Kingsgate
Consolidated Limited

ABN 42 000 837 472

30 August 2010

Via ASX online
(102 pages including cover)

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir/Madam,

END OF YEAR FINANCIAL REPORT

We enclose the End of year Financial Report for the period ending 30 June 2010.

Yours faithfully,
KINGSGATE CONSOLIDATED LIMITED

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KINGSGATE CONSOLIDATED LIMITED
ABN 42 000 837 472

ASX CODE: KCN

PRELIMINARY FINAL ASX 4E REPORT

FOR THE YEAR ENDED 30 JUNE 2010

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Kingsgate Consolidated Limited
ABN 42 000 837 472
(ASX Code: KCN)

Appendix 4E
Preliminary Final Report
For the Financial Year Ended 30 June 2010

Results for Announcement to the market

				$'000
Revenue from ordinary activities	Up	54%	to	176,098
Profit/(loss) from ordinary activities after tax attributable to members	Up	125%	to	73,066
Net profit/(loss) for the period attributable to members	Up	125%	to	73,066

Dividends/distribution	Amount per security	Franked amount per security
Final dividend		
- current reporting period	**20 cents**	**nil**
- previous reporting period	15 cents	15 cents
Interim dividend		
- current reporting period	**15 cents**	**nil**
- previous reporting period	nil	nil

Record date for determining entitlements to dividend

10 September 2010

The Dividend is Unfranked and will be paid out of Foreign Conduit Income.

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

Current Reporting Period:	**Year ended 30 June 2010**
Previous Corresponding Reporting Period:	Year ended 30 June 2009

Review of operations

The Directors of Kingsgate Consolidated Limited today announced a net profit after tax of $73.1 million for the year ended 30 June 2010.

Dividends

A dividend of 20 cents per share was declared on 27 August 2010 with respect to the year end 30 June 2010. The record date is 10 September 2010 and the dividend will be paid on 24 September 2010.

Finance

The net profit after tax was $73.1 million and represents a very strong performance for the year after a pre-tax profit of $33.2 million in the first half year to December 2009 and a $39.9 million profit contribution for the second half year. The total net profit was an increase on the profit of $32.5 million achieved in the previous year.

Total revenue was $176 million as the Company treated more gold ore at similar grades to the prior year and, being unhedged, fully benefited from the rise in spot gold price. The 2010 gold and silver revenue increased by $62.0 million over 2009.

Operating cash flow was $42 million. Net investing cash flow for property, plant, equipment and exploration was $28.0 million and $4.5 million was received from the issue of shares as a result of options being exercised, less two 15c dividends paid to shareholders.

A debt facility of US$30 million is available and undrawn from Investec Bank (Australia) Limited.

Operations

2010 saw Chatree Gold Mine operate for a full fiscal year of production for the first time since the Chatree North Mining Leases were granted in late 2008. Total production at the Chatree Mine for the year was 132,628 ounces of gold and 549,522 ounces of silver.

Ore produced for the year had an average feed grade for the year of 1.7 grams of gold per tonne of ore (2009 – 1.7 g/t). Mill throughput for the year was 2.7 million tonnes, as compared to 1.9 million tonnes for the previous year.

The Chatree Mine continued its excellent safety performance, without a single Lost Time Incident which, according to publicly available data, makes the Chatree Mine the safest gold mine in the world. At 30 June 2010 the mine had 13.8 million man-hours worked (7 years) without a lost time incident.

During the year, the Chatree Mine built on its enviable environmental record with no reportable incidents. There has only been one reportable environmental incident during the entire life of the mine, since construction in 2000 (over 15.9 million man-hours).

Chatree Mine actively underpins the world’s best practice for mine safety and environmental management through its programme of being accredited with appropriate international standards. Chatree Mine maintains accreditation for ISO 9001 (Quality), ISO 14001 (Environment), OHSAS 18001 (Health and Safety), ISO 17025 (Laboratory), TLS 8001:2003 (Thai Labour), SA8000:2008 (Social Accountability), GRIC Global Reporting Initiatives and is a foundation and accredited member of the International Cyanide Management Code.

Outlook

Annual gold production for the Fiscal Year 2010-11 is forecast to be in the range of 120,000-130,000 ounces of gold. The major impact on this forecast will be the timing of accessing the remainder of the C North mineralisation.

Ausenco Limited has been contracted to construct the Chatree North processing plant to increase processing capacity to a nominal 5 million tonnes per annum. The plant is expected to be commissioned in the September quarter 2011

The resource definition drilling programme at the Chatree and Chatree North Mining Leases will continue to fully evaluate the open pit potential of the area. Current drilling has indicated that there is still potential to increase the open pits, particularly at current gold prices. In addition there will be an increased focus on deeper drilling to test underground mining potential of the project. Deeper, higher grade mineralised zones have now been indicated below the currently defined A and Q Pits with additional potential below the D Pit. In addition to the potential within the Mining Leases, the gold mineralisation continues beyond the Mining Lease boundaries to the north, south and to the west.

There are a number of regional exploration targets that are available for drilling. The Suwan area, some seven kilometres from the Chatree North Mining Lease will receive most focus in the forthcoming year as access issues remain at the Chokdee project. Several mineral exploration licenses are in the application stage and when granted at least five drill ready targets will become available for drilling.

The Company is progressing its investigations of a possible float of the Thai operating subsidiary, Akara Mining Limited, on the Thai Stock Exchange. The timing of this transaction will be dependent on market conditions and Thai regulatory procedures and discussions with the Thai preference shareholder.

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2010

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000
Revenue from continuing operations	3	**176,098**	**114,092**
Other income	4	-	2,432
Changes in inventories of finished goods and work in progress		27,851	20,306
Direct costs of mining and processing		(82,212)	(69,739)
Employee benefits expense		(11,820)	(11,647)
Depreciation and amortisation expenses	5	(14,004)	(11,575)
Finance costs	5	(1,823)	(1,698)
Exploration expensed		(385)	(294)
Foreign exchange losses	5	(2,507)	-
Other expenses from ordinary activities	5	(8,847)	(8,820)
Profit / (loss) before income tax		**82,351**	**33,057**
Income tax benefit / (expense)	6	(9,285)	(535)
Profit / (loss) after income tax		**73,066**	**32,522**
Other comprehensive income			
Exchange differences on translation of foreign operations		1,634	15,911
Total other comprehensive income for the year, net of tax		**1,634**	**15,911**
Total comprehensive income for the year		**74,700**	**48,433**

		Cents	Cents
Basic earnings per share	16	75.2	34.9
Diluted earnings per share	16	74.5	34.9

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

STATEMENT OF FINANCIAL POSITION
As at 30 June 2010

		Consolidated	
	Notes	**2010 $'000**	**2009 $'000**
ASSETS			
Current assets			
Cash and cash equivalents	7	49,098	29,680
Receivables	8	13,844	9,155
Inventories	9	11,744	10,521
Other assets	10	28,615	8,172
Total current assets		**103,301**	**57,528**
Non-current assets			
Inventories		37,552	9,393
Exploration, mine property, plant and equipment		221,516	199,700
Deferred tax assets		3,732	4,462
Available-for-sale financial assets		1,071	-
Other assets		1,903	3,890
Total non-current assets		**265,774**	**217,445**
TOTAL ASSETS		**369,075**	**274,973**
LIABILITIES			
Current liabilities			
Payables		15,055	13,665
Provisions		1,003	1,448
Current tax liabilities		3,225	-
Borrowings		10,982	2,103
Total current liabilities		**30,265**	**17,216**
Non-current liabilities			
Provisions		11,157	7,162
Payables		5,909	-
Borrowings		82	41
Deferred tax liabilities		5,619	5,514
Total non-current liabilities		**22,767**	**12,717**
TOTAL LIABILITIES		**53,032**	**29,933**
NET ASSETS		**316,043**	**245,040**
EQUITY			
Parent entity interest			
Contributed equity	10	156,068	129,300
Reserves	11	4,008	4,579
Retained profits	11	155,967	111,161
TOTAL EQUITY		**316,043**	**245,040**

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

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2010

		Attributable to owners of Kingsgate Consolidated Limited			
Consolidated	**Notes**	**Contributed equity $'000**	**Reserves $'000**	**Retained earnings $'000**	**Total equity $'000**
Balance at 1 July 2008		**111,576**	**(9,202)**	**78,639**	**181,013**
Total comprehensive income for the year		-	15,911	32,522	**48,433**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	10	17,724	-	-	**17,724**
General reserve		-	(227)	-	**(227)**
Dividends provided for or paid		-	-	-	-
Movement in share option reserve		-	(1,903)	-	**(1,903)**
Total transactions with owners		**17,724**	**(2,130)**	-	**15,594**
Balance at 30 June 2009		**129,300**	**4,579**	**111,161**	**245,040**
Balance at 1 July 2009		**129,300**	**4,579**	**111,161**	**245,040**
Total comprehensive income for the year		-	1,634	73,066	**74,700**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	10	26,768	-	-	**26,768**
General reserve		-	(822)	822	-
Dividends provided for or paid		-	-	(29,082)	**(29,082)**
Movement in share option reserve	11	-	(1,383)	-	**(1,383)**
Total transactions with owners		**26,768**	**(2,205)**	**(28,260)**	**(3,697)**
Balance at 30 June 2010		**156,068**	**4,008**	**155,967**	**316,043**

