

Kingsgate Consolidated NL



Annual Report

2001

Contents

Chairman's Report	1
Managing Director's Notes	2
Summary	3
Construction and Operations	4
Community Relations	7
Environmental	8
Exploration and Potential	9
Corporate Governance	10
Directors' Report	12
Statements of Financial Performance	16
Statements of Financial Position	17
Statements of Cash Flow	18
Notes	19
Directors' Declaration	34
Independent Audit Report	35
Shareholder Information	36
Corporate Directory	Inside Back Cover



Right: Semi autogenous grinding (SAG) mill with cyclone tower behind

Chairman's Report



The year under review has seen the culmination of some thirteen years work in Thailand with the construction of the company's Chatree Gold Mine.

As this report is being compiled, the twelve month construction period of the plant and mine is almost complete and commissioning is about to commence. By the date of the Annual General Meeting it is expected that the plant will be in production and the first gold pour will have occurred. This looks to have been achieved within budget and ahead of time.

The mine now boasts a most impressive executive team with extensive mining experience, led by former Kidston General Manager, Phil MacIntyre and the mine workforce, after peaking at over 700 during construction, is due to settle down to expected operational levels of about 220 by January.

Again credit must go to Mike Diemar and Project Manager, Rob Thomson and their team for the incredible work and dedication shown by all parties during this long and arduous period. Your company now has a state of the art gold mine in operation in the midst of a completely new gold province with enormous upside potential. The low cost of production can only add to that upside, particularly in the light of better gold prices in recent weeks.

It would be remiss of me not to mention the significant contribution made by the various members of the Board during this construction period. The wise counsel of fellow Board members, John Shaw, Peter McAleer and John Falconer at all times, has been of great help and comfort to both myself and the Managing Director over this past year and we look forward to progressing the company into its new exciting phase of gold production.

I would also like to thank our loyal shareholders for the confidence they have continued to show in the company with the support of the recent rights issue. It was hoped that we could get into production without having to go back to the market but as events unfolded it was obvious that it was in shareholders' best interests to reduce the short term debt and bring forward our land acquisition strategy.

Your Board is well aware that for a considerable period the market has not properly reflected the real value nor potential of the company. We firmly believe that, with production from the mine coming on stream and the ensuing cash flow and high profitability expected to be generated, the company will be re-rated by the market.

We are committed to conveying the company's story to the market and potential investors and look forward with fellow shareholders to the substantial shareholder benefits that should follow.

R. D. SMYTH-KIRK
Chairman
4 October 2001





Managing Director's Notes

The single minded focus over the past year has been to transform Kingsgate from an exploration company and would be miner, to a fully operational gold mining company.

While the flagship of this transformation has been the physical construction of the Chatree Gold Mine itself, the continued evolution of the project's legal and financial framework, community relations around Chatree, political and bureaucratic matters in Thailand, implementation of the environmental plan, Kingsgate group accounting and treasury systems and finalisation of staffing in Sydney, Bangkok and Chatree have also been important.

For the second year in a row, exploration has necessarily taken a back seat role. Only one small drilling program was undertaken this year and these encouraging results at A Prospect advanced our understanding there to the extent that the design of what we hope will be the final series of resource definition drill programs has been designed and will be undertaken in 2002. Additionally budgets are available for drilling adjacent to the existing Chatree pits and into other gold mineralisation located in the areas surrounding Chatree. We believe that the recommencement of exploration throughout 2002 must be a primary focus and should bear early fruit.

The challenges ahead are, the successful maintenance of the ever delicate balance of things Thai, of moulding of the Chatree staff into a cohesive and efficient team, in completing a successful commissioning, in building up the processing plant throughput to and above the nameplate capacity of one million tonnes per year, in containing and reducing unit costs and very importantly in ensuring the wise application of project profits for the growth of the company and in rewarding its shareholders.

In considering the future of the Kingsgate group, the only things that I am certain of are, that the year ahead will be an exciting one, that it will be unpredictable, and that it is imperative that continual change occurs.

MIKE DIEMAR
Managing Director
10 October 2001

2

The position that Kingsgate is in today was not pre-ordained because it had a very good resource project. It has come about because for many years there has been a consistent and well focussed effort by a small but dedicated staff and board in Australia and Thailand who have consistently given much more of themselves than can be reasonably expected. To them, thank you.



View north over project towards A Prospect hill

Summary



Kingsgate, through its Thai subsidiary Akara Mining Ltd, commenced construction of the wholly owned Chatree Gold Mine in Thailand in late November, 2000. At the start of October, the project was over 90% completed with plant commissioning scheduled to commence in the middle of October, and the first gold pour to follow in late November 2001.

This coming milestone is the culmination of many years of exploration, feasibility, permitting and development and will result in Thailand's first modern gold mine.

The project is located on the eastern edge of Thailand's great central plain in gently undulating farmland 280 km by bitumen highway north of Bangkok.

The project represents a greenfields discovery of shallow gold mineralisation in a logistically simple terrain with very good infrastructure.

Total Measured, Indicated and Inferred Resources are 14.5 million tonnes at 2.6 g/t Au and 12 g/t Ag. (0.8 g/t Au cutoff) for 1.2 million ounces of Au and 5.4 million ounces of Ag. Open cut Proven and Probable Reserves are 8.2 million tonnes at 3.1 g/t Au and 14 g/t Ag (0.8 g/t Au cutoff at US\$260/oz) for 807,000 oz Au and 3.8 million oz Ag.

Additional gold mineralisation has been drilled adjacent to and below the existing pits and in nearby prospects.

The mine will operate 2 open cut pits, Tawan Pit, (Sun Pit) and Chantra Pit, (Moon Pit). The ore has a high metallurgical recovery with gold and silver extraction by standard Carbon in Leach (CIL) processing with destruction of cyanide in the pulp to 20ppm prior to delivery to the tailings storage facility. All plant will be new.

Mine life is currently 6.5 years at 1 million tonnes per year for the first 2 years and 1.5 million tonnes per year thereafter. Life of mine waste to ore ratio is 2.9:1.

Ore grade in the first year is scheduled to be 5g/t gold equivalent.

Road access, grid power and water are all available on or adjacent to the site.

Production in the first 3 years is estimated to average 143,000 ounces gold equivalent.

In late 2000, the Royal Thai Board of Investment approved an application by Akara for promotion of the Chatree Gold Mine. As a promoted enterprise, Akara was awarded an 8 year full corporate tax holiday, followed by a 5 year period of 50% tax reduction. Exemption from withholding tax on dividends to Kingsgate for 8 years and from import duties for imported plant and equipment and consumables, not manufactured in Thailand was also given. Under the Thailand Australia double taxation treaty the Australian authorities recognise these benefits extended by Thailand and deem the taxes to have been paid for the purpose of Kingsgate's income tax. As a promoted enterprise, Akara is required to divest 51% of its equity into Thai hands within 5 years of first gold production by sale or floatation on the Stock Exchange of



Thailand. Our current understanding is that this is to occur at fair market value and in the event that this is not achievable, the Board of Investment is empowered to vary the condition.

Two additional gold prospects within 3 km of the plant site and within company owned exploration tenements have been drilled and contain similar widespread gold mineralisation which will, with continued exploration success, add considerably to mine life. Within the mining leases, additional resources are indicated along strike and down dip of the existing reserves.

The Chatree Gold Project is funded by Macquarie Bank Limited of Australia. Macquarie are providing USD35 million, being 100% of the project capital requirement, on a pure debt basis.

The loan covers the project development cost as well as working capital, contingency, over-run facility and capitalised interest during the construction period.

In November, 2000 as a condition precedent for project finance, a total of 407,000 ounces of gold were hedged as flat forwards at a forward price of USD306.5 per ounce, with deliveries from December 2001 to September, 2007. This represents 56% of the project gold production.

To date a high level of community support has been forthcoming for the project in this relatively low income area of Thailand. Considerable effort has been expended over the years in developing local relationships and in making every effort to explain the project to the people of the district. Regular site visits to the project are arranged for local, provincial and central politicians, bureaucrats, councillors, village heads and villagers. At the peak of construction, over 700 Thai workers were employed. In the ongoing production period about 220 will be employed.

The project team has continued to involve itself in the local community concentrating on local sporting groups, temples and schools as well as village clean water supplies.



