



Kingsgate

Consolidated Limited

ABN 42 000 837 472

28 August 2015

Manager
Company Announcements Office
Australian Securities Exchange

Preliminary Final Results and Appendix 4E for the Year Ended 30 June 2015

Kingsgate has released its Preliminary Financial Results for the year ended 30 June 2015. This release is a summary document to be read in conjunction with the Appendix 4E release.

Key points:

- Strong cash flow generated from operations of \$100.2 million
- Improved balance sheet
 - Debt reduction of \$40.1 million
- A sound operating performance
 - Production within guidance with gold sold of 202,489 ounces
 - Total cash costs US\$833/oz, All-In Sustaining Costs (AISC) of US\$998/oz.
 - EBITDA* (before significant items) of \$70.9 million.
- Profitability impacted by lower US dollar gold prices
 - 6.4% lower realised gold price of US\$1,208 per ounce
 - Profit before tax and significant items of \$1.7 million.
 - Loss after tax and significant items of \$147.1 million.
 - Non-cash asset impairment of \$148.2 million, relating predominantly to the impact of lower gold price assumptions on the Chatree Gold Mine.

Revenue was impacted by lower gold sold for the year of 202,489 ounces (2014: 216,887 ounces), including 121,721 ounces from Chatree and 80,768 ounces from Challenger, and a lower realised gold price of US\$1,208 per ounce (2014: US\$1,291 per ounce). In spite of lower revenue, Kingsgate used its positive cash flow to reduce debt by \$40.1 million and finished the year with cash plus bullion/doré of \$82.1 million.

Both gold operations delivered positive cash flow for the year. The Chatree Mine continued to perform well despite the loss of 44 days of production due to a temporary suspension notice issued by the Department of Primary Industry and Mining ("DPIM") in Thailand. Issues relating to the closure were satisfactorily resolved. Gold production of approximately 15,000 ounces was effectively deferred by the temporary shutdown which

would otherwise have added approximately \$20 million to \$24 million of revenue to cash flow. Costs incurred during the shutdown were in the order of \$6.3 million including depreciation and amortisation charges of \$2.7 million.

Despite the closure, Chatree delivered an EBITDA before significant items of \$62.1 million for the year. At Challenger, a very good operating performance in both production and costs generated an EBITDA of \$14.3 million for the year.

The major contributors to the after tax loss of \$147.1 million were non-cash impairments to the carrying values of the Chatree Gold Mine and the Bowdens Silver Project (“Bowdens”). The Board of Kingsgate believes that Chatree remains a world class asset and considers that Bowdens remains an important asset within Kingsgate. However, in accordance with the current accounting standards, Kingsgate is required to assess the carrying value of the operating and development projects within a set valuation framework and the impairments are largely a function of the use of lower gold and silver price assumptions. The outcome of the assessment is a non-cash impairment of \$115.7 million against the carrying value of Chatree and \$22.6 million against Bowdens.

The major development project, Nueva Esperanza in Chile, continued to advance during the year with the discovery of Chimberos Gold, to the west of the historic Chimberos pit. The new gold rich deposit has increased gold resources by 250,000 ounces and silver resources by 5.1 million ounces with total Mineral Resources at Nueva Esperanza increasing by 21% to 1.9 million gold equivalent ounces (GEO[^]).

Outlook

The outlook for the Group in fiscal year 2016 is for gold production to be between 165,000 and 180,000 ounces. Production from the Chatree Gold Mine in Thailand is expected to be a total of 125,000 to 135,000 ounces but, due to the current stripping schedule, will be heavily weighted to the second half of the year. Under the current mine plan, the Challenger Mine in South Australia will exhaust the current Ore Reserves in the March quarter 2016 with a total of 40,000 to 45,000 ounces expected for the year. Work continues to explore options to extend the mine life at Challenger.

At Nueva Esperanza, an optimisation study is underway with Ausenco to determine indicative design, capital and operating parameters around a 2Mtpa agitated leach (milling) operation.

The Thai Government has advised that it intends to introduce a new Gold Policy which is expected to be enacted in the next six months. Kingsgate has engaged with the DPIM regarding the new policy and does not expect any material impact to the existing mining operations. It is hoped that the enactment of the Gold Policy could result in the granting of Kingsgate’s current exploration licence applications which were submitted by its Thai subsidiaries.

Kingsgate continues to adapt to the volatile operating environment for gold producers and remains focused on continuous improvement and operating efficiencies that complement ongoing cost saving initiatives. It is targeting further cost reductions in FY16.



Greg Foulis
Chief Executive Officer
Kingsgate Consolidated Limited

IMPORTANT NOTICES

Caution regarding forward-looking statements

This announcement contains forward-looking statements, which can usually be identified by the use of words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or words of similar effect. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual outcomes to differ materially from those expressed in the statements contained in this release. You should not place undue reliance on these forward-looking statements. These forward-looking statements are based on information available to us as of the date of this release. Except as required by law or regulation (including the ASX Listing Rules) we undertake no obligation to update these forward-looking statements.

Past performance not indicative of future performance

Past performance information given in this announcement is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

*EBITDA

EBITDA before significant items is a financial measure which is not prescribed by International Financial Reporting Standards (IFRS) and represents the profit under IFRS adjusted for specific significant items. The EBITDA before significant items has not been subject to any specific review procedures by our auditor but has been extracted from the accompanying preliminary final report

^ Notes for Mineral Resources and Mineral Equivalents:

Nueva Esperanza silver equivalent: $AgEq (g/t) = Ag (g/t) + Au(g/t) \times 60$.

Gold Equivalent Ounces (GEO): $AuEq (g/t) = Au (g/t) + Ag (g/t)/60$.

Calculated from long term historical prices for gold and silver and metallurgical recoveries of 70% Au and 75% Ag estimated from test work by Kingsgate.

It is the Company's opinion that all elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold.

Although gold is not the dominant metal, gold equivalent values are reported to allow comparison with Kingsgate's other projects.



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APPENDIX 4E

PRELIMINARY FINAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

ASX CODE: KCN

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

			2015	2014
			\$'000	\$'000
Revenue from ordinary activities	Revenue reduced	5%	313,162	328,326
Loss from ordinary activities after tax attributable to members	Loss increased	51%	(147,093)	(97,613)
Net loss for the period attributable to members	Loss increased	51%	(147,093)	(97,613)

DIVIDENDS

No interim dividend was paid in relation to the year ended 30 June 2015.

No final dividend will be paid in relation to the year ended 30 June 2015.