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

STATEMENT OF CASH FLOW
For the year ended 30 June 2010

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000
Cash flows from operating activities			
Receipts from customers		172,083	113,015
Payments to suppliers and employees		(119,392)	(87,602)
Interest received		321	998
Finance costs paid		(1,319)	(1,286)
Income tax paid		(5,225)	(7,067)
Net cash inflow / (outflow) from operating activities	14	**46,468**	**18,058**
Cash flows from investing activities			
Payments for exploration and evaluation		(2,355)	(5,983)
Payments for mine properties, plant, equipment and land		(28,840)	(42,198)
Payments for available-for-sale financial assets		(1,071)	-
Net cash inflow / (outflow) from investing activities		**(32,266)**	**(48,181)**
Cash flows from financing activities			
Proceeds from borrowings, net of transaction costs		-	17,000
Repayment of borrowings		-	(17,000)
Proceeds from borrowings - preference shares		8,643	-
Proceeds from the issue of shares		20,423	15,774
Dividends paid		(24,585)	-
Net cash inflow / (outflow) from financing activities		**4,481**	**15,774**
Net increase / (decrease) in cash held		**18,683**	**(14,349)**
Cash at the beginning of the financial year		29,680	40,226
Effects of exchange rate changes on cash and cash equivalents		735	545
Reclassification of other deposits		-	3,258
Cash at the end of the reporting period		**49,098**	**29,680**

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

NOTES TO THE PRELIMINARY FINAL REPORT
For the year ended 30 June 2010

1. Basis of preparation

This report has been prepared in accordance with Appendix 4E of the Australian Stock Exchange Listing Rules and is based on AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views. This financial report related to the consolidated entity consisting of Kingsgate Consolidated Limited and the entities it controlled at the end of, or during, the year ended 30 June 2010. The accounting policies adopted are consistent with those of the previous year.

The Company is of a kind referred to in Class order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

2. Statement about the audit status

This report is based on financial statements that have been audited. The Company does not expect that there will be any qualifications to its financial statements.

3. Revenue

	Consolidated	
	2010 $'000	**2009 $'000**
From continuing operations		
Sales revenue		
Gold sales	165,183	108,065
Silver sales	10,297	4,950
Total sales revenue	**175,480**	**113,015**
Other revenue		
Interest	321	826
Other revenue	297	251
Total other revenue	**618**	**1,077**
Revenue from continuing operations	**176,098**	**114,092**

4. Other Income

	Consolidated	
	2010 $'000	**2009 $'000**
Foreign exchange gains	-	2,432
Total other income	**-**	**2,432**

NOTES TO THE PRELIMINARY FINAL REPORT
For the year ended 30 June 2010

5. Expenses

	Consolidated	
	2010 $'000	**2009 $'000**
Cost of sales	**94,500**	**81,178**
Foreign exchange losses	**2,507**	**-**
Finance costs		
Interest and finance charges paid / payable	1,319	1,130
Rehabilitation provision discount adjustment	227	205
Amortisation and write-off of deferred borrowing costs	277	363
Total finance costs expensed	**1,823**	**1,698**
Write (back) / down of raw materials and stores	**(83)**	**502**
Depreciation and amortisation		
Mine properties	11,442	9,502
Mine buildings, plant and equipment	2,472	1,753
Non-mining property, plant and equipment	181	340
Depreciation capitalised	(91)	(20)
Total depreciation and amortisation	**14,004**	**11,575**
Other expenses from ordinary activities		
Rental expense relating to operating leases	266	220
Business development	1,223	1,163
Investor and community relations	1,216	698
Professional fees	2,527	2,144
Administration	3,615	4,595
Total other expenses from ordinary activities	**8,847**	**8,820**

NOTES TO THE PRELIMINARY FINAL REPORT
For the year ended 30 June 2010

6. Income Tax

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000
a) Income tax expense			
Current tax		12,535	(731)
Deferred tax		(3,250)	1,202
Adjustment for exchange rate		-	64
Income tax expense / (benefit)		**9,285**	**535**
Deferred income tax expense / (revenue) included in income tax expense comprises:			
Decrease / (increase) in deferred tax assets		(3,422)	(754)
Increase / (decrease) in deferred tax liabilities		172	1,956
Deferred tax		**(3,250)**	**1,202**
b) Numerical reconciliation of income tax expense to prima facie tax payable			
Profit / (loss) from continuing operations before income tax		82,351	33,057
Tax at Australian tax rate of 30%		**24,706**	**9,919**
Tax effect of amounts not deductible / assessable in calculating taxable income:			
Non-deductible expenses		924	90
Non-deductible amortisation		1,180	219
Non-deductible interest expense to preference shareholders		199	-
Share-based remuneration		140	(225)
Double deduction of expenses (Thailand)		(1,351)	-
Differences in Thailand tax rates *		(19,332)	(11,344)
Non-temporary differences affecting the tax expense		(297)	-
Temporary differences previously not recognised		(2,748)	-
Temporary differences not recognised for the Australian tax consolidated group		1,313	-
Tax benefit of tax losses not brought to account for the Australian tax consolidated group		2,190	2,607
Withholding tax on dividends from Thailand operations		2,361	-
Prior overprovision of tax		-	(731)
Income tax expense / (benefit)		**9,285**	**535**

* *A 30% tax holiday period existed until November 2009 and a 15% tax holiday period existed from December 2009 to June 2010 for selected BOI activities.*

NOTES TO THE PRELIMINARY FINAL REPORT
For the year ended 30 June 2010

6. Income Tax (continued)

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000
c) Tax losses			
Unused tax losses for which no deferred tax assets has been recognised		15,123	7,705
Potential tax benefit at 30%		**4,537**	**2,312**
d) Unrecognised temporary differences			
Temporary differences relating to the Kingsgate tax consolidated group for which no deferred tax asset has been recognised		1,220	-
Tax at Australian tax rate of 30%		**366**	-

No deferred tax liabilities have been recognised in respect of undistributed earnings of Akara Mining Limited which, if paid out as dividends, would be subject to a withholding tax of 10%. An assessable temporary difference exists, however no deferred tax liabilities have been recognised as the parent entity is able to control the timing of distributions from this subsidiary and it is not expected to distribute these profits in the foreseeable future.

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

Subject to meeting BOI conditions and based on an annual production limit of 178,416 ounces of gold and 583,733 ounces of silver, Akara Mining Limited's Chatree Gold Mine is entitled to:

(a) an 8 year full corporate tax holiday commencing at first gold pour on metal sales. The full tax holiday expired in November 2009;

(b) a further 5 year half tax holiday following a) above (at 15% tax rate); and

(c) other benefits.

The start of the promotion period was 27 November 2001.

Akara Mining Limited also received on 18 June 2010 a BOI promotion for the Chatree North gold processing plant that is currently under construction.

Based on an annual production limit from the new processing plant of 185,200 ounces of gold and 1,080,400 ounces of silver, Akara Mining Limited is entitled to:

(a) an 8 year tax holiday on income derived from the new processing plant with tax savings limited to the capital cost of the new treatment plant;

(b) 25% investment allowance on the capital cost of the new processing plant; and

(c) other benefits.

NOTES TO THE PRELIMINARY FINAL REPORT
For the year ended 30 June 2010

6. Income Tax (continued)

Tax consolidation legislation in Australia
Kingsgate Consolidated Limited and its wholly-owned Australian subsidiary have implemented the tax consolidation legislation as of 1 July 2003. The accounting policy in relation to this legislation is set out in Note 1(*f*).

On adoption of the tax consolidation legislation, the entities in the tax consolidated Group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly-owned entities in the case of default by the head entity, Kingsgate Consolidated Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Kingsgate Consolidated Limited for any current tax payable assumed and are compensated for any current tax receivable and deferred assets relating to the unused tax losses or unused tax credits that are transferred to Kingsgate Consolidated Limited under the tax legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amount receivable / payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

7. Controlled entities acquired or disposed of

None.

8. Details of aggregate share of profits / losses of Associated and Joint Venture entities

There are no associates or joint venture entities associated with the Consolidated entities.