Construction & Operations



Plant site in January 2001 cleared of vegetation ready for construction commencement

The construction commenced in late November 2000 with final design, tendering of contracts and mobilisation of the company's and the various contractors' teams. On site work commenced in mid December and quickly transformed the site from a tranquil rural setting to a major mining site. This mine marks a significant development for Thailand as it is the country's first modern gold mine. The project has maintained very high standards of safety and environmental work. This is best demonstrated by the site having worked over 1,000,000 man hours to date without a lost time injury.

4

Mining

During the construction period, more than one million cubic metres of waste rock and clay was mined from the Tawan and Chantra pits for use in the buildings and plant foundation, for roads, ROM pad and the tailings storage facility (TSF).

Ore mining commenced in September 2001 and 80,000 cubic metres is scheduled to be mined and stockpiled prior to the commencement of processing.

Where soft the ore and waste is free dug by hydraulic backhoes into trucks for transport to the ROM pad. Where hard it is drill and blasted prior to digging. The ore zone outlines to be mined are determined prior to drilling, blasting and mining by the mine geology team using grade control techniques including bench mapping, reverse circulation grade control drill holes on a 5 x 8 metre pattern, assaying of drill samples, and geostatistical analysis of the data.

Processing

Treatment of the mined ore will be by standard carbon in leach (CIL) technology. Construction of the foundations commenced in March 2001 and the processing plant was completed on schedule in mid October ready for commissioning.

Gold bearing ore mined from the Tawan and Chantra Pits is stacked on the run-of-mine ore pad in separate areas based on gold and silver grade. The ore is loaded into the crusher bin by front end loader via a 600mm grizzly. It then passes at the rate of 125 tonnes per hour through a single toggle jaw crusher and the minus 100mm product discharges onto a

conveyor to be stacked onto the crushed ore stockpile.

The fine ore is reclaimed from the pile by vibratory and apron feeders at 125 tonnes per hour and travels by conveyor under a lime silo from which lime is added to the ore and is discharged with water into the semi autogenous grinding (SAG) mill. The mill is the largest "machine" on site being 9 metres long and 5.5 metres in diameter driven by a 4.5 megawatt motor. The ore is ground by steel balls to minus 75 microns (0.075 mm) and is pumped via hydro cyclones through a trash screen, to remove wood, into the CIL tanks. Sodium cyanide is metered into the first tank and causes the leaching of gold and silver to commence.

The ground ore in water, the pulp, progresses by gravity from tank 1 through each tank to tank 7. Large propellers agitate all 7 tanks and air from compressors is sparged into the pulp to help the chemical reactions. Granulated activated carbon, onto which the gold and silver is adsorbed, is added to tank 7 and is progressed counter current to the fluid flow by air lift and is removed from tank 2 when it is fully loaded with precious metal.



Transferring SAG mill shell to dock at Lam Chabang port, Thailand



Plant site nearing completion in September 2001

The leached pulp is transferred from tank 7 into a cyanide reduction tank where the remaining cyanide is chemically reduced from about 100 parts per million (ppm) to less than 20 ppm by agitation with sodium metabisulphite, copper sulphate and air. The pulp is then pumped to the tailings storage facility (TSF) where the rock particles settle out and the water is returned to the plant for re-use.

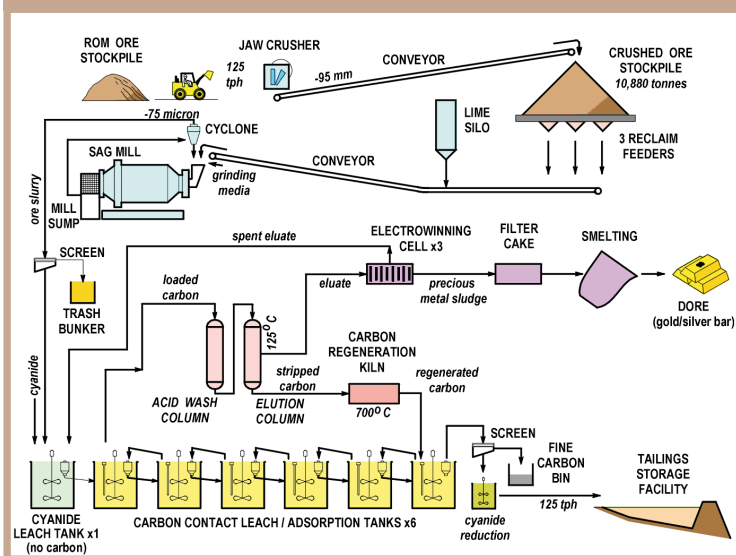
The loaded carbon is cleaned by washing with acid and is then stripped of gold and silver by a solution of hot water containing concentrated sodium cyanide and caustic soda. The pregnant solution is pumped through three electrowinning cells in the gold room in which the gold and silver is plated onto stainless steel cathodes. The metal is removed by water jet, filtered, dried then smelted to produce dore bars containing 30% gold and 70% silver.

The stripped carbon is reactivated in a kiln by heating to 700°C and is then once more added to tank 7.



Waste mining in Tawan Pit for construction materials

Flow sheet for Chatree processing plant



Agitator in CIL plant tank



Buildings

The construction of a variety of buildings formed an important part of the construction project. These included a 48 man mining contractor's camp and workshop, general and plant offices, laboratory, stores warehouse, reagent sheds, explosives magazines, ablutions, messes and guard houses. These are located in three security zones, low medium and high segregated by different security fencing.

The analytical laboratory incorporates areas for sample preparation, a metallurgical laboratory, assaying and environmental testing.

Services

Water supply and control is an important factor for the efficient running of the site. Annual rainfall in this area is only 1300mm. Water supply is from groundwater bores in the project area along with natural precipitation, water pumped from the pits and water recovered from the TSF.

Construction of water containment and sedimentation ponds was carried out at key locations near the plant and the perimeter of the project to ensure runoff is controlled at all times.

In addition to the water supply bores 14 piezometer nests were established - some within the site and some in outlying areas. These nests consist of a shallow and a deep hole in close proximity to each other that are sampled regularly to monitor the water level and quality.

Project roads around the site were constructed using laterite mined from the waste in the pits.

Reliable power for the operation of the project has been guaranteed by having grid-based power for both the primary and backup supplies.

A company owned 12.5 megawatt electrical substation was built to take power from a 115kv Thai national grid line and to deliver it at 22kv to the project 1.5 kilometres away. The backup supply is provided from a local 22kv grid that can be quickly switched over to the mine supply line if the national grid power is interrupted.

24 hour on-site security is provided by independent contractors for the perimeter fence, main gate and internal low, medium and high security areas, including the gold room.

Long term project staff including mining contract personnel will rise to about 200 by mid October.

Total employees including construction contract staff peaked at 735 in September.



Installing safety guards above leach tanks



Fine ore reclaim with crusher in background



Completed company owned substation

Community Relations



A Community Relations Department was set up during the year to ensure the orderly continuation of dissemination of project information, to help to ensure the maximum number of local people were employed by the construction contractors and to bring the project and the community closer together through a better understanding of each others needs.

A 3D model of the site was completed and has been used extensively in Bangkok and in the local surrounding communities to help people understand the long term changes that will occur and to indicate the relative dimensions of the various components of the project.

A series of poster sets have been developed and placed in villages in the area.

Both power point and video presentations have been used to help in the educating process, to keep the local communities informed of the progress at site and to explain the environmental and safety policies of the project. Numerous site visits were organised for local dignitaries to show them the construction progress.

A dedicated Community Affairs building is now being fitted out to become the first stop for visitors to Chatree Mine and to formally continue the promotion of the project throughout Thailand



Kitipong explaining model of project to villagers



Community relations centre with meditation pond in foreground



Meeting of local village to vote on support for the project



Environmental

The Chatree Gold Project has been designed to a high environmental standard.

The operation is controlled by the approved environmental impact assessment (EIA). This document provides for environmental safeguards to be in place during construction and operation, monitoring programs to be carried out to ensure that the safeguards are working and rehabilitation programs to be carried out during and at the end of operations.

A project environmental department will be responsible for the correct operation of these functions and the staff will be aided by outside consultants as required.

An independent annual audit of the project will be undertaken to ensure project compliance with the EIA and to recommend improvements to the environmental systems throughout the project life.

A number of programs and research projects related to tree plantings, acid mine drainage prevention, rehabilitation methods, groundwater modelling and recharge and useful local floral species are in progress or in the planning stage. Monitoring programs underway include airborne dust, noise, vibration, groundwater levels and groundwater quality.

Kingsgate is in the process of becoming a signatory to the Australian Minerals Industry Code for Environmental Management.