	2015	2014
Net tangible asset backing per ordinary share: \$ per share	1.37	1.71

Refer attached Review of Operations for commentary on the results for the year.



OPERATING AND FINANCIAL REVIEW

Kingsgate is a gold mining, development and exploration company based in Sydney, Australia. Kingsgate owns and operates two gold mines; the world-class Chatree Mine in Thailand and the underground Challenger Mine in South Australia. In addition, the Company has two advanced development projects; the Nueva Esperanza Gold/Silver Project, in the highly prospective Maricunga Gold/Silver Belt in Chile, and the Bowdens Silver Project in New South Wales, Australia.

The Directors of Kingsgate Consolidated Limited today announced a net loss of \$147.1 million for the year ended 30 June 2015 which includes significant items totalling \$148.2 million.

The pre-tax profit of the Group before significant items was \$1.7 million and the EBITDA before significant items was \$70.9 million.

The significant items include:

Write-down of \$115.7 million against the carrying value of the Chatree Gold Mine in Thailand;
Write-down of \$22.6 million against the carrying value of the Bowdens Silver Project in Australia;
Write-down of \$9.9 million against the carrying value of exploration projects.

DIVIDENDS

No interim dividend was declared for the year ended 30 June 2015.

No final dividend has been declared for the year ended 30 June 2015.

OVERVIEW

Group gold production for the year was 205,245 ounces with Chatree contributing 125,094 ounces and Challenger 80,151 ounces.

Chatree continued to perform well despite the impact on production over the 44 days temporary suspension.

Chatree was issued with a temporary suspension notice by the Department of Primary Industry and Mining ("DPIM"), Thailand on 13 January 2015. Due to uncertainty around the timing of the re-start of the operation, the Kingsgate Board requested voluntary suspension of trading in Kingsgate shares on the Australian Securities Exchange ("ASX").

The temporary closure of Chatree was ordered because of unsubstantiated claims that slightly elevated levels of arsenic and manganese that had been found in some local inhabitants living in the region could be attributable to the mining operation at Chatree. Importantly, Chatree does not use and has never used arsenic or manganese in any of its operations.

During the suspension period Akara Resources undertook a series of steps to qualify that Chatree is not the cause of elevated arsenic and manganese in the local community. This included commissioning an independent study by Mahidol University, a highly respected and credible academic institution in Thailand, to examine the root cause of these elevated readings. The study findings concluded that these elevated readings of arsenic and manganese are most likely caused by lifestyle factors such as diet, as arsenic can be found in local fish products and rice.

In addition, Akara Resources arranged secondary health checks for approximately 250 local villagers, which coincided with the presentation of a petition to the DPIM containing 2,495 signatures from the local community in support of the Chatree Mining Operation.



Akara Resources presented a strong case for lifting the temporary suspension order at two community meetings, and made the Mahidol University Study and all health check medical documentation available to the DPIM. As a result the DPIM, as an administrative measure, required that all the Akara documentation be verified by a DPIM appointed Review Committee.

The Review Committee verified all relevant supporting documentation and the DPIM was satisfied that Akara Resources has complied with all the requests made under the suspension orders. Therefore on 27 February 2015 the DPIM rescinded the temporary suspension order, following which Akara Resources recommenced operations at Chatree on the same day.

Gold production of approximately 15,000 ounces was effectively deferred by the temporary shutdown which would otherwise have added approximately \$20 million to \$24 million of revenue to cash flow. Costs incurred during the shutdown were in the order of \$6.3 million including depreciation and amortisation charges of \$2.7 million.

The Thai Government has advised that it intends to introduce a new Gold Policy which is expected to be enacted in the next six months. Kingsgate has engaged with the DPIM regarding the new policy and does not expect any material impact to the existing mining operations. It is hoped that the enactment of the Gold Policy could result in the granting of Kingsgate's current exploration licence applications which were submitted by its Thai subsidiaries.

Challenger had a strong finish to the year with gold production 7% higher than the previous corresponding year and well above the guidance range of 65,000 to 75,000 ounces. The operational performance was a result of higher gold head grade and increased throughput.

The after tax loss of \$147.1 million for the year is primarily due to a non-cash impairment charge of \$148.2 million against the carrying values of the Chatree Gold Mine, the Bowdens Silver Project and various exploration areas. The Board believes that the Chatree Gold Mine remains a world class asset and considers that Bowdens is an important asset in the Kingsgate development portfolio. However, in accordance with current accounting standards Kingsgate is required to assess the carrying value of its operating and development projects within a set valuation framework (refer to Note 4 on Page 17 for further details).



FINANCIAL RESULTS

Kingsgate made an after tax loss of \$147.1 million for the full year to 30 June 2015 compared to an after tax loss of \$97.6 million for the previous corresponding year.

EBITDA before significant items

Before significant items, the after tax profit of the Group was \$1.09 million. Significant items are detailed below.

EBITDA before significant items was \$70.9 million up from \$64.8 million in the previous year.

CONSOLIDATED	2015	2014
	\$'000	\$'000
Loss after income tax	(147,093)	(97,613)
Income tax expense	651	2,886
Significant items		
Impairment of Chatree Gold Mine	115,650	-
Impairment of Bowdens Silver Project	22,643	84,586
Impairment of capitalised exploration	9,888	2,112
Profit / (loss) before tax and significant items	1,739	(8,029)
Borrowing costs	15,178	13,860
Depreciation and amortisation	53,950	58,986
EBITDA before significant items	70,867	64,817

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

Revenue

Gold revenue decreased by 3% to \$296.3 million and silver revenue decreased by 27% to \$16.9 million. Total sales revenue for the Group was \$313.2 million for the year, down from \$328.3 million from the previous year.

The decrease in gold revenue reflects the temporary suspension of operation at Chatree and a lower gold price.

The average US dollar gold price received was US\$1,208 per ounce (2014: US\$1,291 per ounce). The decrease in silver revenue reflects a lower silver price received of US\$17 per ounce (2014: US\$21 per ounce).

Costs

The overall decrease in cost of sales to \$278.4 million including royalties and depreciation and amortisation, largely reflects decreased throughput and production from the Chatree Mine due to the temporary suspension of operation. On a unit cost basis, total cash costs for the Group were US\$833 per ounce down from US\$936 per ounce in the previous year. The total unit cash costs for Challenger for the year were US\$1,059 per ounce (2014: US\$1,310 per ounce), with the decrease primarily due to lower



mining costs. The total unit cash costs for Chatree for the year were US\$690 per ounce down from US\$728 per ounce in 2014.

Depreciation and amortisation

The decrease in depreciation and amortisation to \$54.0 million is mainly a result of lower production at Chatree.