NOTES TO THE PRELIMINARY FINAL REPORT
For the year ended 30 June 2010

9. Segment Information

Management has determined the operating segments be based on a geographical perspective, identifying two reportable segments, being Asia Pacific and South America.

The Group operates exclusively in one business segment of gold mining and exploration.

		Consolidated	
	Gold mining and exploration	**2010 $'000**	**2009 $'000**
Sales to external customers:	Asia Pacific	176,098	114,092
Other revenue:	Asia Pacific	-	-
Total revenue		**176,098**	**114,092**
Segment results:			
Profit / (loss) before tax:	Asia Pacific	82,553	33,815
	South America	(202)	(758)
Total profit / (loss) before tax		**82,351**	**33,057**
Income tax:	Asia Pacific	(9,285)	(535)
	South America	-	-
Total income tax		**(9,285)**	**(535)**
Profit / (loss) after tax:	Asia Pacific	73,268	33,280
	South America	(202)	(758)
Total profit / (loss) after tax		**73,066**	**32,522**
Segment assets:	Asia Pacific	369,026	274,906
	South America	49	67
Total segment assets		**369,075**	**274,973**
Segment liabilities:	Asia Pacific	53,022	29,927
	South America	10	6
Total segment liabilities		**53,032**	**29,933**

NOTES TO THE PRELIMINARY FINAL REPORT
For the year ended 30 June 2010

10. Contributed Equity

	2010 Number of shares	2009 Number of shares	2010 $'000	2009 $'000
Share capital				
Ordinary shares fully paid	**99,995,783**	96,136,392	**156,068**	129,300

Movements in ordinary share capital:

Date	Details	Notes	Number of Shares	$'000
01 July 2009	**Opening balance**		**96,136,392**	**129,300**
31 July 2009	Options exercised	(a)	26,667	192
26 August 2009	Options exercised	(a)	10,200	63
28 August 2009	Options exercised	(a)	18,000	112
02 September 2009	Options exercised	(a)	37,900	235
18 September 2009	Options exercised	(a)	23,506	146
23 September 2009	Dividend reinvestment plan	(b)	252,670	1,908
01 October 2009	Options exercised	(a)	60,000	377
09 November 2009	Options exercised	(a)	10,600	66
10 November 2009	Options exercised	(a)	16,667	120
13 November 2009	Options exercised	(a)	146,666	1,073
17 November 2009	Options exercised	(a)	100,000	835
19 November 2009	Options exercised	(a)	150,000	1,403
23 November 2009	Options exercised	(a)	160,000	1,061
24 November 2009	Options exercised	(a)	225,000	1,602
30 November 2009	Options exercised	(a)	60,000	442
02 December 2009	Options exercised	(a)	9,000	64
25 February 2010	Options exercised	(a)	110,000	544
04 March 2010	Options exercised	(a)	100,000	637
16 March 2010	Dividend reinvestment plan	(b)	288,901	2,589
21 May 2010	Options exercised	(a)	34,080	216
10 June 2010	Options exercised	(a)	19,534	124
30 June 2010	Options exercised	(a)	2,000,000	12,889
30 July 2009	Options expired / lapsed	(c)	-	39
30 November 2009	Options expired / lapsed	(c)	-	31
30 June 2010	**Closing balance**		**99,995,783**	**156,068**

NOTES TO THE PRELIMINARY FINAL REPORT
For the year ended 30 June 2010

10. Contributed Equity (continued)

a) Share options exercised
3,317,820 fully paid ordinary shares were issued following the exercise of the same number of options.

b) Dividend reinvestment plan
541,571 fully paid ordinary shares were issued under the dividend reinvestment plan.

c) Share options expired / lapsed
$70,000 worth of options expired during 2010 due to staff resignations (representing 86,666 options).

11. Reserves and Retained Profits

	Notes	Consolidated	
		2010 $'000	2009 $'000
(a) Reserves			
Foreign currency translation reserve		2,032	398
General reserve		-	823
Share-based payment reserve		1,976	3,358
Total reserves		**4,008**	**4,579**
Movements:			
Foreign currency translation reserve			
At the beginning of the financial year		398	(15,513)
Net exchange differences on translation of foreign controlled entities		1,634	12,377
Deferred tax		-	3,534
At the end of financial year		**2,032**	**398**
General reserve			
At the beginning of the financial year		823	1,050
Net change		(823)	(227)
At the end of the financial year		**-**	**823**
Share-based payment reserve			
At the beginning of the financial year		3,358	5,261
Employee share options - value of employee services		68	180
Employee share options - options issued to employees of subsidiaries		257	648
Contractor share options		141	290
Director share options		-	(1,220)
Transfer to share capital (options exercised)		(1,848)	(1,801)
At the end of the financial year		**1,976**	**3,358**

NOTES TO THE PRELIMINARY FINAL REPORT
For the year ended 30 June 2010

11. Reserves and Retained Profits (continued)

Foreign currency translation reserve
Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 1(*d)*.

Available-for-sale investment revaluation reserve
Changes in the fair value of investments classified as available-for-sale financial assets are taken to the available-for-sale investment revaluation reserve, as described in Note 1(*m) (iii*).

Share-based payments reserve
The share-based payments reserve is used to recognise the fair value of options issued but not exercised.

(b) Retained profits

	Consolidated	
	2010 $'000	**2009 $'000**
Movements in retained profits were as follows:		
Retained profits at the beginning of the financial year	111,161	78,639
Transfer to retained earnings	822	-
Net profit attributable to members of Kingsgate Consolidated Limited	73,066	32,522
Dividends paid	(29,082)	-
Retained profits at the end of the financial year	**155,967**	**111,161**

12. Net tangible asset backing

	2010	**2009**
Net tangible asset backing per ordinary shares; $ / per share	3.16	2.55

13. Dividends

A dividend of 20 cents per share was declared on 27 August 2010 with respect to the year end 30 June 2010. The record date is 10 September 2010 and the dividend will be paid on 24 September 2010.

NOTES TO THE PRELIMINARY FINAL REPORT
For the year ended 30 June 2010

14. Cash flow information

RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Consolidated	
	2010 $'000	**2009 $'000**
Profit / (loss) for the year	73,066	32,522
Depreciation and amortisation	14,095	11,575
Share-based payments	466	(102)
Gain / (loss) on disposal of property, plant and equipment	281	889
Write off of exploration cost capitalised	352	294
Provision for discount adjustment	227	-
Write back of inventories provision	(83)	-
Amortisation and write off of deferred borrowing costs	277	-
Net exchange differences	898	(8,928)
Change in operating assets and liabilities		
(Increase) / decrease in trade debtors	(3,694)	-
(Increase) / decrease in debtors	3,236	(4,278)
(Increase) / decrease in inventories	(29,299)	(15,320)
(Increase) / decrease in future income tax benefit	(3,596)	3,717
(Increase) / decrease in other operating assets	(18,456)	(5,137)
Increase / (decrease) in current tax liabilities	3,225	(7,798)
Increase / (decrease) in creditors	367	6,348
Increase / (decrease) in provisions	675	3,256
Increase / (decrease) in deferred tax liabilities	4,431	1,020
Net cash inflow / (outflow) from operating activities	**46,468**	**18,058**

NOTES TO THE PRELIMINARY FINAL REPORT
For the year ended 30 June 2010

15. Events occurring after reporting date

During July and August 2010, 738,333 employee options were exercised raising $3.2 million.

In July 2010, the Group exercised an option to call the preference shares held by Sinphum Co., Ltd, the Thai preference shareholder in Akara Mining Limited pursuant to the shareholders' agreement between the Group and Sinphum Co., Ltd. This transaction will facilitate the process for the initial public offering of Akara Mining Limited on the Stock Exchange of Thailand ('IPO") (see more details below). In compliance with the shareholders' agreement, Sinphum Co., Ltd. will receive a premium of Baht 43 million ($1.5 million) in excess of the par value of the preference shares being Baht 265 million ($9.5 million). As of the date of this report, Sinphum Co., Ltd. has not complied with the notice to call the preference shares. The Group is in discussion with Sinphum Co., Ltd. with regard to Sinphum Co., Ltd. meeting its obligations under the shareholders' agreement and any delay to Sinphum Co., Ltd. meeting its obligations may impact the timing of any decision by the Group to implement the IPO.

Akara Mining Limited signed a construction contract for the Chatree North gold processing plant with the global diversified engineering and project management group, Ausenco Limited, on 13 August 2010.

Akara Mining Limited signed a 5 year mining contract with Lotus Hall Mining on 19 August 2010.

A dividend of 20 cents per share was declared on 27 August 2010 with respect to the year end 30 June 2010. The record date is 10 September 2010 and the dividend will be paid on 24 September 2010.