Tailings Storage Facility

The 70 hectare tailings storage facility is indicative of the environmental standard for the project. The tailings facility was designed and its construction supervised by Knight Piesold to Nevada, USA standard. Its construction took over 9 months to complete.

A 2.9 km perimeter key-in trench was excavated around the facility. The trench was 4.5 metres wide and an average of 5 metres deep. It was dug through laterite and 1 metre into underlying clay before being backfilled with compacted clay mined from the waste in Tawan Pit. The compacted clay was continued above ground level to form the impervious core of the TSF wall.

A clay liner consisting of two layers of clay each 15cm compacted thickness was formed over the entire surface of the facility connecting with the perimeter clay filled trench producing an impervious liner for the entire area. The liner was covered with laterite also mined from pit waste to protect the clay from exposure to cracking in hot weather and erosion from storms.

Into the laterite blanket was placed 63 kilometres of drainage pipe enclosed in a filtration medium to enable the tailings

that will be pumped there to be rapidly dewatered thereby assisting in their compaction and allowing the water to be quickly returned via an underdrain decant system to the process plant for reuse.

This facility will be one of the most advanced in the world.



Filtering ground water sample collected from monitoring bore



Planting vitiver grass as erosion control on bund wall

Exploration and Potential



One small exploration drilling program was scheduled for Chatree during 2001. This was completed at A Prospect in May and represented the first exploration drilling for 2 years on the project.

A Prospect is located 1 kilometre north of Tawan Pit and is not yet to resource status.

Since 1995, four drill programs have been completed at A Prospect for a total of 44 cored and reverse circulation holes for 3,935 metres.

This fourth program consisted of 12 holes for 1,079 metres of core and RC drilling. Two holes were short cored extensions of previously drilled holes. The drilling targeted the down dip and strike extension of gold mineralisation intersected in previous drilling.

Mineralisation at A Prospect consists of low sulphidation epithermal quartz, carbonate stockworks and breccias within a silicified andesitic host sequence and is similar to that being mined at Chatree. The mineralisation is located within a wide structural zone over a length of about 1,300 metres.

The most encouraging intersections obtained in this last program from north to south were;

Hole Number	From (m)	To (m)	Interval (m)	Gold (g/t)
RCD702	14.00	22.00	8.00	1.6
	32.00	48.00	16.00	2.2
	68.00	74.00	6.00	5.1
	87.00	88.50	1.50	8.8
RCD703	4.00	32.00	28.00	1.5
	63.45	80.00	16.55	3.8
DDH704	69.70	78.50	8.80	2.2
RCD705	58.00	74.00	16.00	5.6
RCD706	16.00	22.00	6.00	3.0
	44.00	62.00	18.00	1.4
RC708	14.00	34.00	20.00	2.3

This program of drilling added significantly to our understanding of the mineralisation model at A Prospect and the gold intersections obtained, when combined with the previous drill results lead us to believe that A Prospect will, subject to permitting, make an important contribution to the Chatree Mine in the future. Resource definition drilling is planned for A Prospect after gold production commences at Chatree.

Other exploration to begin in 2002 will include resource definition drilling in areas of known mineralisation adjacent to and below the Tawan and Chantra Pits and exploration programs targeting known and potential areas of mineralisation in the vicinity of Chatree.



Blessing of exploration office by revered monk



Exploration drilling on A Prospect in May 2001



Corporate Governance

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.



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Financial Contents

Directors' Report	12
Statements of Financial Performance	16
Statements of Financial Position	17
Statements of Cash Flow	18
Notes	19
Directors' Declaration	34
Independent Audit Report	35
Shareholder Information	36

Directors' Report

In respect of the financial year ended 30 June 2001, the directors of Kingsgate Consolidated N.L., the Company and chief entity, submit the following report made out in accordance with a resolution of the directors:

1. DIRECTORS

The following persons were Directors of Kingsgate Consolidated NL 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)

Mr John T Shaw and Mr Peter McAleer were directors from their appointment on 6 September 2000 up to the date of this report.

2. PRINCIPAL ACTIVITIES OF THE CONSOLIDATED ENTITY

The principal activity of the consolidated entity during the year was mineral exploration and mine development. The Company's wholly controlled entity Akara Mining Ltd commenced construction of the Chatree Gold Mine in Thailand during the year. 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, 2001 was a loss of \$2,365,047 (2000 - \$942,398 loss) after deducting income tax of \$nil (2000 - nil).

4. DIVIDENDS

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

5. REVIEW OF OPERATIONS

The Company focussed on the development of the Chatree Gold Project in Thailand and at 30 June, 2001 the position was as follows:

CONSTRUCTION PROGRESS

The construction of the Chatree Gold Mine commenced in late November, 2000 and remains on schedule and on budget for practical completion to occur in late October and the first commercial gold pour to occur at the end of November 2001.

The full range of construction activities have been undertaken with a total onsite workforce of over 600.

Mining of waste has continued throughout the construction period to supply materials for the general civil works and for the tailings storage facility. Ore mining will commence in mid September to build up adequate operational and commissioning stockpiles by mid October. Final RC grade control drilling for the first few months of ore mining are in progress at the end of June 2001.

Equipment is in the process of being imported to Thailand for the project from many parts of the world and the task of progressing it

through the Board of Investment and customs quickly has been large and complex.

In the processing plant area, the crushing, conveyor and reclaim system was largely installed, 4 of the 7 CIL tanks were to full height and the SAG mill foundations were ready for the Nordberg SAG mill assembly team.

The water supply bore fields were being fitted out and connected.

Construction of the company-owned 12.5MW electrical substation, to take power from the Thai national grid 1.5 km to the project, was progressing well.

Most of the site buildings such as offices, laboratory, workshops and stores were well advanced.

The expatriate operating team was being assembled and the Thai workforce was building quickly.

Chatree Gold Mine is being built to a high environmental standard, with the tailings storage facility being designed and its construction supervised, by Knight Piesold, to Nevada USA standard. Environmental monitoring is taking place and a number of research programs are in progress.

Safety implementation and training remains paramount and since commencement no lost time injuries have been recorded.

EXPLORATION DRILLING RESULTS. "A" PROSPECT.

"A" Prospect is located 1.0 kilometre north of the Tawan Pit and is not yet to resource status.

Since 1995, four drill programs have been completed at A Prospect for a total of 44 cored and reverse circulation holes for 3,935 metres.

This fourth program was completed on 28 May, 2001 and consisted of 12 holes for 1,079 metres of core and RC drilling. Two holes were short cored extensions of previously drilled holes.

Mineralisation at A Prospect consists of low sulphidation epithermal quartz, carbonate stockworks and breccias within a silicified andesitic host sequence and is similar to that to be mined at Chatree. The mineralisation is located within a wide structural zone over a length of about 1,300 metres.

This program of drilling added to our understanding of the mineralisation model at A Prospect and the gold intersections obtained, when combined with previous results, lead us to believe that A Prospect will make an important contribution to the Chatree Mine in the future.

Directors' Report

The best results obtained in this last program from north to south were:

Hole Number	Collar Coordinate		Azimuth (grid deg.)	Depression (deg.)	From (m)	To (m)	Interval (m)	Gold (g/t)
	mN	mE						
RCD702	20,288	5,026	290	55	14.00	22.00	8.00	1.6
					32.00	48.00	16.00	2.2
					68.00	74.00	6.00	5.1
					87.00	88.50	1.50	8.8
RCD703	20,283	5,004	270	45	4.00	32.00	28.00	1.5
					63.45	80.00	16.55	3.8
DDH704	20,255	5,005	270	55	69.70	78.50	8.80	2.2
RCD705	20,200	5,018	270	50	58.00	74.00	16.00	5.6
RCD706	20,053	5,000	270	55	16.00	22.00	6.00	3.0
					44.00	62.00	18.00	1.4
RC708	19,750	4,971	270	55	14.00	34.00	20.00	2.3

PROJECT BACKGROUND

Chatree Gold Project is located on the eastern edge of the main rice growing Chao Phraya Basin in gently undulating farmland 280 km by bitumen highway north of Bangkok.

The project represents a greenfields discovery of metallurgically clean, shallow gold mineralisation in a logistically simple terrain with very good infrastructure.

RESOURCES/RESERVES

Total Measured, Indicated and Inferred Resources are 14.5 million tonnes at 2.6 g/t Au and 12 g/t Ag. (0.8 g/t Au cutoff) for 1.2 million ounces of Au and 5.4 million ounces of Ag.