Cash flow

Net operating cash inflow was \$76.6 million. Net investing cash outflow was \$40.3 million. Net cash outflow from financing activities was \$37.7 million, including repayment of \$40.1 million of the corporate loan facility and convertible revolving credit facility.

OPERATIONAL PERFORMANCE

Group gold production for the year ended 30 June 2015 was 205,245 ounces.

Chatree

Chatree continued as Kingsgate's primary production asset throughout the year, producing 125,094 ounces of gold and 850,003 ounces of silver. The process plant treated 5.3 million tonnes at a head grade of 0.91 grams per tonne ("g/t") gold with a recovery of 79.3%. The good production performance was achieved despite a loss of 44 days of production due to the temporary closure. This impacted production in the June half-year but issues related to the suspension were satisfactorily resolved.

Total cash costs for the year were US\$690 per ounce (US\$595 per ounce exclusive of Thai royalties). The average royalty paid to the Thai Government was US\$95 per ounce of gold. Total production costs after depreciation and amortisation were US\$973 per ounce of gold produced.

At year end, 9.1 million tonnes of ore was stockpiled with an average contained gold grade of 0.49g/t representing 144,469 ounces of gold.

Challenger

The Challenger Mine had a strong finish to the year and produced 80,151 ounces of gold, well above the FY15 guidance range of 65,000 to 75,000 ounces. The process plant treated 515,000 tonnes at an average head grade of 5.01g/t with gold recovery of 96.7%.

Operating costs at Challenger were US\$1,059 per ounce (including US\$45 per ounce royalty). Note that operating costs at Challenger include all mine development for the site (i.e. no mine development costs were being capitalised).

The mine plan at Challenger is under review with the current reserves expected to be depleted in the March quarter 2016. Further extensions to the mine life are dependent on the successful conversion to reserves from on-going drilling and development within the extensive resource envelope at Challenger West and the recently discovered Challenger South Southwest structure.



Nueva Esperanza Gold/Silver Project

The Nueva Esperanza Gold/Silver Project advanced during the year with the discovery of Chimberos Gold, a gold rich resource to the west of the historic Chimberos pit. It is considered to be a continuation of the Chimberos mineralisation identified in earlier campaigns in and around the historic pit. The new mineralisation has added in the order of 250,000 ounces of gold and 5.1 million ounces of silver to the Chimberos Mineral Resource Estimate resulting in a significant increase in the overall Mineral Resource Estimate for Chimberos to 300,000 ounces of gold and 20.5 million ounces of silver. The total Mineral Resources for Nueva Esperanza now stand at 34.6Mt at 0.81g/t gold and 55g/t silver.

The relatively high gold grade nature of the recently discovered gold mineralisation has led to a re-evaluation of agitated leach (milling) for the process route rather than heap leach. An optimisation study is currently in progress to determine design parameters around a 2 million tonnes per annum (Mtpa) agitated leach operation with indicative capital and operating cost estimates and relevant information for amendments to existing permits.

Following the successful exploration campaign in FY15, further opportunities have been identified for follow-up in the FY16 field season at Boulder, Rifle and Carachitas Central.

Bowdens Silver Project

During the year project work continued to focus on studies required for the Environmental Impact Statement ("EIS"). However, as a result of ongoing market volatility in the precious metals sector and a sustained period of a lower than anticipated silver price, Kingsgate has reduced the resources and expenditure related to the project.

Environmental monitoring is continuing at the site and Kingsgate will maintain community relations and engagement while the project is progressing though at a reduced rate.

Exploration

The Group has a portfolio of exploration tenements and applications in Thailand, Chile and Lao PDR.

Exploration activity was at a reduced level during the year with a re-focusing of priorities that matched corporate context and resources. Some encouraging results were recorded from gold exploration at the Sayabouly project in Lao PDR where gold mineralisation identified in trenching was followed up by air core drilling. This identified some continuity in the high grade quartz veins with results including 4 metres at 11.6g/t gold from 14 metres, 9 metres at 3.23g/t gold from 10 metres and 4 metres at 3.62g/t gold from 12 metres.



FINANCE

At the end of the year Kingsgate's Group debt facilities consisted of:

Senior corporate facility

The balance of the senior corporate loan facility outstanding at 30 June 2015 was A\$25 million. This facility, was due to be repaid in full on 31st July 2015. A\$10 million was repaid against the facility on the due date with the balance of A\$15 million restructured as a Revolving Credit Facility ("RCF") repayable in 3 equal instalments commencing on 29th January 2016.

Under the terms of the RCF Kingsgate is required to maintain a minimum hedge position with a rolling 3-month program covering 30% of forecast group production. As security the lender has a fixed and floating charge over Kingsgate including shares in its material subsidiaries.

Kingsgate, in addition, has available over the tenure of the RCF an Equity-linked Loan Facility ("ELF") of A\$15 million. The ELF is currently undrawn.

Multi-currency, syndicated loan facility

Kingsgate's Thai operating subsidiary, Akara Resources PCL ("Akara"), has an amortising multi-currency loan facility with 3.5 years remaining following the commencement of quarterly repayments in November 2013. At year end the equivalent of A\$104.9 million was owed against this facility. Since the year end a further equivalent A\$8.5 million has been repaid. As security against the facility the lender has a fixed and floating charge over the land, buildings and machinery in Thailand owned by Akara and its material subsidiaries. In addition Akara is required to maintain a debt service reserve account of US\$5 million.

Hedging

As at 30 June 2015, the Group had 5,000 ounces of gold sold forward at an average price of A\$1,538 per ounce. Since the year end an additional 24,000 ounces of production have been covered under forward sale contracts at an average price of A\$1,536 per ounce. 9,400 ounces have been delivered against these contracts leaving a remaining balance of 19,600 ounces at an average price of A\$1,546 per ounce.

OUTLOOK

The outlook for the Group in fiscal year 2016 is for gold production to be in the range of 165,000 to 180,000 ounces. At the Chatree Mine in Thailand, gold production is expected to be between 125,000 to 135,000 ounces but, due to the current stripping schedule, will be heavily weighted to the second half of the year. At the Challenger Mine in South Australia, under the current mine plan, Ore Reserves will be exhausted in the March quarter 2016 with production for the year expected to be in the range of 40,000 to 45,000 ounces of gold. Work continues to explore options to extend the mine life at Challenger with particular focus on deeper areas at Challenger West and the recently discovered Challenger South Southwest structure.

Kingsgate remains focused on continuous improvement and operating efficiencies that complement ongoing cost saving initiatives. It is targeting further cost reductions in FY16.



INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2015

	Note	2015 \$'000	2014 *Restated \$'000
Sales revenue	3a	313,162	328,326
Costs of sales	3b	(278,357)	(303,213)
Gross profit		34,805	25,113
Exploration expenses		(1,313)	(210)
Corporate and administration expenses	3c	(18,144)	(23,966)
Other income and expenses	3d	(1,877)	2,102
Foreign exchange gain		2,699	2,595
Share of loss in associate	6	(112)	(413)
Impairment losses – Chatree Gold Mine	3e	(115,650)	-
Impairment losses – Bowdens Silver Project	3e	(22,643)	(84,586)
Impairment losses – exploration assets	3e	(9,888)	(2,112)
Loss before finance costs and income tax		(132,123)	(81,477)
Finance income		859	610
Finance costs	3f	(15,178)	(13,860)
Net finance costs		(14,319)	(13,250)
Loss before income tax		(146,442)	(94,727)
Income tax expense	5	(651)	(2,886)
Loss after income tax		(147,093)	(97,613)
Other comprehensive income			
<i>Items that will never be reclassified to profit and loss</i>			
Change in fair value of employee provisions (net of tax)		838	-
<i>Items that may be reclassified to profit and loss</i>			
Exchange differences on translation of foreign operations (net of tax)		60,868	(26,314)
Total other comprehensive income / (loss) for the year		61,706	(26,314)
Total comprehensive loss for the year		(85,387)	(123,927)
Loss attributable to:			
Owners of Kingsgate Consolidated Limited		(147,093)	(97,613)
Total comprehensive loss attributable to:			
Owners of Kingsgate Consolidated Limited		(85,387)	(123,927)
Loss per share		Cents	Cents
Basic loss per share	13	(65.8)	(56.7)
Diluted loss per share	13	(65.8)	(56.7)

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

*Restated Comparative information has been restated as a result of the correction of error in respect of prepaid mining services balance (refer to Note 14 for details).



STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	2015 \$'000	2014 *Restated \$'000
ASSETS			
Current assets			
Cash and cash equivalents		55,472	53,632
Receivables		19,139	13,360
Inventories		47,147	47,917
Other assets		9,619	20,893
Total current assets		131,377	135,802
Non-current assets			
Restricted cash		6,601	5,489
Inventories		55,711	49,805
Available-for-sale financial assets		1,350	270
Investment in associate	6	-	1,072
Property, plant and equipment		188,494	170,658
Exploration, evaluation and development		143,035	255,257
Other assets		18,442	13,537
Deferred tax assets		-	9,205
Total non-current assets		413,633	505,293
TOTAL ASSETS		545,010	641,095
LIABILITIES			
Current liabilities			
Payables		28,379	25,478
Borrowings		67,552	42,978
Derivatives held for trading		-	623
Current tax liabilities		-	1,148
Provisions		3,625	3,115
Total current liabilities		99,556	73,342
Non-current liabilities			
Payables		5,452	4,800
Borrowings		75,071	110,654
Deferred tax liabilities		388	8,628
Provisions		39,226	32,998
Total non-current liabilities		120,137	157,080
TOTAL LIABILITIES		219,693	230,422
NET ASSETS		325,317	410,673
EQUITY			
Contributed equity	8	677,109	677,109
Reserves	9	53,414	(8,323)
Accumulated losses	9	(405,206)	(258,113)
TOTAL EQUITY		325,317	410,673

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

*Restated Comparative information has been restated as a result of the correction of error in respect of prepaid mining services balance (refer to Note 14 for details).



STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2015

	Note	Contributed equity \$'000	Reserves \$'000	Retained profits / Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2013 (*Restated)		605,504	18,095	(160,500)	463,099
Loss after income tax	9b	-	-	(97,613)	(97,613)
Total other comprehensive loss for the year	9a	-	(26,314)	-	(26,314)
Total comprehensive loss for the year		-	(26,314)	(97,613)	(123,927)
Transaction with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	8	597	-	-	597
Issue of ordinary shares to repay funds drawn down under the convertible revolving credit facility, net of transaction costs	8	14,548	-	-	14,548
Share placement and rights issue, net of transaction costs	8	56,460	-	-	56,460
Movement in share-based payment reserve	9a	-	(104)	-	(104)
Total transactions with owners		71,605	(104)	-	71,501
Balance at 30 June 2014 (*Restated)		677,109	(8,323)	(258,113)	410,673

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

**Restated Comparative information has been restated as a result of the correction of error in respect of prepaid mining services balance (refer to Note 14 for details).*



STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2015

	Note	Contributed equity \$'000	Reserves \$'000	Retained profits / Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2014 (*Restated)		677,109	(8,323)	(258,113)	410,673
Loss after income tax	9b	-	-	(147,093)	(147,093)
Total other comprehensive loss for the year	9a	-	61,706	-	61,706
Total comprehensive loss for the year		-	61,706	(147,093)	(85,387)
Transaction with owners in their capacity as owners:					
Movement in share-based payment reserve	9a	-	31	-	31
Total transactions with owners		-	31	-	31
Balance at 30 June 2015		677,109	53,414	(405,206)	325,317

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

**Restated Comparative information has been restated as a result of the correction of error in respect of prepaid mining services balance (refer to Note 14 for details).*



STATEMENT OF CASH FLOW
For the year ended 30 June 2015

	Note	2015 \$'000	2014 *Restated \$'000
Cash Flows from operating activities			
Receipts from customers (net of goods and services tax)		313,918	326,801
Payments to suppliers and employees (inclusive of goods and services tax)		(226,980)	(279,861)
Interest received		859	610
Finance costs paid		(9,480)	(7,815)
Income tax paid		(1,671)	(1,127)
Net cash inflow from operating activities	11	76,646	38,608
Cash flows from investing activities			
Payments for property, plant and equipment		(1,828)	(11,465)
Payments for exploration, evaluation and development		(38,048)	(31,755)
Interest capitalised to expansion and development projects		-	(2,185)
Deposits and debt service reserve account		(455)	504
Net cash (outflow) from investing activities		(40,331)	(44,901)
Cash flows from financing activities			
Proceeds from corporate borrowings, net of transaction costs		2,443	26,085
Repayment of corporate borrowings		(11,379)	(32,000)
Repayment of subsidiary (Akara Resources PCL) borrowings		(28,741)	(19,671)
Proceeds from the issue of shares (net of transaction costs)		-	56,460
Net cash inflow / (outflow) from financing activities		(37,677)	30,874
Net increase / (decrease) in cash held		(1,362)	24,581
Cash at the beginning of the year		53,632	30,494
Effects of exchange rate on cash and cash equivalents		3,202	(1,443)
Cash at the end of the year		55,472	53,632

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

**Restated Comparative information has been restated as a result of the correction of error in respect of prepaid mining services balance (refer to Note 14 for details).*



NOTES TO THE PRELIMINARY FINAL REPORT
For the year ended 30 June 2015

1. BASIS OF PREPARATION

This report has been prepared in accordance with Appendix 4E of the Australian Stock Exchange Listing Rules and is in accordance with Australian Accounting standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. This financial report relates to the consolidated entity consisting of Kingsgate Consolidated Limited and the entities it controlled at the end of, or during the year ended 30 June 2015. The accounting policies adopted are consistent with those of the previous year.