16. Earnings per share

	Consolidated	
	2010 Cents	**2009 Cents**
Basic earnings per share	75.2	34.9
Diluted earnings per share	74.5	34.9
	$'000	**$'000**
Net profit / (loss) used to calculate basic and diluted earnings per share	73,066	32,522
	Number	**Number**
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	97,164,748	93,117,150
Adjustment for calculation of diluted earnings per share: option	863,156	95,955
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**98,027,904**	**93,213,105**

Options

Options granted to employees and Directors are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. The options have not been included in the determination of basic earnings per share.

KINGSGATE CONSOLIDATED LIMITED

Directors' Report and Financial Statements

For the Year Ended 30 June 2010

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DIRECTORS' REPORT
30 June 2010

Your Directors present their report on the Group consisting of Kingsgate Consolidated Limited and the entities it controlled at the end of, or during, the year ended 30 June 2010.

Directors

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

Ross Smyth-Kirk	Chairman
Peter McAleer	Non-executive director
Craig Carracher	Non-executive director
Gavin Thomas	Executive director

Principal activities

The principal continuing activities of Kingsgate Consolidated Limited were mining in Thailand and mineral exploration in Australia and Thailand. There have been no other significant changes in the principal activities of the Group during the financial year.

Dividends

Dividends paid to members during the financial year were as follows:

	Consolidated	
	2010 $'000	**2009 $'000**
Final dividend declared for the year ended 30 June 2009 of 15 cents per fully paid share payable on 23 September 2009	14,434	-
Interim dividend declared for the year ended 30 June 2010 of 15 cents per fully paid share payable on 16 March 2010	14,648	-
Total dividends paid	**29,082**	**-**

Review of operations and results

The following table shows the Group's performance over the last 5 years. The profit for 2010 was a result of the first full fiscal year of production since the Chatree North Mining Leases were granted in late 2008. The Chatree Mine operated by the Company's Thai subsidiary, Akara Mining Limited, mined 6.6 million tonnes of gold bearing ore and treated 2.7 million tonnes of gold bearing ore during the year which produced 132,628 ounces of gold and 549,522 ounces of silver. The Group continues to have a major commitment to exploration within Thailand.

	2010	**2009**	**2008**	**2007**	**2006**
Net Profit/(Loss) After Tax ($'000)	73,066	32,522	36,197	(12,590)	16,662
Dividends Paid (Cash & DRP) ($'000)	29,082	-	-	4,513	8,669
Share Price 30 June ($)	9.47	6.70	5.23	5.55	5.14
Basic Earnings Per Share (Cents)	75.2	34.9	51.7	(17.3)	19.3
Diluted Earnings Per Share (Cents)	74.5	34.9	51.5	(17.3)	19.3

During the year 541,571 shares were issued under the Group's dividend reinvestment plan contributing $4.5 million of equity. In addition, 3,317,820 options were exercised at various prices for $22.2 million equity.

Significant change in the state of affairs

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

Matters subsequent to the end of the financial year

During July and August 2010, 738,333 employee options were exercised raising $3.2 million.

In July 2010, the Group exercised an option to call the preference shares held by Sinphum Co., Ltd, the Thai preference shareholder in Akara Mining Limited pursuant to the shareholders' agreement between the Group and Sinphum Co., Ltd. This transaction will facilitate the process for the initial public offering of Akara Mining Limited on the Stock Exchange of Thailand ('IPO") (see more details below). In compliance with the shareholders' agreement, Sinphum Co., Ltd. will receive a premium of Baht 43 million ($1.5 million) in excess of the par value of the preference shares being Baht 265 million ($9.5 million). As of the date of this report, Sinphum Co., Ltd. has not complied with the notice to call the preference shares. The Group is in discussion with Sinphum Co., Ltd. with regard to Sinphum Co., Ltd. meeting its obligations under the shareholders' agreement and any delay to Sinphum Co., Ltd. meeting its obligations may impact the timing of any decision by the Group to implement the IPO

Akara Mining Limited signed a construction contract for the Chatree North gold processing plant with the global diversified engineering and project management group, Ausenco Limited, on 13 August 2010.

Akara Mining Limited signed a 5 year mining contract (based on the current mine plan) with Lotus Hall Mining on 19 August 2010.

A dividend of 20 cents per share was declared on 27 August 2010 with respect to the year end 30 June 2010. The record date is 10 September 2010 and the dividend will be paid on 24 September 2010.

No other matter or circumstance has arisen since 30 June 2010 that has significantly affected, or may significantly affect:

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

Likely developments and expected results of operations

The Group is considering an IPO of 51% of Akara Mining Limited on the Stock Exchange of Thailand as part of an overall strategy to diversify the Group as a one mine one country entity. In conjunction with a decision to implement the IPO, the Group is reviewing possible mergers and acquisitions at all levels of the development pipeline within the gold resources sector.

Other developments of the Group in the subsequent financial year include the expansion of the treatment plant to a nominal capacity of 5 million tonnes per annum, continuation of the expanded exploration programme both near mine site and regionally within identified mineralised areas, and further increases in Mineral Resources and Ore Reserves.

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

Environmental regulation

The Group is subject to environmental regulation in respect to its gold mining operations and exploration activities in Australia, Thailand, Argentina, Chile and Peru. For the year ended 30 June 2010, the Group has operated within all environmental laws and there were no known contraventions at the date of this report.

Directors' attendance at meetings (1 July 2009 to 30 June 2010)

	Appointed	Independent	Board	Audit Committee	Nomination Committee	Remuneration Committee
Meetings Held:			13	2	2	1
Meetings Attended:						
Ross Smyth-Kirk	1994	Yes	13	2	2	1
John Falconer **	1995	Yes	5	1	-	-
Peter McAleer	2000	Yes	13	2	2	1
Craig Carracher	2007	Yes	13	2	2	1
Gavin Thomas	2007	No	13	2	2	1

** Resigned 27 August 2009

During the financial year, thirteen Board meetings, two Audit Committee meetings, two Nomination Committee meetings and one Remuneration Committee meeting were held. The table above shows information on Board members and their attendance (including by telecommunication) during the year.

Information on Directors

Ross Smyth-Kirk, B Com, CPA, F Fin, Age 63

Chairman

Ross Smyth-Kirk was a founding Director of the former leading investment management company, Clayton Robard Management Limited and has had extensive experience over a number of years in investment management including a close involvement with the minerals and mining sectors. He was appointed to the Board on 29 November 1994 and has been a Director of a number of companies over the past 30 years in Australia and the UK. Mr. Smyth-Kirk was previously Chairman of the Australian Jockey Club Limited.

Responsibilities: Chairman of the Board, member of the Audit Committee and Chairman of the Remuneration Committee and Nomination Committee.

Peter McAleer, B Com (Hons), B L (Kings Inn – Dublin, Ireland), Age 67

Non-executive director

Peter McAleer is Chairman of Latin Gold Limited and a director of Kenmare Resources Plc (Ireland). Previously, he was a Director and Chief Executive Officer of Equatorial Mining Limited and a Director of Minera El Tesoro (Chile).

Responsibilities: Member of the Audit Committee, Remuneration Committee and Nomination Committee.

Craig Carracher, LLB (Sydney), BCL (Oxford), Age 44

Non-executive director

Craig Carracher brings considerable relevant Thai experience having been managing partner of an international law firm based in Thailand for many years. Mr. Carracher has held numerous directorships of listed and private groups throughout Asia and was previously Group General Counsel with Consolidated Press Holdings Limited, Special Advisor to the Chairman of the Australian Securities and Investment Commission and Associate to the former Chief Justice of the Supreme Court of New South Wales. Mr. Carracher is Managing Director of Telopea Capital Partners, an Asia focussed private equity and advisory group with offices in Sydney, Beijing and Hong Kong. Mr. Carracher is also a non-executive director of the ASX listed Sunland Group Limited.

Responsibilities: Chairman of the Audit Committee, member of the Nomination and Remuneration Committees.

Gavin Thomas, BSc FAusIMM, Age 59

Managing Director

Gavin Thomas has had a successful career in developing mining companies from the exploration phase into mid-tier gold and/or copper production entities. He has over 39 years of international experience in exploring for, evaluating, developing, operating and reclaiming mines in North America, South America, Australia, the Southwest Pacific, Asia and Europe. Amongst other things he was credited with the discovery of the Lihir gold deposit in Papua New Guinea, one of the largest gold deposits in the world. In particular he has extensive experience in Thailand, Southwest Pacific and South America. Mr. Thomas is currently a Director of Mercator Minerals Limited.

Responsibilities: Managing Director and Chief Executive Officer.

Company Secretary

The Company Secretary is Peter Warren. Mr. Warren was appointed to the position of Company Secretary in 2006. Before joining Kingsgate Consolidated Limited he held similar positions with listed and unlisted public companies for 18 years.

Responsibilities: Chief Financial Officer.