Open cut Proven and Probable Reserves are 8.2 million tonnes at 3.1 g/t Au and 14 g/t Ag (0.8 g/t Au cutoff at US\$260/oz) for 807,000 oz Au and 3.8 million oz Ag.

OPERATIONS

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Mine life is currently 6.5 years at 1 million tonnes per year for the first 2 years and 1.5 million tonnes per year thereafter. Life of mine waste to ore ratio is 2.9:1.

Ore grade in the first year is scheduled to be 5g/t gold equivalent.

Road access, grid power and water are all available on or adjacent to the site.

Production in the first 3 years will average 143,000 ounces gold equivalent at a cash cost of about US\$100 per ounce, thus ensuring substantial cash flows to Kingsgate.

BOARD OF INVESTMENT PROMOTION

In 2000, the Office of the Royal Thai Board of Investment of the Office of the Prime Minister approved an application by Akara Mining

Ltd for Promotion of the Chatree Gold Mine.

As a promoted enterprise, Akara and the Chatree Project have been awarded the following benefits;

1. 8 year full corporate tax holiday commencing at first gold pour.
2. 5 years of half tax holiday following 1. above. ie 15% tax.
3. Exemption from withholding tax on dividends to Kingsgate for 8 years.
4. Exemption from import duties for imported plant and equipment, not manufactured in Thailand.
5. Exemption from import duty for consumables used at the mine for 5 years that are not manufactured in Thailand.
6. Guarantee against nationalisation.
7. Permission to remit income from Thailand in foreign currencies.

A double taxation treaty exists between Thailand and Australia under which the Australian authorities recognise these benefits extended by Thailand and deem the taxes to have been paid for the purpose of Kingsgate's income tax.

As a promoted enterprise, Akara has approval to be a foreign controlled gold mining company in Thailand for 5 years from first production. At that time it will be required to divest 51% of its equity into Thai hands. The current understanding is that this is to occur at fair market value and in the event that fair market value is not achievable, the BOI is empowered to extend the exemption period.

POTENTIAL

Two additional gold prospects within 3 km of the plant site and within company owned exploration tenements have been drilled and contain similar widespread gold mineralisation which will, subject to further exploration, add considerably to mine life. Within the mining leases, additional resources are indicated along strike and down dip of the existing reserves.

FUNDING

The Chatree Gold Project is being funded by Macquarie Bank Limited of Australia. Macquarie are providing USD35 million, being 100% of the project, on a pure debt basis.

The loan covers the project development cost as well as working capital, contingency, over-run facility and capitalised interest during the construction period.

Directors' Report

GOLD HEDGING

In November, 2000 as a condition precedent for project finance, a total of 407,000 ounces of gold were hedged as flat forwards at a forward price of USD306.5 per ounce, with deliveries from December 2001 to September, 2007. This represents 56% of the project gold production.

COMMUNITY RELATIONS

To date, a high level of community support has been forthcoming for the project in this relatively poor area of Thailand. Considerable effort has been expended over the years in developing the local relationships and in making every effort to explain the project to the people of the district. Regular site visits are made during the construction period by local, provincial and central politicians, bureaucrats, councillors, village heads and villagers.

Project contributions to local sporting groups, temples and schools as well as village clean water supply facilities have been well received.

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. EVENTS SUBSEQUENT TO BALANCE DATE

On 15 August 2001, Kingsgate announced its intention to make a rights issue to raise approximately A\$6,663,608. The issue involves a pro rata renounceable offer of one new share at an issue price of A\$0.65 per new share, for every six ordinary shares held by existing Kingsgate shareholders.

The issue is fully underwritten by Bell Securities Limited and the terms of the underwriting agreement and the details of the issue and investment considerations relating to the issue are set out in the prospectus dated 10 September, 2001.

The purpose of the issue is to:

- repay Macquarie Bank Limited the amount of USD\$2,000,000 by 31 December 2001, being a corporate cash advance to Kingsgate from Macquarie dated 9 December 1999 for the purpose of completing feasibility studies and environmental impact studies;
- acquire control of land in the vicinity of the Chatree Gold Mine in Thailand considered prospective for gold mineralisation; and
- explore the controlled lands.

In September 2001, the Company's controlled entity, Akara Mining Limited, sold 40,000 ounces of gold at USD290 per ounce on a spot deferred basis.

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

8. LIKELY DEVELOPMENTS

The likely developments of the consolidated entity in the subsequent financial year involve the commissioning and mining operations of the Chatree Gold Mine and ongoing activities of mineral exploration.

The Chatree Gold Mine is scheduled to pour its first gold in late November 2001, and to produce approximately 85,000 ounces of gold and 318,000 ounces of silver in the period to 30 June 2002.

9. SHARES AND OPTIONS ISSUED

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.

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.

Shares under Options

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

	Number	Issue price of shares	Expiry date
Employees & Contractors Option Plan	213,000	81 cents	22 December 2002
Employees & Contractors Option Plan	40,000	69 cents	23 June 2003

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

Parent Entity	Salary	Director's Fees	Super-annuation	Total
	\$	\$	\$	\$
Mr M G Diemar	190,000	-	30,000	220,000
Mr R D Smyth-Kirk	-	28,900	2,280	31,180
Mr J T Shaw	-	24,500	1,960	26,460
Mr J Falconer	-	-	-	-
Mr Peter McAleer	-	-	-	-

In addition the following were paid to directors related entities:

Directors' Report

Geological service fees of \$83,607 (2000 - \$139,298) 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 \$42,582 (2000 - \$70,975) were paid or payable to Carbone Falconer & Co, Chartered Accountants, of which John Falconer is the principal. Consulting fees of \$24,500 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	Director's Fees	Super-annuation	Total
	\$	\$	\$	\$
Surapol Udornpornwirat	90,152	-	-	90,152

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' INTERESTS IN CONTRACTS

No material contracts involving directors' interests were entered into since the end of the previous financial year or existed at the end of the financial year other than the transactions detailed in Note 16 in the accounts.

INFORMATION ON DIRECTORS

Ross D Smyth-Kirk, B. Com, C.P.A., 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.

Particulars of director's interest in shares of Kingsgate Consolidated NL 3,037,235 shares

Michael G Diemar, B.Sc., M AusIMM, M.G.S.A. , MAICD Managing Director

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, project and Company administration.

Particulars of director's interest in shares of Kingsgate Consolidated NL 3,631,250 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.

Particulars of director's interest in shares of Kingsgate Consolidated NL 38,000 shares

John T Shaw, BSc, Peng, F AusIMM, CIM, FAICD, AIME

Mr Shaw, a geological engineer, is a director of Delta Gold 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 Operation for Placer Dome Asia Pacific as well as Managing Director of Kidston Gold Mines Ltd.

Particulars of director's interest in shares of Kingsgate Consolidated NL 10,000 shares

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

Mr McAleer is a director of Equatorial Mining Ltd. and Minera El Tesoro (Chile) and Chairman of Westmag Limited. Previously he was 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.

Particulars of director's interest in shares of Kingsgate Consolidated NL 240,000 shares

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

12. DIRECTORS' MEETINGS

The number of directors' meetings held during the year ended 30 June 2001 and the number of meetings attended by each director are:

Director	Board of Directors' Meetings	
	No. Held	No. Attended
M. Diemar	12	12
R. Smyth-Kirk	12	12
J Falconer	12	12
J Shaw	10	10
P McAleer	10	10

13. INSURANCE OF OFFICERS

During the financial year, the Company paid a premium of \$20,328 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.

14. ENVIRONMENTAL REGULATIONS

For the year ended 30 June 2001, the consolidated entity has operated within Thai laws in respect of its exploration activities at the Chatree Gold Project.

