordinary Shares	Number of Optionholders Employees Plan	Number of Optionholders Directors
1-1,000	410	-	-
1,001-5,000	616	57	-
5,001-10,000	272	9	-
10,001-100,000	355	21	3
100,001-	79	-	1
	1,732	87	4

Of which 71 have less than a marketable parcel of ordinary shares.

20 Largest Shareholders of Quoted Ordinary Shares as at 25 September 2002

	No. of shares	Percentage
1 National Nominees Limited	9,381,503	13.00%
2 ANZ Nominees Limited	6,429,018	8.91%
3 Arinya Investments P/L	4,043,600	5.61%
4 Bird Bruce Clayton	3,205,702	4.44%
5 Centenia Investments P/L	2,906,457	4.03%
6 Sydney Equities Pty Ltd	2,000,000	2.77%
7 Gaffwick Pty Limited	1,999,950	2.77%
8 Whinners Pty Limited	1,800,052	2.50%
9 Westpac Custodian Nominee	1,588,583	2.20%
10 Willow Bend Station P/L	1,400,000	1.94%
11 Diemar & Associates Pty Ltd	1,330,000	1.84%
12 Cogent Nominees Pty Ltd	1,200,000	1.66%
13 Citicorp Nominees Pty Ltd	1,177,089	1.63%
14 Citicorp Nominees Pty Ltd	1,102,956	1.53%
15 Ilwella Pty Limited	891,403	1.24%
16 HSBC Custody Nominees	807,656	1.12%
17 Grimwade Frederick Shepp	700,000	.97%
18 Conaught Pty Ltd	583,333	.81%
19 Donwillow Pty Ltd	566,275	.78%
20 Commonwealth Custodial	551,301	.76%
Total	43,664,878	60.51%

Unquoted equity securities as at 25 September 2002

There were 87 optionholders and 1,045,000 options under the Kingsgate Consolidated Ltd Employees option plan.

There were 450,000 options issued to various directors and there were 4 optionholders

Voting Rights

(a) Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options

No voting rights.

MINING LEASES

Mining leases covering the Chatree Gold Project were granted by the Thai Ministry of Industry

EPM application 12409 is held 100% by the company. It is located east of Cloncurry in Queensland and includes gold mineralisation previously explored by the company.

Kingsgate Tenements Held

Akara Mining Limited: Chatree Gold Project, Thailand: 100% – flow through interest for gold.

Web Page

The full text of all announcements to the ASX, annual reports, presentations, analysts reports and photos may be viewed on our website at:

www.kingsgate.com.au



Kingsgate
Consolidated Ltd