Remuneration report

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation
E Additional information

The information provided in this report has been audited as required by section 308 (3c) of the *Corporations Act 2001*.

A Principles used to determine the nature and amount of remuneration

The Group's policy for determining the nature and amount of emoluments of Board members and senior executives is set by the Board's Remuneration Committee. The Committee makes recommendations to the Board concerning the remuneration of executive and non-executive Directors having regard to the Group's stage of development, remuneration in the industry and performance.

The objectives of this policy are:

- to motivate executive management to manage and lead the business successfully and to drive strong long term organisational growth in line with the Company's strategy and business objectives;
- to encourage executives to align their interest with those of shareholders;
- to encourage executives to perform to their fullest capacity;
- to make sure that there is transparency and fairness in executive remuneration policy and practices;
- to deliver a balanced solution addressing all elements of remuneration;
- to make sure appropriate superannuation arrangements are in place for executives;
- to be competitive and cost effective in the current employment market; and
- to contribute to appropriate attraction and retention strategies for executives.

In consultation with external remuneration consultants, the Group seeks to structure an executive remuneration programme that is market competitive and complimentary to the reward strategy of the organisation.

The programme is intended to provide a mix of fixed and variable pay, and a blend of short and long-term incentives, as appropriate. As executives gain seniority with the Group, the balance of this mix shifts to a higher proportion of "at risk" rewards.

Non-executive Directors
The aggregate remuneration of Directors is set by shareholders in general meeting, in accordance with the Constitution of the Company, with individual Director's remuneration determined by the Board within the aggregate total. In determining the level of fees, data from surveys undertaken by outside consultants is taken into account. The aggregate amount of non-executive Directors' fees approved by shareholders on 13 November 2008 is $1,000,000.

The level of non-executive Director remuneration is to be set so as to attract the best candidates for the Board while maintaining a level commensurate with boards of similar size and type.

The Board also has regard to the advice of independent remuneration consultants to ensure non-executive Directors' fees and payments are appropriate and in line with the market.

The Chairman's fees are determined independently to the fees of non-executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

Retirement allowances for Directors
There are no retirement allowances for non-executive Directors.

Executive pay
The executive pay and reward programme is comprised of three components:

- Base pay and benefits, including superannuation
- Short-term performance incentives and
- Long-term incentives through participation in an option plan.

The combination of these comprises the executive's total remuneration.

Base pay
This is structured as a total employment cost package which may be delivered as a mix of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases fixed in any senior executives' contracts.

Benefits
Executives may receive benefits including car allowances and car parking.

Short-term incentives
Short-term bonus payments are made to executives at the discretion of the Remuneration Committee.

Long-term incentives
Long-term incentives are provided to certain employees through the issue of options to acquire Kingsgate shares. Options are issued to employees to provide long-term incentives for employees to deliver long-term shareholder returns.

In general, the options vest over 3 years and the executive must still be employed by the Group. The options expire 5 years from the date of issue. The exercise price of the options is at a premium to the market price of Kingsgate shares at the date of grant.

B Details of remuneration

Amounts of remuneration
Details of the remuneration of the Directors, the key management personnel of the Group (as defined in AASB 124 Related Party Disclosures) and specified executives of Kingsgate Consolidated Limited and the Kingsgate Consolidated Limited Group are set out in the following tables.

The key management personnel of the Group are the Directors of Kingsgate Consolidated Limited (see pages 3 to 4) and those executives that report directly to the Managing Director being:

- Peter Warren – Company Secretary and Chief Financial Officer
- Phil MacIntyre – Chief Operating Officer, Akara Mining Limited
- Stephen Promnitz – Corporate Development Manager
- Ron James – General Manager Exploration and Resource Development.

In addition, the following person must be disclosed under the *Corporations Act 2001* as he is among the 5 highest remunerated Group executives:

- Genesio Circosta – Country Exploration Manager, Thailand.

Key management personnel of the Group and other executives of the Company and the Group

2010	Short-term benefits			Post-employment benefits		Share-based payment	
Name	**Cash salary and fees $**	**Cash bonus $**	**Non-monetary benefits $**	**Super-annuation $**	**Retirement benefits $**	**Options $**	**Total $**
Non-executive directors							
Ross Smyth-Kirk	160,000	-	2,120	14,400	-	-	176,520
John Falconer**	25,000	-	-	2,250	-	-	27,250
Peter McAleer*	100,000	-	-	-	-	-	100,000
Craig Carracher	100,000	-	-	10,800	-	-	110,800
Total non-executive directors compensation	**385,000**	**-**	**2,120**	**27,450**	**-**	**-**	**414,570**
Executive director							
Gavin Thomas	850,000	-	36,855	50,000	-	-	936,855
Other key management personnel							
Peter Warren^ #	435,000	-	8,277	49,863	-	34,246	527,386
Phil MacIntyre^	675,171	-	11,672	-	-	50,861	737,704
Stephen Promnitz^ #	375,000	-	-	25,000	-	-	400,000
Ron James^ #	551,200	-	-	-	-	27,126	578,326
Total key management personnel compensation	**2,886,371**	**-**	**56,804**	**124,863**	**-**	**112,233**	**3,180,271**
Other group executives							
Genesio Circosta^	341,920	-	1,847	-	-	-	343,767
Total other group executives compensation	**341,920**	**-**	**1,847**	**-**	**-**	**-**	**343,767**

* Consulting fees of $100,000 (2009: $100,000) were paid or payable to Norwest Mining Consultants Ltd, of which Peter McAleer is an officer and director.

^ Denotes one of the 5 highest paid executives of the Group, as required to be disclosed under the *Corporations Act 2001*.

# Denotes one of the 3 highest paid executives of the Company, as required to be disclosed under the *Corporations Act 2001*.

** Resigned 27 August 2009.

Key management personnel of the Group and other executives of the Company and the Group

2009	**Short-term benefits**			**Post-employment benefits**		**Share-based payment**	
Name	**Cash salary and fees $**	**Cash bonus $**	**Non-monetary benefits $**	**Super-annuation $**	**Retirement benefits $**	**Options $**	**Total $**
Non-executive directors							
Ross Smyth-Kirk	160,000	-	4,290	14,400	-	(488,000)+	(309,310)
John Falconer	100,000	-	-	9,000	-	(244,000)+	(135,000)
Peter McAleer*	100,000	-	-	-	-	(244,000)+	(144,000)
Craig Carracher	100,000	-	-	-	-	(244,000)+	(144,000)
Total non-executive directors compensation	**460,000**	**-**	**4,290**	**23,400**	**-**	**(1,220,000)**	**(732,310)**
Executive director							
Gavin Thomas	800,004	400,000	30,440	99,996	-	-	1,330,440
Other key management personnel							
Peter Warren^ #	375,000	200,000	9,800	108,492	-	140,461	833,753
Phil MacIntyre^	701,565	113,634	11,861	-	-	105,109	932,169
Stephen Promnitz^ #	368,623	-	2,563	31,377	-	2,821	405,384
Ron James^ #	350,100	50,000	3,767	-	-	56,058	459,925
Total key management personnel compensation	**3,055,292**	**763,634**	**62,721**	**263,265**	**-**	**(915,551)**	**3,229,361**

* Consulting fees of $100,000 (2008: $86,667) were paid or payable to Norwest Mining Consultants Ltd, of which Peter McAleer is an officer and director.

^ Denotes one of the 4 highest paid executives of the Group, as required to be disclosed under the *Corporations Act 2001*.

# Denotes one of the 3 highest paid executives of the Company, as required to be disclosed under the *Corporations Act 2001*.

+ The options were revalued following shareholders approval in general meeting.

C Service agreements

Remuneration and other terms of employment for the Chief Executive Officer and the other key management personnel are formalised in service agreements. Each of these agreements provide for the provision of performance-related cash bonuses, other benefits including car allowances and car parking, and participation, when eligible, in share and incentive plans. Other major provisions of the agreements relating to remuneration are set out below.

Gavin Thomas – Chief Executive Officer / Managing Director
- Term of agreement – 3 years commencing on 1 July 2008.
- Base salary, inclusive of superannuation, as at 30 June 2010 of $900,000 to be reviewed annually by the Remuneration Committee.
- The agreement may be terminated early by the Company, other than for gross misconduct with one month notice. Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equals the base salary for the remaining term of the agreement.

Peter Warren – Chief Financial Officer / Company Secretary
- Term of agreement – 3 years commencing on 1 July 2008.
- Base salary, inclusive of superannuation, as at 30 June 2010 of $475,000 to be reviewed annually by the Remuneration Committee.
- The agreement may be terminated early by the Company, other than for gross misconduct with one month notice. Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to base salary for the remaining term of the agreement.