DATED at SYDNEY this 28 September 2001
For and on behalf of the Board of Directors

M G DIEMAR
Managing Director

Statements of Financial Performance

for the year ended 30 June 2001

	Note	Company		Consolidated	
		2001 \$	2000 \$	2001 \$	2000 \$
Revenue from ordinary activities	2	310,225	28,432	63,285	103,755
Employee benefit expenses		491,983	158,032	576,840	175,803
Depreciation	3	29,939	29,885	34,320	29,928
Borrowing cost	3	503,574	138,486	503,574	138,486
Foreign exchange losses (gain)		195,929	(354,913)	526,416	(74,198)
Other expenses from ordinary activities		799,293	820,712	787,182	776,134
Loss from ordinary activities before income tax Expense		1,710,493	763,770	2,365,047	942,398
Income tax expense	4	-	-	-	-
Loss from ordinary activities after income tax expense		1,710,493	763,770	2,365,047	942,398
Net loss attributable to members of Kingsgate Consolidated NL		1,710,493	763,770	2,365,047	942,398
Basic loss per share				Cents (3.91)	Cents (1.70)

16

- a) Diluted loss per share is not shown separately as it is not dilutive.
- b) Weighted average number of ordinary shares used in the calculation of basic loss per share
60,529,963

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

Statements of Financial Position

as at 30 June 2001

	Note	Company		Consolidated	
		2001 \$	2000 \$	2001 \$	2000 \$
CURRENT ASSETS					
Cash		171,815	538,890	6,279,217	846,034
Receivables	5	1,183	10,209	229,904	23,390
Other	7	26,718	13,996	186,156	76,189
TOTAL CURRENT ASSETS		199,716	563,095	6,695,277	945,613
NON-CURRENT ASSETS					
Receivables	5	18,017,306	16,798,480	3,956,339	3,737,353
Investments	6	-	250,000	-	-
Mine property, property, plant and equipment	8	45,441	430,338	38,968,720	12,764,919
TOTAL NON-CURRENT ASSETS		18,062,747	17,478,818	42,925,059	16,502,272
TOTAL ASSETS		18,262,463	18,041,913	49,620,336	17,447,885
CURRENT LIABILITIES					
Interest bearing liabilities	11	2,757,982	-	2,757,982	-
Payables	9	179,327	1,054,599	7,348,604	1,371,076
Provisions	10	407,096	-	407,096	-
TOTAL CURRENT LIABILITIES		3,344,405	1,054,599	10,513,682	1,371,076
NON-CURRENT LIABILITIES					
Interest bearing liabilities	11	-	1,335,560	25,750,854	1,335,560
TOTAL NON-CURRENT LIABILITIES		-	1,335,560	25,750,854	1,335,560
TOTAL LIABILITIES		3,344,405	2,390,159	36,264,536	2,706,636
NET ASSETS		14,918,058	15,651,754	13,355,800	14,741,249
EQUITY					
Parent entity interest					
Contributed equity	12	22,561,169	21,581,572	22,561,169	21,581,572
Accumulated losses		(7,643,111)	(5,929,818)	(9,205,369)	(6,840,323)
TOTAL EQUITY		14,918,058	15,651,754	13,355,800	14,741,249

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

Statements of Cash Flows

For the year ended 30 June 2001

	Note	Company		Consolidated	
		2001 \$	2000 \$	2001 \$	2000 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers and employees (inclusive of GST)		(559,033)	(585,665)	(1,974,373)	(1,007,920)
Interest received		6,343	28,432	56,922	28,909
Borrowing costs		(202,201)	(33,512)	(473,574)	(33,512)
NET CASH (OUT FLOWS) FROM OPERATING ACTIVITIES	18	(754,891)	(590,745)	(2,391,025)	(1,012,523)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for exploration		-	(382,396)	(499,177)	(3,594,747)
Payments for development		-	-	(16,567,253)	-
Proceeds from sale of entity, net of cash transferred		-	-	-	(1,744)
Loans to others, net		(718,960)	-	(66,682)	(660,599)
Loans to related entities		31,220	(4,372,008)	-	-
Payments for land		-	-	(716,643)	-
Payments for property, plant and equipment		(27,438)	(9,514)	(1,197,940)	(19,567)
NET CASH (OUT FLOWS) APPLIED TO INVESTING ACTIVITIES		(715,178)	(4,763,918)	(19,047,695)	(4,276,657)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		-	3,286,892	-	3,286,892
Payments on issue of shares		-	(35,735)	-	(35,735)
Proceeds from borrowing		1,102,994	1,266,716	26,871,903	1,266,716
NET CASH INFLOWS FROM FINANCING ACTIVITIES		1,102,994	4,517,873	26,871,903	4,517,873
NET INCREASE/(DECREASE) IN CASH HELD					
Cash at the beginning of the financial year		538,890	1,375,680	846,034	1,617,341
CASH AT THE END OF THE FINANCIAL YEAR	18	171,815	538,890	6,279,217	846,034

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

Notes

to, and forming part of, the Financial Statements
For the year ended 30 June 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are a general purpose financial report prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Law.

The accounting policies adopted in preparing the financial statements have been consistently applied by entities in the consolidated entity except as otherwise indicated.

The financial statements have been prepared on the going concern basis. The directors believe the going concern basis to be appropriate for the following reasons:

(i) Macquarie Bank Limited (Macquarie) has agreed to lend up to US\$35 million to finance the development of the Chatree Gold Mine.

(ii) Kingsgate currently have a corporate cash advance facility in place with Macquarie of US\$2 million. At 30 June 2001 the Company had drawn down US\$1,400,000. The corporate cash advance facility is due for repayment on 31 December 2001.

(iii) On 15th August 2001, Kingsgate announced its intention to make a fully underwritten rights issue to raise approximately A\$6,663,608.

Based on the above the directors are satisfied that the consolidated entity will be able to satisfy its current liabilities as and when they fall due and maintain adequate working capital.

(a) Basis of Accounting

The accounts have been prepared on the basis of historical costs and, except where stated, do not take into account current valuations of non-current assets. Non-current assets are revalued from time to time as considered appropriate by the directors and are not stated at amounts in excess of their recoverable amounts. Except where stated recoverable amounts are not determined using discounted cash flows. The consolidated entity has not adopted a policy of revaluing its non-current assets on a regular basis.

(b) Principles of Consolidation

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

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

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

(c) 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 fully integrated operations, using the temporal method, are recorded as revenue or expense.

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

(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 known probable mineral resource 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.

Notes

to, and forming part of, the Financial Statements
For the year ended 30 June 2001

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.

(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

Revenue includes interest income on short term monetary investments and service fee from a controlled entity.

(i) 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.

(j) 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.

(k) 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.

(l) 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.

(m) 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.
- ancillary costs incurred in connection with the arrangement of borrowings.

(n) Operating Leases

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

(o) Earnings per share

(i) Basic Earnings per Share

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

(ii) Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

Notes

to, and forming part of, the Financial Statements
For the year ended 30 June 2001

	Company		Consolidated	
	2001 \$	2000 \$	2001 \$	2000 \$
2. Revenue from operating activities				
- Interest received	6,343	28,432	56,992	103,755
- Services	302,000	-	-	-
- Others	1,882	-	6,293	-
Revenue from ordinary activities	310,225	28,432	63,285	103,755
3. OPERATING LOSS				
Expenses				
Borrowing costs				
- Interest and finance charges payable	202,201	51,577	202,201	51,577
- Exchange losses on foreign currency borrowings	301,373	86,909	301,373	86,909
Borrowing costs expensed	503,574	138,486	503,574	138,486
Depreciation				
- Plant and equipment	29,939	29,885	34,320	29,928

4. INCOME TAX

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

Loss from ordinary activities before income tax expense	(1,710,493)	(763,770)	(2,365,047)	(942,398)
Income tax calculated @ 34% (2000 - 36%)	(581,568)	(274,957)	(804,116)	(339,263)
Add - Non deductible items				
- Provision for loss on general currency Hedge	134,237	-	134,237	-
- Provision for diminution of value of controlled entity	85,000	93,147	-	93,147
	(362,331)	(181,810)	(669,878)	(246,116)
Less - Future income tax benefits not brought to account in respect of:				
- Current year tax loss	362,331	181,810	669,878	246,116
Income tax attributable to operating loss	-	-	-	-

Potential future income tax benefits of \$1,810,873 (2000 - \$1,140,995) 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 2001 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 loss and exploration expenditure to be realised;
- 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 loss and exploration expenditure carried forward.

Notes to, and forming part of, the Financial Statements

For the year ended 30 June 2001

INCOME TAX con't

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;
- ii. 5 years of half tax holiday following 1. above. ie 15% tax; and other benefits.