The Company is of a kind referred to in Class order 98/11, issued by the Australian Securities and Investment Commission, relating to the “rounding off” of amounts in the financial report. All financial information presented in Australian dollars has been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

2. STATEMENT ABOUT THE AUDIT STATUS

This report is based on accounts which are in the process of being audited.

3. REVENUE AND EXPENSES

a. Sales revenue

	2015	2014
	\$'000	\$'000
Gold sales	296,304	305,163
Silver sales	16,858	23,163
Total sales revenue	313,162	328,326

b. Cost of sales

	2015	2014
	\$'000	Restated \$'000
Direct costs of mining and processing	194,906	215,447
Royalties	19,445	22,773
Inventory movements	10,274	6,146
Depreciation (operations)	53,732	58,847
Total cost of sales	278,357	303,213



3. REVENUE AND EXPENSES (Continued)

c. Corporate and administration expenses

	2015 \$'000	2014 \$'000
Administration	13,825	15,304
Divestment transaction costs	191	4,246
Technical support and business development	1,261	1,426
Statutory and professional fees	2,649	2,851
Depreciation	218	139
Total corporate and administration expenses	18,144	23,966

d. Other income and expenses

	2015 \$'000	2014 \$'000
Realised (loss) / gain on delivery against hedge contracts	(2,691)	1,175
Change in fair value of undesignated gold contracts held for trading	-	(369)
Change in fair value of available-for-sale assets	120	(284)
Other revenue	694	1,580
Total other income and expenses	(1,877)	2,102

e. Impairment

	2015 \$'000	2014 \$'000
Chatree Gold Mine	115,650	-
Bowdens Silver Project	22,643	84,586
Exploration assets	9,888	2,112
Total impairment	148,181	86,698

f. Finance costs

	2015 \$'000	2014 \$'000
Interest and finance charges	9,830	10,745
Foreign exchange loss on loans	2,419	3,107
Unwinding of discount	1,104	1,137
Amortisation of deferred borrowing costs	1,825	1,056
Less: borrowing costs capitalised	-	(2,185)
Total finance costs	15,178	13,860



3. REVENUE AND EXPENSES (Continued)

g. Depreciation and amortisation

	2015 \$'000	2014 \$'000
Property, plant and equipment	15,652	18,337
Mine properties	38,878	40,961
Less: Depreciation capitalised	(580)	(312)
Total depreciation and amortisation expenses	53,950	58,986
Included in:		
Costs of sales depreciation	53,732	58,847
Corporate depreciation	218	139

h. Employee benefits expenses

	2015 \$'000	2014 \$'000
Included in:		
Cost of sales	20,386	22,949
Corporate and administration expenses	8,503	11,694
Total employee benefits expenses	28,889	34,643

i. Other items

	2015 \$'000	2014 \$'000
Operating lease rentals	583	625
Total other items	583	625

j. Significant items

	2015 \$'000	2014 \$'000
Impairment of Chatree Gold Mine	115,650	-
Impairment of Bowdens Silver Project	22,643	84,586
Impairment of capitalised exploration	9,888	2,112
Total significant items (pre-tax)	148,181	86,698



4. IMPAIRMENT ASSESSMENT

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units “CGUs”).

Methodology

An impairment is recognised when the carrying amount exceeds the recoverable amount.

The recoverable amount of the Chatree Gold Mine and the Nueva Esperanza Gold/Silver Project has been estimated using their fair value less costs of disposal basis. The costs of disposal have been estimated by management based on prevailing market conditions.

The fair value of these CGUs has been estimated based on discounted cash flows using market based commodity price and exchange rate assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, based on latest life of mine plans.

The recoverable amount of the Bowdens Silver Project has been estimated based on the enterprise value per ounce resource of equivalent silver of a peer group.

The fair value estimates are considered to be level 3 fair value measurements (as defined by accounting standards) as they are derived from valuation techniques that include inputs that are not based on observable market data. The Group considers the inputs and the valuation approach to be consistent with the approach taken by market participants.

Significant judgements and assumptions are required in making estimates of fair value. This is particularly so in the assessment of long life assets. It should be noted that the CGU fair values are subject to variability in key assumptions including, but not limited to, gold and silver prices, currency exchange rates, discount rates, production profiles and operating and capital costs. A change in one or more of the assumptions used to estimate fair value would result in a change in a CGU’s fair value.

Key Assumptions

In determining each key assumption, management has used external sources of information and utilised experts within the Group to validate entity specific assumptions such as reserves and resources.

The table below summarises the key assumptions used in the carrying value assessments:

	FY 2016 and FY 2017	+FY 2018 Long Term Average
Gold (US\$ per ounce)	US\$1,170	US\$1,200
Silver (US\$ per ounce)	US\$16	US\$19
A\$:US\$ exchange rate	0.77	0.77
US\$:THB exchange rate	33.8	33.8



4. IMPAIRMENT ASSESSMENT (Continued)

Discount rate (%)

Chatree Gold Mine	9.3%
Nueva Esperanza Gold/Silver Project	9.9%

The Group has applied post-tax real discount rates to discount the forecast future attributable post-tax real cash flows. The post-tax discount rate applied to the future cash flow forecasts represent an estimate of the rate the market would apply having regard to the time value of money and the risks specified to the asset for which the future cash flow estimates have not been adjusted.

Chatree Gold Mine

In accordance with AASB 136 - *Impairment of Assets* an impairment charge of \$115.7 million has been made against the carrying value of the Chatree Gold Mine ("Chatree") as a result of the significant and sustained decline in the gold price.

The recoverable amount of Chatree at 30 June 2015 was determined based on a fair value less cost to sell model. Based on the assumptions noted above, the fair value of Chatree as at 30 June 2015 is assessed as being equal to its carrying amount of \$311.1 million after impairment.