Phil MacIntyre – Chief Operating Officer, General Manager, Akara Mining Limited
- Term of agreement – 3 years commencing on 1 July 2008.
- Base salary as at 30 June 2010 of Canadian $408,660 net of applicable tax to be reviewed annually by the Remuneration Committee.
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to 6 months base salary plus one month base salary for each completed year of service.

Stephen Promnitz – Corporate Development Manager
- Term of agreement – No fixed term.
- Base salary, inclusive of superannuation, as at 30 June 2010 of $400,000 to be reviewed annually by the Remuneration Committee.
- No termination or bonus payments.

Ron James – General Manager, Exploration and Resource Development
- Term of agreement – 3 years commencing on 1 July 2008.
- Base salary as at 30 June 2010 of $120,000 plus $2,000 per day for each day or part thereof worked in excess of 5 days in any calendar month.

Genesio Circosta – Country Exploration Manager, Thailand
- Term of agreement – 3 years commencing on 7 July 2009.
- The Company has the discretion to extend the contract for a further 12 months beyond the 3 years.
- Base salary, as at 30 June 2010 of $245,000 net of applicable tax to be reviewed annually by the Remuneration Committee.
- No termination or bonus payments.

D Share-based compensation

Options

Options are issued to executives to provide long-term incentives for executives to deliver long-term shareholder returns. In general, the options vest over 3 years and the executive must still be employed by the Group. The options expire 5 years from the date of issue. The exercise price of the options is at a premium to the market price of Kingsgate shares at the date of grant.

The options are issued pursuant to Board's discretion and no individual has a contractual right to receive options or any guaranteed benefits. The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods is as follows:

Grant date	Expiry date	Exercise price	Value per option at grant date	Date vested and exercisable
08 July 2005	01 April 2010	$2.69	$0.36	100% on 07 July 2005
08 July 2005	01 July 2010	$4.00	$0.39 $0.43 $0.47	36% on 01 July 2006 36% on 01 July 2007 28% on 01 July 2008
08 July 2005	01 July 2010	$5.00	$0.25 $0.29 $0.33	36% on 01 July 2006 36% on 01 July 2007 28% on 01 July 2008
08 July 2005	01 July 2010	$6.00	$0.17 $0.21 $0.24	36% on 01 July 2006 36% on 01 July 2007 28% on 01 July 2008
08 July 2005	01 July 2010	$7.00	$0.11 $0.15 $0.18	36% on 01 July 2006 36% on 01 July 2007 28% on 01 July 2008
13 October 2005	26 October 2010	$3.00	$1.52	100% on 26 October 2005
13 October 2005	26 October 2010	$4.00	$1.15 $1.24	50% on 01 November 2006 50% on 01 November 2007
13 October 2005	26 October 2010	$5.00	$0.85 $0.94	50% on 01 November 2006 50% on 01 November 2007
13 October 2005	26 October 2010	$6.00	$0.63 $0.72	50% on 01 November 2006 50% on 01 November 2007
13 October 2005	01 August 2010	$3.25	$1.44 $1.51 $1.58	50% on 01 August 2006 25% on 01 August 2007 25% on 01 August 2008
13 October 2005	01 August 2010	$4.00	$1.12 $1.21 $1.29	50% on 01 August 2006 25% on 01 August 2007 25% on 01 August 2008
13 October 2005	01 August 2010	$5.00	$0.80 $0.90 $0.99	50% on 01 August 2006 25% on 01 August 2007 25% on 01 August 2008
13 October 2005	01 August 2010	$6.00	$0.58 $0.68 $0.77	50% on 01 August 2006 25% on 01 August 2007 25% on 01 August 2008
13 October 2005	01 August 2010	$7.00	$0.43 $0.52 $0.61	50% on 01 August 2006 25% on 01 August 2007 25% on 01 August 2008
07 July 2006	01 July 2011	$5.50	$1.60 $1.73 $1.84	33% on 01 July 2007 33% on 01 July 2008 34% on 01 July 2009
07 July 2006	01 July 2011	$6.00	$1.46 $1.59 $1.71	33% on 01 July 2007 33% on 01 July 2008 34% on 01 July 2009
07 July 2006	01 July 2011	$7.00	$1.22 $1.36 $1.48	33% on 01 July 2007 33% on 01 July 2008 34% on 01 July 2009
07 July 2006	01 July 2011	$8.00	$1.22 $1.36 $1.48	33% on 01 July 2007 33% on 01 July 2008 34% on 01 July 2009
04 April 2008	03 April 2013	$6.00	$1.21 $1.36 $1.50	33% on 03 April 2009 33% on 03 April 2010 34% on 03 April 2011
04 April 2008	03 April 2013	$6.00	$0.37	100% on 21 November 2008
04 April 2008	03 April 2013	$7.00	$0.30	100% on 21 November 2008

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share. Once vested the options may be exercised at any time. The exercise price is based on the Company's share price at the time of grant and usually includes a premium. Option holders may not enter into any transactions designed to remove the "at risk" aspect of the instrument before it vests.

Details of options over ordinary shares in the Company provided as remuneration to each of the key management personnel of the parent entity and Group are set out below. When exercisable, each option is convertible into one ordinary share of Kingsgate Consolidated Limited. Further information on the options is set out in Note 25 to the financial statements.

Name	Number of options granted during the year	Value of options at grant date	Number of options vested during the year	Number of options lapsed during the year	Value at lapse date
Directors of Kingsgate Consolidated Limited					
Ross Smyth-Kirk	-	-	-	-	-
John Falconer **	-	-	-	-	-
Peter McAleer	-	-	-	-	-
Craig Carracher	-	-	-	-	-
Gavin Thomas	-	-	-	-	-
Key management personnel of the Group					
Peter Warren	-	-	166,999	-	-
Phil MacIntyre	-	-	50,000	-	-
Stephen Promnitz	-	-	-	-	-
Ron James	-	-	26,667	-	-

** Resigned 27 August 2009

The expected price volatility is based on the historic volatility adjusted for any expected changes to future volatility due to publicly available information.

Shares provided on exercise of remuneration options

Details of ordinary shares in the Company provided as a result of the exercise of remuneration options to each Director of Kingsgate Consolidated Limited and other key management personnel of the Group are set out below.

Name	Date of exercise of options	Number of ordinary shares issued on exercise of options during the year	Intrinsic value at exercise date * $
Directors of Kingsgate Consolidated Limited			
Craig Carracher	04 March 2010	100,000	314,000
Gavin Thomas	25 February 2010 30 June 2010	60,000 2,000,000	360,600 6,440,000
Key management personnel of the Group			
Peter Warren	13 November 2009 17 November 2009 19 November 2009	100,000 100,000 150,000	364,000 258,000 258,000
Phil MacIntyre	23 November 2009 25 February 2010	100,000 50,000	445,000 135,000
Stephen Promnitz	24 November 2009	225,000	730,000
Ron James	01 October 2009	60,000	163,200

* The value at the exercise date of options that were granted as part of remuneration and were exercised during the year, has been determined as the intrinsic value being the difference between the fair value of shares and the price that a counterparty is required to pay for those shares.

E Additional information

Principles used to determine the nature and amount of remuneration: relationship between remuneration and Company performance

The overall level of executive reward takes into account the performance of the Group over a number of years, with greater emphasis given to the current and prior year. Emphasis is also placed on the level of executive remuneration paid by the Company peers in the Australian gold industry.

Details of remuneration: cash bonus and options

For each bonus and grant of options included in the tables on pages 8 to 9 and 12 to 15, the percentage of the available bonus or grant that was paid or that was vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonus is payable in future years. The options vest over a 3 year period and will vest if the executive remains an employee of the Company on the vesting date and the options will vest immediately if the executive's employment is terminated as a result of a change in control of the Company. No options will vest if the above conditions are not satisfied, hence the minimum value of the options yet to vest is nil.

The maximum value of the options yet to vest has been determined assuming the share price on the date the options are exercised and will not exceed $6.00 for options issued in April 2008.

	Cash Bonus		Options				
Name	**Paid** **%**	**Forfeited** **%**	**Year granted**	**Vested** **%**	**Forfeited** **%**	**Financial years in which the options may vest** **$**	**Maximum total value of grant yet to vest** **$**
Gavin Thomas	-	-	2006	100	-	-	-
Peter Warren	-	-	2007	100	-	-	-
			2008	67	-	2009	-
					-	2010	-
					-	2011	201,996
Phil MacIntyre	-	-	2006	100	-	-	-
			2008	67	-	2009	-
					-	2010	-
					-	2011	300,000
Stephen Promnitz	-	-	2006	100	-	-	-
Ron James	-	-	2006	100	-	-	-
			2008	67	-	2009	-
					-	2010	-
					-	2011	159,996

Share-based compensation: options

The terms and conditions of each grant of options affecting remuneration in this or future reporting periods are in accordance with the Kingsgate Executive Option Plan. For details of these plans and the valuation of options, including models and assumptions used, please refer to Note 25.