	Company		Consolidated	
	2001 \$	2000 \$	2001 \$	2000 \$
5 RECEIVABLES				
CURRENT				
Other debtors	1,183	10,209	229,904	23,390
NON-CURRENT				
Loan to controlled entities (see note 16)	14,671,005	14,319,831	-	-
Loans receivable	3,346,301	2,478,649	3,956,339	3,737,353
	<u>18,017,306</u>	<u>16,798,480</u>	<u>3,956,339</u>	<u>3,737,353</u>
6. INVESTMENTS				
NON-CURRENT				
Shares in controlled entity, at cost - Patron Ltd.	560,000	560,000	-	-
Less: Provision for diminution in value	(560,000)	(310,000)	-	-
	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
7. OTHER ASSETS				
CURRENT				
Deposits	13,313	13,996	170,179	17,851
Prepayments	13,405	-	15,977	58,338
	<u>26,718</u>	<u>13,996</u>	<u>186,156</u>	<u>76,189</u>
8. MINING PROPERTY, PLANT & EQUIPMENT				
NON CURRENT				
Exploration and Evaluation Expenditure				
Cost brought forward	382,396	-	12,597,476	12,236,954
Expenditure incurred during the year	-	382,396	499,177	360,522
Transferred to controlled entity	382,396	-	-	-
Transferred to development properties	-	-	13,096,653	-
Cost carried forward	<u>-</u>	<u>382,396</u>	<u>-</u>	<u>12,597,476</u>
All costs were incurred in relation to the Chatree Gold Project.				
Development Properties				
Freehold land - Plant site (at cost)	-	-	716,643	-
Expenditure incurred during the year	-	-	23,976,372	-
Transfer from exploration and evaluation expenditure	-	-	13,096,653	-
Cost carried forward	<u>-</u>	<u>-</u>	<u>37,789,668</u>	<u>-</u>
Non-Mining Property Plant & Equipment				
Furniture, equipment and motor vehicles (at cost)	160,449	133,011	1,475,650	322,881
Less: accumulated depreciation	(115,008)	(85,069)	(296,598)	(155,438)
Cost carried forward	<u>45,441</u>	<u>47,942</u>	<u>1,179,052</u>	<u>167,443</u>
TOTAL	<u>45,441</u>	<u>430,338</u>	<u>38,968,720</u>	<u>12,764,919</u>

Notes

to, and forming part of, the Financial Statements
For the year ended 30 June 2001

NON-MINING PROPERTY PLANT & EQUIPMENT

Reconciliations

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

	Motor Vehicles \$	Leasehold Improvements \$	Plant & Equipment \$	Total \$
Consolidated entity				
Carrying amount of 1 July 2000	73,231	15,269	78,943	167,443
Additions	581,534	25	571,210	1,152,769
Disposal	-	-	-	-
Depreciation	(24,199)	(8,800)	(108,161)	(141,160)
Carrying amount at 30 June 2001	630,566	6,494	541,992	1,179,052
Parent entity				
Carrying amount at 1 July 2000		11,477	36,465	47,942
Addition		-	27,438	27,438
Disposal		-	-	-
Depreciated		(8,800)	(21,139)	(29,939)
Carrying amount at 30 June 2001		2,677	42,764	45,441

	Company		Consolidated	
	2001 \$	2000 \$	2001 \$	2000 \$
9. PAYABLE				
CURRENT				
Other creditors	179,327	75,002	7,348,604	391,479
Other amounts due to third parties	-	979,597	-	979,597
	179,327	1,054,599	7,348,604	1,371,076
10. PROVISION				
CURRENT				
Employee Entitlement	12,279	-	12,279	-
General Hedge	394,817	-	394,817	-
	407,096	-	407,096	-
11. INTEREST BEARING LIABILITIES				
CURRENT				
Bank loan - Secured	2,757,982	-	2,757,982	-
NON CURRENT				
Bank loan - Secured	-	1,335,560	25,750,854	1,335,560

Notes to, and forming part of, the Financial Statements

For the year ended 30 June 2001

11. INTEREST BEARING LIABILITIES con't

Bank loans

The Company has a corporate cash advance facility with Macquarie Bank of US\$2 million. The Company first drew down on the loan in December 1999 and the loan is due for repayment on 31 December 2001.

At 30 June 2001 the Company had drawn down US\$1,400,000.

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. At 30 June 2001, Akara had drawn down US\$13,148,096 (including capitalised interest). The repayment of the facility commences at the earlier of the end of the full quarter following the quarter in which the first commercial gold pour occurs or 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:

- (a) Share Mortgage over all entities collectively holding Kingsgate's 100% interest in Akara Mining Limited;
- (b) 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);
- (c) Mortgage over land and plant and equipment under construction associated with the Chatree Gold Mine.
- (d) Assignment or pledge with respect to mining leases, contracts, and approvals associated with the operation of the Chatree Gold Mine;
- (e) Pledges as required over all other movable properties associated with the Chatree Gold Mine and directly or indirectly owned by Akara Mining Limited;
- (f) Any other securities which our lawyers advise are required with respect to the securities listed above; and
- (g) Cross guarantees by all group companies.

24

	Company		Consolidated	
	2001 \$	2000 \$	2001 \$	2000 \$
12. CONTRIBUTED EQUITY				
(a) Paid Up Capital				
Ordinary shares fully paid	22,561,169	21,581,572	22,561,169	21,581,572

Notes to, and forming part of, the Financial Statements

For the year ended 30 June 2001

12. CONTRIBUTED EQUITY con't

(b) Movements in ordinary share capital of the company during the past two years were as follows:

Date	Details	Notes	No. of Shares	Issue Price	\$
30-06-1999	Opening Balance		53,159,520		18,330,415
31-08-1999	Placement	i	1,000,000	\$0.63	630,000
31-08-1999	Exercise of options	ii	2,195	\$0.50	1,097
01-11-1999	Exercise of options	ii	6,375	\$0.50	3,187
27-01-2000	Exercise of options	ii	938	\$0.50	469
28-01-2000	Exercise of options	ii	3,142	\$0.50	1,571
22-02-2000	Exercise of options	ii	30,582	\$0.50	15,291
23-02-2000	Exercise of options	ii	3,750	\$0.50	1,875
03-03-2000	Exercise of options	ii	3,000	\$0.50	1,500
06-03-2000	Exercise of options	ii	12,813	\$0.50	6,407
10-03-2000	Exercise of options	ii	24,343	\$0.50	12,171
13-03-2000	Exercise of options	ii	172,198	\$0.50	86,099
17-03-2000	Exercise of options	ii	132,359	\$0.50	66,180
21-03-2000	Exercise of options	ii	30,532	\$0.50	15,266
24-03-2000	Exercise of options	ii	478,047	\$0.50	239,023
27-03-2000	Exercise of options	ii	110,341	\$0.50	55,171
28-03-2000	Exercise of options	ii	103,912	\$0.50	51,956
31-03-2000	Exercise of options	ii	3,346,059	\$0.50	1,673,029
03-04-2000	Exercise of options	ii	464,630	\$0.50	232,315
04-04-2000	Exercise of options	ii	171,632	\$0.50	85,816
01-05-2000	Exercise of options	ii	216,937	\$0.50	108,469
			<u>59,473,305</u>		<u>21,617,307</u>
	Less: Transaction costs on options exercised				<u>35,735</u>
					21,581,572
09-10-2000	Placement	iii	1,200,000		541,760
27-02-2001	Placement	iv	560,000		437,837
30-06-2001			<u>61,233,305</u>		<u>22,561,169</u>

(i) On 31 August 1999, the Company issued 1,000,000 fully paid ordinary shares at \$0.63 per share by private placement.

(ii) During the year ended 30 June 2000, the Company issued in total 5,313,785 fully paid ordinary shares at 50 cents per share pursuant to the exercise of options by option holders of 5,313,785 options with an expiry date of 31 March 2000 (including issuing fully paid ordinary shares to underwriters of the options shortly after the options' expiry).

(iii) 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.

(iv) 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.

Notes

to, and forming part of, the Financial Statements

For the year ended 30 June 2001

	Company		Consolidated	
	2001	2000	2001	2000
	\$	\$	\$	\$

13 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:

Not later than one year	-	-	177,996	208,928
Later than one year but not later than 2 years	-	-	152,796	35,585
	-	-	330,792	244,513

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	-	-	18,085,842	-
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Operating leases

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

	Company		Consolidated	
	2001	2000	2001	2000
	\$	\$	\$	\$
Not later than one year	50,400	50,400	208,743	103,570
Later than one year but not later than 5 years	50,400	100,800	834,972	68,428
Later than 5 years	-	-	326,604	491,200
	100,800	151,200	1,370,319	663,198

14 INVESTMENT IN CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Interest 2001 %	Cost of Parent Entity's Investment 2001 %
*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 have not acted as auditor.

Notes

to, and forming part of, the Financial Statements

For the year ended 30 June 2001

15 CONSOLIDATED SEGMENT INFORMATION

INDUSTRY SEGMENTS

The consolidated entity operates primarily in one industry being gold exploration and development.