The recoverable amount of this project has been determined using a discounted cash flow model. The key assumptions to which the models are most sensitive include:

- Gold and silver prices;
- Foreign exchange rates;
- Production and capital costs;
- Discount rate; and
- Reserves and resources.

Nueva Esperanza Gold/Silver Project

The recoverable amount of Nueva Esperanza at 30 June 2015 was determined based on a fair value less costs of disposal model. Based on the assumptions noted above, the fair value of Nueva Esperanza as at 30 June 2015 is assessed as being approximately equal to its carrying amount of \$90.0 million resulting in no impairment.

The recoverable amount has been determined based on a fair value less costs of disposal model. The key assumptions to which the models are most sensitive include:

- Gold and silver prices;
- Foreign exchange rates;
- Production and capital costs;
- Discount rate; and
- Reserves and resources.

For both Chatree and Nueva Esperanza, production and capital costs are based on the Group's estimate of forecast geological conditions, capacity of existing plant and equipment and future production levels. This information is obtained from internally maintained budgets, mine models and project evaluations performed by the Group in its ordinary course of business.



4. IMPAIRMENT ASSESSMENT (Continued)

Bowdens Silver Project

In accordance with AASB 136 - *Impairment of Assets* an impairment charge of \$22.6 million has been made against the carrying value of the Bowdens Silver Project ("Bowdens") as a result of the significant and sustained decline in the silver price.

The fair value of Bowdens Silver Project as at 30 June 2015 is assessed as being equal to its carrying amount of \$8.2 million after impairment. The fair value has been assessed by calculating the enterprise value per ounce resource of equivalent silver of the peer group and applying a value of \$0.045/oz Ag to the Bowdens silver equivalent resource (detailed in the previously published Ore Reserves and Mineral Resources Statement) less estimated transaction costs.

Exploration Assets

The Group's exploration activities for the year were focused on progressing the Nueva Esperanza Gold/Silver Project in Chile, with reduced exploration activity in South East Asia. Given the increased focus on Nueva Esperanza and continued delays in obtaining exploration permits in Thailand, South East Asian exploration assets have been written down to nil resulting in an impairment charge of \$9.9 million for the year.

Sensitivity Analysis

After effecting the impairment for the Chatree Gold Mine CGU, the fair value of these assets is assessed as being equal to their carrying amount as at 30 June 2015.

Any variation in the key assumptions used to determine fair value would result in a change of the estimated fair value. If the variation in assumption had a negative impact on fair value it could indicate a requirement for additional impairment of non-current assets.

It is estimated that the following reasonably possible changes in the key assumptions would have the following approximate impact on the fair value of each CGU as at 30 June 2015:

	Chatree Gold Mine	Nueva Esperanza Gold/Silver Project
	\$'000	\$'000
US\$100/oz increase in gold price	79,440	18,573
US\$1 increase in silver price	3,808	22,166
THB1.5 increase in US\$:THB exchange rate	27,117	n/a
5% increase in operating costs	(36,065)	(24,508)

It must be noted that each of the sensitivities above assumes that the specific assumption moves in isolation, whilst all other assumptions are held constant. In reality, a change in one of the aforementioned assumptions may accompany a change in another assumption which may have an offsetting impact. Action is also usually taken to respond to adverse changes in economic assumptions that may mitigate the impact of any such change.



5. INCOME TAX

Numerical reconciliation of income tax expense to prima facie tax payable

	2015	2014
	\$'000	*Restated \$'000
Loss continuing operations before income tax	(146,442)	(94,727)
Tax at Australian rate of 30%	(43,933)	(28,418)
<i>Tax effect of amounts not deductible / assessable in calculating taxable income</i>		
Non-deductible expenses	1,037	1,606
Non-deductible amortisation	1,762	1,433
Non-deductible interest expense to preference shareholders	361	322
Share-based payment remuneration	9	134
Share of loss of associate	34	124
Difference in Thailand tax rates	(1,968)	(9,087)
Non-temporary differences affecting the tax expense	57	398
Prior year adjustment to tax return	-	(19)
Tax benefit of tax losses and deductible temporary differences not brought to account	-	11,017
Non-deductible impairment of Chatree Gold Mine	33,533	-
Non-deductible impairment of Bowdens Silver Project	6,793	25,376
Non-deductible impairment of Exploration	2,966	-
Income tax expense	651	2,886

Kingsgate's Thai controlled entity Akara Resources Public Company Limited ("Akara") received on 18 June 2010 approval from The Royal Thai Board of Investment ("BOI") for promotion of the Chatree North gold processing plant. Based on annual production limit from the new processing plant of 185,200 ounces of gold and 1,080,400 ounces of silver, Akara is entitled to:

- a. an eight year tax holiday on income derived from the new processing plant with tax savings limited to the capital cost of the new treatment plant;
- b. 25% investment allowance on the capital cost of certain assets of the new processing plant; and
- c. other benefits.

The start of the promotion period was 1 November 2012.

Akara had previously received BOI approval for the promotion of the Chatree Mine with an eight year tax holiday and a further five years half tax holiday commencing in November 2001. Both of these tax benefits have now expired.



6. INVESTMENT IN ASSOCIATE

a. Reconciliation of movement in investment accounted for using the equity method

	2015 \$'000	2014 \$'000
Investment in Caravel Minerals Limited		
At the beginning of the year	1,072	1,485
Share of associate's loss	(112)	(413)
Reclassification to available-for-sale financial asset	(960)	-
At the end of the year	-	1,072

b. Summarised financial information of associate

The Group's share of results of its associate and its aggregate assets and liabilities are as follows:

Group's share of:	Ownership interest %	Assets \$'000	Liabilities \$'000	Revenue \$'000	Loss \$'000
Caravel Minerals Limited - 2015	18.10	-	-	-	-
Caravel Minerals Limited - 2014	27.04	1,839	146	108	413

c. Fair value of listed investment in associate

	2015 \$'000	2014 \$'000
Caravel Minerals Limited	-	1,485

d. Contingent liabilities

Caravel Minerals Limited had no material contingent liabilities.

7. SEGMENT INFORMATION

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

- Chatree Mine, Thailand;
- Challenger Mine, South Australia, Australia;
- Bowdens Silver Project New South Wales, Australia;
- Nueva Esperanza Gold/Silver Project, Chile; and
- Exploration, South East Asia.