Name	A Remuneration consisting of options %	B Value at grant date $	C Value at exercise date $	D Value at lapse date $
Gavin Thomas	-	624,400	411,000	-
Peter Warren	6.5	720,190	499,666	-
Phil MacIntyre	6.9	358,000	139,000	-
Stephen Promnitz	-	311,250	127,438	-
Ron James	4.7	191,483	47,100	-

A. The percentage of the value of remuneration consisting of options, based on the value of options expensed during the current year.
B. The value at grant date calculated in accordance with AASB 2 Share-based Payment of options granted during the years as part of remuneration.
C. The value at exercise date of options that were granted as part of remuneration and were exercised during the year.
D. The value at lapse date of options that were granted as part of remuneration and that lapsed during the year because a vesting condition was not satisfied. The value is determined at the time of lapsing, but assuming the condition was satisfied.

Shares under options

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

Date of grant	Number of options	Terms
08 July 2005	500,000	$4.00 expiring 01 July 2010
13 October 2005	25,000	$3.25 expiring 01 August 2010
13 October 2005	50,000	$4.00 expiring 01 August 2010
13 October 2005	100,000	$5.00 expiring 01 August 2010
07 July 2006	50,000	$6.00 expiring 01 July 2011
04 April 2008	179,180	$4.68 expiring 01 April 2013
04 April 2008	1,126,334	$6.00 expiring 01 April 2013
04 April 2008	500,000	$7.00 expiring 01 April 2013

Shares issued on the exercise of options

In 2010:

- 60,000 options were exercised at $2.69;
- 154,820 options were exercised at $4.68;
- 580,000 options were exercised at $5.00;
- 50,000 options were exercised at $5.50;
- 1,098,000 options were exercised at $6.00;
- 1,225,000 options were exercised at $7.00; and
- 150,000 options were exercised at $8.00.

This resulted in the issue of 3,317,820 fully paid ordinary shares being issued. No amounts are unpaid on any of the shares.

Interest in shares and options of the Company

As at the date of this report, the interests of the Directors and key management personnel in the shares and options of Kingsgate Consolidated Limited were:

Name	**Ordinary shares**	**Options over ordinary shares**
Directors of Kingsgate Consolidated Limited		
Ross Smyth-Kirk	4,520,176	400,000
John Falconer **	198,346	200,000
Peter McAleer	100,000	200,000
Craig Carracher	100,000	100,000
Gavin Thomas	2,763,721	500,000
Other key management personnel of the Group		
Peter Warren	-	151,000
Phil MacIntyre	150,000	100,000
Stephen Promnitz	-	175,000
Ron James	-	80,000

** Resigned 27 August 2009

Insurance of officers

During the financial year, the Group paid premiums to insure Directors and Officers of the Group. The contracts include a prohibition on disclosure of the premium paid and nature of the liabilities covered under the policy.

Directors' interest in contracts

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

Non-audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for the audit and non-audit services provided during the year are set out as follows.

The Board of Directors has considered the position and, in accordance with advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as shown, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor;

- None of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants.*

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

REMUNERATION OF AUDITORS

	Consolidated	
	2010 $	2009 $
(a) Audit services		
PricewaterhouseCoopers Australian Firm		
Audit and review of the financial reports	356,350	351,500
Related Parties of PricewaterhouseCoopers Australian Firm		
Audit and review of the financial reports	214,120	122,159
Total remuneration for audit services	**570,470**	**473,659**
(b) Non-audit services		
PricewaterhouseCoopers Australian Firm		
IPO related services	45,000	33,000
Other services	46,000	18,000
Related Parties of PricewaterhouseCoopers Australian Firm		
IPO related services	101,962	112,906
Other services	6,118	70,034
Total remuneration for non-audit related services	**199,080**	**233,940**
(c) Taxation services		
PricewaterhouseCoopers Australian Firm		
Tax compliance services	75,740	153,600
Related Parties of PricewaterhouseCoopers Australian Firm		
Tax compliance services	83,949	18,787
Total remuneration for tax related services	**159,689**	**172,387**

Auditors' Independence Declaration
A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 21.

Rounding of amounts
The Group is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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

This report is made in accordance with a resolution of Directors.

Ross Smyth-Kirk
Director

Sydney
27 August 2010

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Auditor’s Independence Declaration

As lead auditor for the audit of Kingsgate Consolidated Limited for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Kingsgate Consolidated Limited and the entities it controlled during the period.

Marc Upcroft
Partner
PricewaterhouseCoopers

Sydney
27 August 2010

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2010

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000
Revenue from continuing operations	3	**176,098**	**114,092**
Other income	4	-	2,432
Changes in inventories of finished goods and work in progress		27,851	20,306
Direct costs of mining and processing		(82,212)	(69,739)
Employee benefits expense		(11,820)	(11,647)
Depreciation and amortisation expenses	5	(14,004)	(11,575)
Finance costs	5	(1,823)	(1,698)
Exploration expensed		(385)	(294)
Foreign exchange losses	5	(2,507)	-
Other expenses from ordinary activities	5	(8,847)	(8,820)
Profit / (loss) before income tax		**82,351**	**33,057**
Income tax benefit / (expense)	6	(9,285)	(535)
Profit / (loss) after income tax		**73,066**	**32,522**
Other comprehensive income			
Exchange differences on translation of foreign operations		1,634	15,911
Total other comprehensive income for the year, net of tax		**1,634**	**15,911**
Total comprehensive income for the year		**74,700**	**48,433**

		Cents	Cents
Basic earnings per share	33	75.2	34.9
Diluted earnings per share	33	74.5	34.9

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

STATEMENT OF FINANCIAL POSITION
As at 30 June 2010

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7	49,098	29,680
Receivables	8	13,844	9,155
Inventories	9	11,744	10,521
Other assets	10	28,615	8,172
Total current assets		**103,301**	**57,528**
Non-current assets			
Inventories	9	37,552	9,393
Exploration, mine property, plant and equipment	12	221,516	199,700
Deferred tax assets	13	3,732	4,462
Available-for-sale financial assets	11	1,071	-
Other assets	10	1,903	3,890
Total non-current assets		**265,774**	**217,445**
TOTAL ASSETS		**369,075**	**274,973**
LIABILITIES			
Current liabilities			
Payables	15	15,055	13,665
Provisions	16	1,003	1,448
Current tax liabilities	17	3,225	-
Borrowings	14	10,982	2,103
Total current liabilities		**30,265**	**17,216**
Non-current liabilities			
Provisions	16	11,157	7,162
Payables	15	5,909	-
Borrowings	14	82	41
Deferred tax liabilities	18	5,619	5,514
Total non-current liabilities		**22,767**	**12,717**
TOTAL LIABILITIES		**53,032**	**29,933**
NET ASSETS		**316,043**	**245,040**
EQUITY			
Parent entity interest			
Contributed equity	19	156,068	129,300
Reserves	20	4,008	4,579
Retained profits	20	155,967	111,161
TOTAL EQUITY		**316,043**	**245,040**

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

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2010

		Attributable to owners of Kingsgate Consolidated Limited			
Consolidated	**Notes**	**Contributed equity $'000**	**Reserves $'000**	**Retained earnings $'000**	**Total equity $'000**
Balance at 1 July 2008		**111,576**	**(9,202)**	**78,639**	**181,013**
Total comprehensive income for the year		-	15,911	32,522	**48,433**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	19	17,724	-	-	**17,724**
General reserve		-	(227)	-	**(227)**
Dividends provided for or paid		-	-	-	-
Movement in share option reserve		-	(1,903)	-	**(1,903)**
Total transactions with owners		**17,724**	**(2,130)**	**-**	**15,594**
Balance at 30 June 2009		**129,300**	**4,579**	**111,161**	**245,040**
Balance at 1 July 2009		**129,300**	**4,579**	**111,161**	**245,040**
Total comprehensive income for the year		-	1,634	73,066	**74,700**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	19	26,768	-	-	**26,768**
General reserve		-	(822)	822	-
Dividends provided for or paid		-	-	(29,082)	**(29,082)**
Movement in share option reserve	20	-	(1,383)	-	**(1,383)**
Total transactions with owners		**26,768**	**(2,205)**	**(28,260)**	**(3,697)**
Balance at 30 June 2010		**156,068**	**4,008**	**155,967**	**316,043**

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

STATEMENT OF CASH FLOW
For the year ended 30 June 2010

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000
Cash flows from operating activities			
Receipts from customers		172,083	113,015
Payments to suppliers and employees		(119,392)	(87,602)
Interest received		321	998
Finance costs paid		(1,319)	(1,286)
Income tax paid		(5,225)	(7,067)
Net cash inflow / (outflow) from operating activities	26	**46,468**	**18,058**
Cash flows from investing activities			
Payments for exploration and evaluation		(2,355)	(5,983)
Payments for mine properties, plant, equipment and land		(28,840)	(42,198)
Payments for available-for-sale financial assets		(1,071)	-
Net cash inflow / (outflow) from investing activities		**(32,266)**	**(48,181)**
Cash flows from financing activities			
Proceeds from borrowings, net of transaction costs		-	17,000
Repayment of borrowings		-	(17,000)
Proceeds from borrowings - preference shares		8,643	-
Proceeds from the issue of shares		20,423	15,774
Dividends paid		(24,585)	-
Net cash inflow / (outflow) from financing activities		**4,481**	**15,774**
Net increase / (decrease) in cash held		**18,683**	**(14,349)**
Cash at the beginning of the financial year		29,680	40,226
Effects of exchange rate changes on cash and cash equivalents		735	545
Reclassification of other deposits		-	3,258
Cash at the end of the reporting period		**49,098**	**29,680**

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

The Financial Report of Kingsgate Consolidated Limited for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of Directors on 26 August 2010.