GEOGRAPHIC SEGMENTS	Australia		Thailand		Consolidated	
	2001 \$	2000 \$	2001 \$	2000 \$	2001 \$	2000 \$
Total operating revenue	8,640	28,432	54,645	75,323	63,285	103,755
Segment result	(1,823,582)	(659,249)	(534,908)	(274,347)	(2,358,490)	(933,596)
Unallocated expenses					(6,557)	(8,802)
Operating Loss					(2,365,047)	(942,398)
Segment assets	2,630,031	600,145	47,519,498	16,847,740	50,149,529	17,447,885

16 RELATED PARTY INFORMATION

Directors : The names of persons who were directors of Kingsgate Consolidated NL ("Kingsgate") at any time during the financial year are as follows: M G Diemar, R D Smyth-Kirk, J Falconer, J.T Shaw and P McAleer.

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

	Company		Consolidated	
	2001 \$	2000 \$	2001 \$	2000 \$
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	374,053	152,333	374,053	152,333

Director related entities In addition to the remuneration above, the following were paid to directors related entities: Geological service fees of \$83,607 (2000 - \$139,298) were paid or payable (in respect of geological services rendered by Vicki Diemar) to Diemar & Associates Pty Ltd a company in which M G Diemar is a shareholder and director of this company. Accounting, secretarial and taxation service fees of \$42,582 (2000 - \$70,975) were paid or payable to Carbone Falconer & Co, Chartered Accountants, of which John Falconer is the principal. Consulting fees of \$24,500 were paid or payable to Norwest Mining Consultants Ltd. of which P McAleer is an officer and director.

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

Income between:	Number
\$20,000 - \$29,999	3
\$40,000 - \$49,999	1
\$220,000 - \$229,999	1

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

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

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

Notes

to, and forming part of, the Financial Statements
For the year ended 30 June 2001

	Company		Consolidated	
	2001 \$	2000 \$	2001 \$	2000 \$
Aggregate amounts payable to directors and director-related entities at balance date:				
Current Liabilities	35,328	21,652	41,978	21,652

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

Ownership interests in related parties

Interests held in controlled entities are set out in Note 14 to the accounts.

Transactions of Directors and Director related entities concerning Share or Share Options

During the financial year, directors and their related entities acquired 1,188,735 fully paid ordinary shares.

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	2001 Number	2000 Number
Kingsgate Consolidated N.L.	Ordinary shares	6,946,485	5,757,750

Wholly - Owned Group and other controlled entities

The wholly-owned group consists of Kingsgate Consolidated NL and its wholly owned controlled entities. Ownership interest in these controlled entities are set out in Note 14.

Transactions between Kingsgate Consolidated NL and controlled entities during the years ended 30 June, 2001 and 30 June, 2000 consisted of loans advanced by and assignment of liabilities to Kingsgate Consolidated NL. The loans do not bear interest.

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

	Company		Consolidated	
	2001 \$	2000 \$	2001 \$	2000 \$
Non Current Liabilities	14,671,005	14,319,831	-	-

During the year the Company advanced \$12,489,016 to controlled entities and received repayment of \$12,137,842.

Ultimate Controlling Entity

The ultimate Parent Entity in the wholly owned group is Kingsgate Consolidated NL.

17 EMPLOYEE ENTITLEMENTS

Employee numbers

Number of employers (as at balance date)	7	2	70	7

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

The establishment of the Kingsgate Employees and Contractors Option plan was approved by special resolution at the annual general meeting held on 27 November 1998 to issue up to 500,000 options to employees and contractors of the Company (excluding directors of the Company). The terms of options issued pursuant to the plan are as follows:

Notes

to, and forming part of, the Financial Statements

For the year ended 30 June 2001

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.

No options were issued or exercised during the year.

The number of unissued ordinary shares under the options at 30 June 2001 is 253,000 as follows:

Number	Exercise Price	Expiry
213,000	81 cents	22 December 2002
40,000	69 cents	22 June 2003

The market price of the shares as at balance date was 89 cents.

Options are granted for no consideration. The amount received on the exercise of options is recognised as issued share capital at the date of issue of the shares. No amounts were recognised during the year ended 30 June 2001 (2000 - Nil).

	Company		Consolidated	
	2001	2000	2001	2000
	\$	\$	\$	\$
18. CASH FLOW INFORMATION				
Reconciliation of Cash				
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statements of financial position as follows:				
- Cash	171,815	538,890	6,279,217	846,034
Reconciliation of net cash flows from operating activities to operating loss after income tax is as follows:				
- Operating loss after income tax	(1,713,293)	(763,770)	(2,365,047)	(942,398)
Non cash items-				
- Depreciation	29,939	29,885	34,320	29,928
- Unrealised exchange loss on borrowing	301,373	86,909	301,373	132,099
- Provision for exchange loss on general hedge	394,817	-	394,817	-
- Provision for diminution in value of investment	250,000	-	-	-
- Write off of loan to others	-	258,741	-	258,741
- Mining tenement & exploration expenditure	-	-	-	7,106
- Gain on disposal of controlled entity	-	-	-	(258,741)
- Exchange gain on translation of receivable	(148,692)	(172,057)	(194,942)	-
Changes in Assets and Liabilities				
- Increase/(Decrease) in accounts payable	135,412	(33,683)	129,443	(189,483)
- (Increase)/Decrease in receivables	-	-	(100,511)	-
- (Increase)/Decrease in other assets	(4,447)	3,230	(590,478)	(49,775)
Net Cash Outflows used in operating activities	(754,891)	(590,745)	(2,391,025)	(1,012,523)

19. EVENT OCCURRING AFTER REPORTING DATE

On 15 August 2001, Kingsgate announced its intention to make a rights issue to raise approximately A\$6,663,608. The issue involves a pro rata renounceable offer of one new share at an issue price of A\$0.65 per new share, for every six ordinary shares held by existing Kingsgate shareholders. The issue is fully underwritten by Bell Securities Limited and the terms of the underwriting agreement and the details of the issue and investment considerations relating to the issue are set out in the prospectus dated 10 September, 2001.

Notes to, and forming part of, the Financial Statements

For the year ended 30 June 2001

19. EVENTS OCCURRING AFTER REPORTING DATE con't

The purpose of the issue is to:

- repay Macquarie Bank Limited the amount of USD\$2,000,000 by 31 December 2001, being a corporate cash advance to Kingsgate from Macquarie dated 9 December 1999 for the purpose of completing feasibility studies and environmental impact studies;
- acquire control of land in the vicinity of the Chatree Gold Mine in Thailand considered prospective for gold mineralisation; and
- explore the controlled lands.

In September 2001, the Company's controlled entity, Akara Mining Limited, sold 40,000 ounces of gold at USD290 per ounce on a spot deferred basis.

There were no other subsequent events from the financial year end 30 June 2001 up to the date of signing this report.

20. CONTINGENT LIABILITIES

The Company and its controlled entities have provided to Macquarie Bank Ltd cross guarantees in respect of the Company's Corporate Cash Advance and the project loan associated with the Chatree Gold Mine.

The Company and the consolidated entity have no other contingent liabilities at 30 June 2001.

21 RECEIVABLES AND PAYABLES DENOMINATED IN FOREIGN CURRENCIES

	Company		Consolidated	
	2001 \$	2000 \$	2001 \$	2000 \$
Amounts not effectively hedged				
Receivable				
Thai Baht	5,321,399	14,838,565	3,956,339	2,478,649
Payable				
Thai Baht	-	-	1,011,435	316,477
US dollar	2,757,982	1,335,560	28,508,836	1,335,560

22. FINANCIAL INSTRUMENTS

(a) Commodity Contract

In November, 2000 as a condition precedent for project finance, a total of 407,000 ounces of gold were hedged as flat forwards at a forward price of USD306.5 per ounce, with deliveries from December 2001 to September, 2007. This represents 56% of the project gold production.

(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) Off Balance Sheet Derivative Instruments

Forward Exchange Contracts

In November 2000, as a condition precedent for project finance, Akara Mining Ltd entered into forward exchange contracts to hedge its exposure to fluctuations in exchange rates between the US dollar (the currency in which its loan facility is denominated) and the Australian dollar (for project construction expenditure). At balance date, the details of outstanding contracts are:

Notes

to, and forming part of, the Financial Statements

For the year ended 30 June 2001

Buy Australian dollars	Sell US dollars	Average exchange rate
Maturity	2001	2001
	\$	\$
0 - 6 months	2,439,288	0.5525
6-12 months	2,972,140	0.5500

The unrealised gain or losses on the above hedging contracts in respect of anticipated capital expenditure has been deferred and will be recognised in the underlying transaction when they occur. As at balance date the gains or losses in respect of hedging contracts of US dollar 2,593,988 have been deferred.