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



7. SEGMENT INFORMATION (Continued)

2015	Operations		Development		Exploration \$'000	Corporate \$'000	Total Group \$'000
	Chatree \$'000	Challenger \$'000	Bowdens \$'000	Nueva Esperanza \$'000			
External sales revenue	194,809	118,353	-	-	-	-	313,162
Other revenue	648	9	35	-	-	2	694
Total segment revenue	195,457	118,362	35	-	-	2	313,856
Segment EBITDA	62,139	14,284	(256)	(4,595)	(1,660)	96	70,008
Impairment	(115,650)	-	(22,643)	-	(9,888)	-	(148,181)
Depreciation and amortisation	(49,404)	(4,378)	(122)	(6)	-	(40)	(53,950)
Profit / (loss) before finance cost and income tax	(102,915)	9,906	(23,021)	(4,601)	(11,548)	56	(132,123)
Finance income	346	86	7	62	-	358	859
Finance costs	(10,687)	(348)	(7)	(3)	-	(4,133)	(15,178)
Net finance costs	(10,341)	(262)	-	59	-	(3,775)	(14,319)
Profit / (loss) before tax	(113,256)	9,644	(23,021)	(4,542)	(11,548)	(3,719)	(146,442)
Other segment information							
Segment assets	386,263	23,173	8,652	101,210	2,622	23,090	545,010
Segment liabilities	(163,278)	(31,758)	(6,794)	(11,098)	(853)	(5,912)	(219,693)
Segment intercompany assets / (liabilities)	59,783	(64,020)	(31,636)	(85,201)	(17,849)	138,923	-



7. SEGMENT INFORMATION (Continued)

2014 (Restated)	Operations		Development		Exploration	Corporate	Total Group
	Chatree \$'000	Challenger \$'000	Bowdens \$'000	Nueva Esperanza \$'000			
External sales revenue	221,969	106,357	-	-	-	-	328,326
Other revenue	483	117	-	-	-	980	1,580
Total segment revenue	222,452	106,474	-	-	-	980	329,906
Segment EBITDA	87,172	(2,284)	(66)	(3,691)	(791)	(16,133)	64,207
Impairment	-	-	(84,586)	-	(2,112)	-	(86,698)
Depreciation and amortisation	(43,100)	(15,799)	(19)	(11)	-	(57)	(58,986)
Profit / (loss) before finance cost and income tax	44,072	(18,083)	(84,671)	(3,702)	(2,903)	(16,190)	(81,477)
Finance income	269	62	8	99	9	163	610
Finance costs	(11,348)	(348)	(8)	(5)	-	(2,151)	(13,860)
Net finance costs	(11,079)	(286)	-	94	9	(1,988)	(13,250)
Profit / (loss) before tax	32,993	(18,369)	(84,671)	(3,608)	(2,894)	(18,178)	(94,727)
Other segment information							
Segment assets	477,491	28,314	30,483	69,829	3,305	31,673	641,095
Segment liabilities	(160,930)	(20,068)	(6,470)	(4,634)	(828)	(37,492)	(230,422)
Segment intercompany assets / (liabilities)	57,878	(74,535)	(29,311)	(53,782)	(14,213)	113,963	-



7. SEGMENT INFORMATION (Continued)

	Revenue		% of External Revenue	
	2015 \$'000	2014 \$'000	2015 %	2014 %
Customer A	194,809	221,969	62	68
Customer B	118,353	106,357	38	32

8. CONTRIBUTED EQUITY

	2015 Shares	2014 Shares	2015 \$'000	2014 \$'000
Opening balance	223,584,937	152,191,905	677,109	605,504
Share placement and rights issue	-	59,430,588	-	59,430
Issue of ordinary shares to repay funds drawn down under the convertible revolving credit facility	-	11,774,572	-	15,000
Issue of ordinary shares related to Executive Rights Plan	-	92,872	-	487
Issue of ordinary shares related to consultancy services	-	95,000	-	113
Share issue costs	-	-	-	(3,425)
Closing balance	223,584,937	223,584,937	677,109	677,109

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets. The Group's focus has been to utilise surplus cash from operations and raise additional funds to fund capital investment at Chatree and Challenger, working capital and exploration and evaluation activities, including the Nueva Esperanza Project in Chile and Bowdens Silver Project in New South Wales and to repay borrowings.



9. RESERVES AND ACCUMULATED LOSSES

a. Reserves

	2015	2014
	\$'000	Restated \$'000
Foreign currency translation reserve	48,327	(12,541)
Share-based payment reserve	8,629	8,598
General reserve	(3,542)	(4,380)
Total reserves	53,414	(8,323)
Movements		
Foreign currency translation reserve		
At the beginning of the financial year	(12,541)	13,773
Exchange differences on translation of foreign controlled entities (net of tax)	60,868	(26,314)
At the end of the financial year	48,327	(12,541)
Share-based payment reserve		
At the beginning of the financial year	8,598	8,702
Share based payment expense	31	448
Transfer to share capital (conversion of performance rights)	-	(487)
Transfer to other expenses	-	(65)
At the end of the financial year	8,629	8,598
General reserve		
At the beginning of the financial year	(4,380)	(4,380)
Net change	838	-
At the end of the financial year	(3,542)	(4,380)

Foreign currency translation reserve

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

Share-based payment reserve

The share-based payment reserve is used to recognise the fair value of deferred rights and performance rights issued but not exercised.

General reserve

The general reserve includes changes in equity as a result of changes in non-controlling interests in prior periods and revaluation of employee benefit obligations in current year.

b. Accumulated losses

	2015	2014
	\$'000	Restated \$'000
Accumulated losses at the beginning of the year	(258,113)	(160,500)
Net loss attributable to members of Kingsgate Consolidated Limited	(147,093)	(97,613)
Accumulated losses	(405,206)	(258,113)



10. DIVIDENDS

No interim dividend was declared for the year ended 30 June 2015.
No final dividend has been declared for the year ended 30 June 2015.

11. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2015	2014
	\$'000	Restated \$'000
Loss for the year	(147,093)	(97,613)
Depreciation and amortisation	53,950	58,986
Share-based payments	31	448
Impairment – Chatree Gold Mine	115,650	-
Impairment – Bowdens Silver Project	22,643	84,586
Impairment – exploration assets	9,888	2,112
Unwind of discount rate for provision	1,104	1,137
Amortisation of deferred borrowing costs	1,825	1,056
Unrealised losses / (gains)	(743)	(522)
Share of associate's loss	112	413
Net exchange differences	448	(670)
Change in operating assets and liabilities		
(Increase) / decrease in receivables	(3,263)	(4,321)
(Increase) / decrease in prepayments	14,328	4,422
(Increase) / decrease in inventories	10,875	1,583
Increase / (decrease) in current tax liabilities	(1,284)	930
Increase / (decrease) in creditors	(2,589)	(14,163)
Increase / (decrease) in provisions	(201)	43
Increase / (decrease) in deferred tax liabilities	965	181
Net cash inflow from operating activities	76,646	38,608

12. EVENTS OCCURRING AFTER REPORTING DATE

The balance of the senior corporate loan facility outstanding at 30 June 2015 was A\$25 million. This facility, was due to be repaid in full on 31st July 2015. A\$10 million was repaid against the facility on the due date with the balance of A\$15 million restructured as a Revolving Credit Facility ("RCF") repayable in 3 equal instalments commencing on 29th January 2016.