Total unrealised losses deferred at 30 June 2001 total \$385,268.

As at the balance date, unrealised losses of AUD394,817 in respect of foreign currency forward contracts of USD2,817,440 which were entered into for payment of capital expenditure prior to balance date, but which have been rolled forward to February 2002, have been brought to account in the result for the year.

(d) 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	Floating interest rate	Fixed interest maturing in:			Non interest bearing	Total
		1 year or less	over 1 to 5 years	more than 5 years		
	\$	\$	\$	\$	\$	\$
2001						
Financial assets						
Cash	5,929,087	-	-	-	350,130	6,279,217
Receivables	5	610,038	-	-	3,576,205	4,186,243
Other Assets	7	170,179	-	-	15,977	186,156
	5,929,087	780,217	-	-	3,942,312	10,651,616
Weighted average interest rate	2%	3%				
Financial liabilities						
Accounts Payable	9	-	-	-	7,348,604	7,348,604
Borrowings	11	28,508,836	-	-	-	28,508,836
	28,508,836	-	-	-	7,348,604	35,857,440
Weighted average interest rate	6.6%	6.6%				
Net financial assets (liabilities)	(22,579,749)	780,217	-	-	(3,406,292)	(25,205,824)

Notes

to, and forming part of, the Financial Statements

For the year ended 30 June 2001

	Notes	Fixed interest maturing in:					Total
		Floating interest rate	1 year or less	over 1 to 5 years	more than 5 years	Non interest bearing	
		\$	\$	\$	\$	\$	\$
2000							
Financial assets							
Cash		515,873	-	-	-	330,161	846,034
Receivables	5	-	-	3,737,353	-	23,390	3,760,743
Other Assets	7	13,063	-	-	-	4,788	17,851
		<u>528,936</u>	<u>-</u>	<u>3,737,353</u>	<u>-</u>	<u>358,339</u>	<u>4,624,628</u>
Weighted average interest rate		4.5%		8%			
Financial liabilities							
Accounts payable	9	-	-	-	-	391,479	391,479
Borrowings	11	-	-	1,335,560	-	-	1,335,560
		<u>-</u>	<u>-</u>	<u>1,335,560</u>	<u>-</u>	<u>391,479</u>	<u>1,727,039</u>
Weighted average interest rate				8.23%			
Net financial assets (liabilities)		<u>528,936</u>	<u>-</u>	<u>2,401,793</u>	<u>-</u>	<u>(33,140)</u>	<u>2,897,589</u>

32

	Notes	2001 \$	2000 \$
Reconciliation of Net Financial Assets to Net Assets			
Net financial (liabilities) assets as above		(25,205,824)	2,897,589
Non-financial assets and liabilities			
Mine property, property, plant and equipment	8	38,968,720	12,823,257
Other liabilities	9	-	(979,597)
Provisions	10	(407,096)	-
Net assets per statements of financial position		<u>13,355,800</u>	<u>14,741,249</u>

(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.

23. NON-CASH FINANCING AND INVESTING ACTIVITIES

During the year the Company issued 1,760,000 fully paid ordinary shares, pursuant to agreements made during the year ended 30 June 2001, and the details are as follows:

(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 the sum of not less than \$1,319,353 under various agreements.

(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.

Notes

to, and forming part of, the Financial Statements

For the year ended 30 June 2001

24. AUDITORS' REMUNERATION

	Company		Consolidated	
	2001 \$	2000 \$	2001 \$	2000 \$
Remuneration for audit or review of the financial reports of the parent entity or any entity in the consolidated entity:				
Auditors of the parent entity				
- Parent entity	51,429	33,650	51,429	33,650
Controlled entities	-	-	54,629	14,822

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 16 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 2001 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; and

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

DATED at SYDNEY this 28 September 2001
On behalf of the Board

M G DIEMAR
Director

INDEPENDENT AUDIT REPORT

To the Members of Kingsgate Consolidated N.L.

SCOPE

We have audited the financial report of Kingsgate Consolidated N.L. (the Company) for the financial year ended 30 June, 2001 as set out on pages 16 to 34. The Company's directors are responsible for the financial report which includes the financial statements of the Company and the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at the end of, or during, the financial year. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and the Corporations Act 2001 in Australia so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

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

AUDIT OPINION

In our opinion, the financial report of the Company is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June, 2001 and their performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements.

PricewaterhouseCoopers
Chartered Accountants

W D McCluskey
Partner

Sydney
28 September, 2001

Shareholder Information

Director's Shareholdings as at 1 October 2001

DIRECTOR	SHARES
Ross D Smyth-Kirk	3,037,235
Michael G Diemar	3,631,250
John Falconer	38,000
Peter McAleer	240,000
John T Shaw	10,000

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 G Diemar	3,631,250
Commonwealth Bank of Australia	3,096,800
Bruce Clayton Bird	3,080,710

Distribution of equity securities as at 1 October 2001

Size of Holding	Number of Shareholders Fully paid Ordinary Shares	Number of Optionholders
1- 1,000	282	-
1,001- 5,000	350	4
5,001- 10,000	187	4
10,001 -100,000	321	4
100,001-	83	-
	<u>1,223</u>	<u>12</u>

Of which 218 have less than a marketable parcel of ordinary shares.

20 Largest Shareholders of Quoted Ordinary Shares as at 1 October 2001

	No. of shares	Percentage
1 National Nominees Limited	4,157,742	6.79%
2 Citicorp Nominees Pty Limited	3,513,149	5.74%
3 Bird Bruce Clayton (PO)	2,747,745	4.49%
4 Arinya Investments P/L	2,577,500	4.21%
5 Cogent Nominees Pty Limited	2,362,700	3.86%
6 Centenia Investments P/L	2,301,250	3.76%
7 Gaffwick Pty Limited	2,164,835	3.54%
8 Whinners Pty Limited	2,164,835	3.54%
9 Docherty Paul Gerard	1,900,000	3.10%
10 ANZ Nominees Limited	1,373,423	2.24%
11 Diemar & Associates Pty Ltd	1,330,000	2.17%
12 Willow Bend Station P/L	1,200,000	1.96%
13 Westpac Custodian Nominee	870,859	1.42%
14 Wenola Pty Ltd	823,477	1.34%
15 Ilwella Pty Limited	764,060	1.25%
16 Prelarmor Nominees P/L	751,500	1.23%
17 Komor Christopher	750,000	1.22%
18 Grimwade Frederick Shepp	700,000	1.14%
19 Jnr Corp Pty Ltd	600,000	.98%
20 Donwillow Pty Ltd	566,275	.92%

Total	<u>33,619,350</u>	<u>54.90%</u>
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Unquoted equity securities as at 1 October 2001

There were 253,000 options issued under the Kingsgate Consolidated NL Employees and Contractors option plan. There are 12 option holders.

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

Kingsgate Tenements Held

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

Corporate Directory

KINGSGATE CONSOLIDATED NL

ABN 42 000 837 472

DIRECTORS:

ROSS D SMYTH-KIRK (Chairman)
MICHAEL G DIEMAR (Managing Director)

JOHN FALCONER

PETER McALEER

JOHN T SHAW

SECRETARY:

JOHN FALCONER

STOCK EXCHANGE LISTING:

Kingsgate Consolidated NL Ordinary shares are listed on the Australian Stock Exchange

REGISTERED OFFICE:

Level 17, 33 Bligh Street

Sydney New South Wales 2000

Website: www.kingsgate.com.au

Email: info@kingsgate.com.au

Telephone: (61 2) 9223 5273 Facsimile: (61 2) 9223 9775

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

No 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 Ltd (Incorporated in Thailand)

Issara Mining Limited (Incorporated in Thailand)

Naka Udsahakum Limited (Incorporated in Thailand)

Parasol Limited (Incorporated in Thailand)

Kingsgate
Consolidated NL

ACH 900 837 472

Kingdom of Thailand's New Gold Mine

Company Overview
 Latest News
 Investor Information
 Chatree Gold Project
 SX Refruses
 Recruitment
 Site Map
 Contact Us

Kingdom of Thailand's New Gold Mine
 Kingsgate is building Thailand's first gold mine of the new millenium
 Construction commenced November 2000

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Visit the Kingsgate web-site for the full text of all announcements to the Australian Stock Exchange plus comprehensive information about the Company and its operations.