Under the terms of the new facility Kingsgate is required to maintain a minimum hedge position with a rolling 3-month program covering 30% of forecast group production. As security for the RCF the lender has a fixed and floating charge over Kingsgate including shares in its material subsidiaries.

Kingsgate, in addition, has available over the tenure of the RCF an Equity-linked Loan Facility ("ELF") of A\$15 million. The ELF is currently undrawn.

No other matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect:

- the Group's operations in future financial years;
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.



13. LOSS PER SHARE

	2015	2014
	Cents	Restated Cents
Basic loss per share	(65.8)	(56.7)
Diluted loss per share	(65.8)	(56.7)
	\$'000	\$'000
Net loss used to calculate basic and diluted earnings per share	(147,093)	(97,613)
	Number	Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	223,584,937	172,237,245
Adjustment for calculation of diluted earnings per share: options	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	223,584,937	172,237,245

Diluted loss per share

As the Group made a loss for the year, diluted loss per share is the same as basic loss per share as the impact of dilution would be to reduce the loss per share.



14. CORRECTION OF PRIOR PERIOD ERROR

Correction of Prior Period Error

During the year the Group reviewed the basis for calculating the balance of prepaid mining services costs and determined that this prepayment balance had been overstated since July 2010. The majority of that overstatement related to work performed on the construction of a tailings storage facility and as a result, the corresponding cost of exploration, evaluation and development was understated. The error has been adjusted retrospectively by restating the comparative amounts for the prior years presented in which the error occurred.

The impact of these changes in accounting requirements on the:

- Income Statement for the year ended 30 June 2014;
- Statement of Financial Position as at 30 June 2014;
- Statement of Financial Position as at 1 July 2013;
- Statement of Cash Flow for the year ended 30 June 2014;
- Earnings per share for the year ended 30 June 2014

is set out as follows:

a. Income Statement for the year ended 30 June 2014

	As reported year ended 30 June 2014 \$'000	Correction of error Restatement \$'000	As restated year ended 30 June 2014 \$'000
Sales revenue	328,326	-	328,326
Costs of sales	(301,891)	(1,322)	(303,213)
Gross profit	26,435	(1,322)	25,113
Loss before finance costs and income tax	(80,155)	(1,322)	(81,477)
Loss before income tax	(93,405)	(1,322)	(94,727)
Loss after income tax	(96,291)	(1,322)	(97,613)
Earnings per share (cents per share)			
Basic loss per share	(55.9)	(0.8)	(56.7)
Diluted loss per share	(55.9)	(0.8)	(56.7)



14. CORRECTION OF PRIOR PERIOD ERROR (Continued)

b. Statement of Financial Position as at 30 June 2014

	As reported at 30 June 2014 \$'000	Correction of error Restatement \$'000	As restated at 30 June 2014 \$'000
Current assets			
Cash and cash equivalents	53,632	-	53,632
Receivables	13,360	-	13,360
Inventories	47,917	-	47,917
Other assets	26,601	(5,708)	20,893
Total current assets	141,510	(5,708)	135,802
Non-current assets			
Exploration, evaluation and development	251,633	3,624	255,257
Other non-current assets	250,036	-	250,036
Total non-current assets	501,669	3,624	505,293
TOTAL ASSETS	643,179	(2,084)	641,095
TOTAL LIABILITIES	230,422	-	230,422
NET ASSETS	412,757	(2,084)	410,673
EQUITY			
Contributed equity	677,109	-	677,109
Reserves	(8,356)	33	(8,323)
Accumulated losses	(255,996)	(2,117)	(258,113)
TOTAL EQUITY	412,757	(2,084)	410,673

c. Statement of Financial Position as at 1 July 2013

	As reported at 30 June 2013 \$'000	Correction of error Restatement \$'000	As restated at 1 July 2013 \$'000
Current assets			
Cash and cash equivalents	30,494	-	30,494
Receivables	9,431	-	9,431
Inventories	62,032	-	62,032
Other assets	32,197	(4,573)	27,624
Total current assets	134,154	(4,573)	129,581
Non-current assets			
Exploration, evaluation and development	361,195	3,698	364,893
Other non-current assets	263,977	-	263,977
Total non-current assets	625,172	3,698	628,870
TOTAL ASSETS	759,326	(875)	758,451
TOTAL LIABILITIES	295,352	-	295,352
NET ASSETS	463,974	(875)	463,099
EQUITY			
Contributed equity	605,504	-	605,504
Reserves	18,175	(80)	18,095
Accumulated losses	(159,705)	(795)	(160,500)
TOTAL EQUITY	463,974	(875)	463,099



14. CORRECTION OF PRIOR PERIOD ERROR (Continued)

d. Statement of Cash Flow for the year ended 30 June 2014

	As reported year ended 30 June 2014 \$'000	Correction of error Restatement \$'000	As restated year ended 30 June 2014 \$'000
Net cash from operating activities	37,163	1,445	38,608
Net cash from investing activities	(43,456)	(1,445)	(44,901)
Net cash from financing activities	30,874	-	30,874
Net increase in cash and cash equivalents	24,581	-	24,581

e. Earnings Per Share for the year ended 30 June 2014

	As reported year ended 30 June 2014	Correction of error	As restated year ended 30 June 2014
Earnings per share (cents per share)			
Basic loss per share	(55.9)	(0.8)	(56.7)
Diluted loss per share	(55.9)	(0.8)	(56.7)
	\$'000	\$'000	\$'000
Loss after income tax	(96,291)	(1,322)	(97,613)
	Number	Number	Number
Weighted average number of shares used as the denominator			
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	172,237,245	-	172,237,245
Adjustment for calculation of diluted earnings per share: options	-	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	172,237,245	-	172,237,245



Signed in accordance with a Resolution of Directors.

A handwritten signature in black ink, appearing to read 'ROSS SMYTH-KIRK'.

Ross Smyth-Kirk
Chairman
Sydney, New South Wales
28 August 2015