Kingsgate Consolidated Limited is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange using the ASX code KCN.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity of Kingsgate Consolidated Limited and its subsidiaries.

(a) Basis of preparation

This general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRS
The financial statements of Kingsgate Consolidated Limited also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Critical accounting estimates
The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

Financial statement presentation
The Group has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the Group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

(b) Principles of consolidation

Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Kingsgate Consolidated Limited ("Company" or "parent entity") as at 30 June 2010 and the results of all subsidiaries for the year then ended. Kingsgate Consolidated Limited and its subsidiaries together are referred to in the financial statements as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to Note 1(*h*)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Kingsgate Consolidated Limited.

(c) Operating segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

Change in accounting policy
The Group has applied AASB 8 Operating Segments from 1 July 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Previously, operating segments were determined and presented in accordance with AASB 114 Segment Reporting that required an entity to identify two sets of segments (geographical and business), using a risk and rewards approach, with the entity's system of internal reporting only the starting point of such segments.

As a result, following the adoption of AASB 8, the identification of the Group's reportable segments has changed to be in a manner consistent with the internal reporting provided to the chief operating decision maker. Comparative segment information has been re-presented in conformity with the transitional requirements of AASB 8. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

(d) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Kingsgate Consolidated Limited's functional and presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary assets are included in the fair value reserve in equity.

On consolidation, income statement items are translated from the functional currency into Australian dollars at average exchange rates. Balance sheet items are translated into Australian dollars at the year end exchange rate. Exchange gains and losses which arise on balances between Group entities are taken to the foreign currency translated reserve where the intra-group balances are in substance part of the Group's net investment in the entity.

Where as a result of a change in circumstances, a previously designated intra-group balance is intended to be settled in the foreseeable future, the intra-group balance is no longer regarded as part of net investment. The exchange differences for such balance previously taken directly to the foreign currency translation reserves are recognised in the income statement. Deferred tax previously recognised in the foreign currency translation reserves is directly taken to income tax expense.

(iii) Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the income statement, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Sales revenue represents the net proceeds receivable from the customer.

Gold and silver revenue is recognised when the refinery process has been finalised and the sale transaction to a third party has been completed. Transportation and refinery costs are expensed when incurred.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Tax consolidation legislation
Kingsgate Consolidated Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Kingsgate Consolidated Limited, and the controlled entities in the tax consolidated Group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated Group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Kingsgate Consolidated Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated Group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details about the tax funding agreement are disclosed in Note 6.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(h) Business combinations

The acquisition method of accounting is used to account for all purchase combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests of the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition related costs are expensed as incurred.

Change in accounting policy
A revised AASB 3 Business Combinations became operative on 1 July 2009. While the revised standard continues to apply the acquisition method to business combinations, there have been some significant changes.

All purchase consideration is now recorded at fair value at the acquisition date.

Acquisition related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition.

As the changes were implemented prospectively from 1 July 2009, there was no effect on the Group's accounting.

(i) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Receivables from gold and silver are due for settlement no more than 3 days from the date of recognition. Other receivables are due for settlement no more than 90 days from the date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(l) Inventories

Raw materials and stores, work in progress and finished goods
Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Stockpiles represent ore that has been extracted and is available for further processing. If there is significant uncertainty as to whether the stockpiled ore will be processed it is expensed as incurred. Where the future processing of this ore can be predicted with confidence, e.g. because it exceeds the mine's cut off grade, it is valued at the lower of cost and net realisable value. If the ore will not be processed within the 12 months after the balance sheet date it is included within non current assets. Work in progress inventory includes ore stockpiles and other partly processed material. Quantities are assessed primarily through surveys and assays, and truck counts.

(m) Investments and other financial assets

Classification
The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

(iii) Available-for-sale financial assets
Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and derecognition
Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement
Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment
The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for- sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the income statement.

(n) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation and amortisation of mine buildings, plant, machinery and equipment is provided over the assessed life of the relevant mine or asset, whichever is the shorter.

Depreciation and amortisation is determined on a units-of-production basis over the estimated recoverable reserves from the related area. In some circumstances, where conversion of resources into reserves is expected, some elements of resources may be included. For mine plant, machinery and equipment, which have an expected economic life shorter than the life of the mine, a straight line basis is adopted.

The expected useful lives are as follows:
- mine buildings – the shorter of applicable mine life and 25 years;
- plant, machinery and equipment – the shorter of applicable mine life and 3-15 years depending on the nature of the asset.

The estimated recoverable reserves and life of each mine and the remaining useful life of each class of asset are reassessed at least annually. Where there is a change in the reserves during the period, depreciation and amortisation rates are adjusted prospectively from the beginning of the reporting period.

Major spares purchased specifically for a particular plant are capitalised and depreciated on the same basis as the plant to which they relate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(*i*)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(o) Deferred stripping costs

Stripping costs represent mining costs of waste materials. Stripping costs incurred by the Group prior to production in relation to accessing recoverable reserves are carried forward as part of 'Mine Properties' when future economic benefits are established, otherwise such expenditure is expensed as part of the cost of production.

Amortisation of costs is provided on the unit-of-production method. The unit-of-production basis results in an amortisation charge proportional to the depletion of the estimated recoverable reserves.

Where there is a change in the reserves during a six month period, depreciation and amortisation rates are adjusted prospectively from the beginning of that reporting period.

Deferred stripping costs (pre-production) are included under 'Mine Properties'.

The Group also defers stripping costs incurred during production where this is the most appropriate basis for matching the costs against the related economic benefits and the effect is material. This is generally the case where there are fluctuations in waste costs over the life of a pit, and the effect is material.

The amount of stripping costs deferred is based on the ratio ('Ratio') obtained by dividing the amount of waste mined by the ore mined. Waste costs incurred in the period are deferred to the extent that the current period Ratio exceeds the life of the pit Ratio. Such deferred costs are then charged against reported profits to the extent that in subsequent periods the current period Ratio falls short of the life of the pit Ratio. The life of pit Ratio is based on ore reserves of the pit.

The life of pit waste-to-ore ratio is a function of the pit design(s) and therefore changes to that design will generally result in changes to the Ratio. Changes in other technical or economic parameters that impact on reserves will also have an impact on the life of the pit Ratio even if they do not affect the pit design(s). Changes to the life of the pit Ratio are accounted for prospectively.

Deferred stripping costs incurred during the production stage of operations are included in 'Other assets'.

(p) Exploration and Evaluation Expenditure

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

Exploration expenditure for each area of interest is carried forward as an asset provided the rights to tenure of the area of interest are current and one of the following conditions is met:

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration expenditure is written off when it fails to meet at least one of the conditions outlined above or on area of interest is abandoned.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount the impairment loss will be measured and disclosed in accordance with AASB 136 Impairment of Assets.

When a decision is made to develop an area of interest, all carried forward exploration expenditure in relation to the area of interest is transferred to mine properties.

(q) Mine Properties

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

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

Amortisation of costs is provided on the unit-of-production method with separate calculations being made for each area of interest. The unit-of-production basis results in an amortisation charge proportional to the depletion of the estimated recoverable reserves. In some circumstances, where conversion of resources into reserves is expected, some elements of resources may be included. Development and land expenditure still to be incurred in relation to the current reserves are included in the amortisation calculation. Where the life of the assets are shorter than the mine life their costs are amortised based on the useful life of the assets.

The estimated recoverable reserves and life of each mine and the remaining useful life of each class of asset are reassessed at least annually. Where there is a change in the reserves during a six month period, depreciation and amortisation rates are adjusted prospectively from the beginning of that reporting period.

(r) Trade and other payables

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

(s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as finance costs.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(t) Borrowing costs

Loan establishment costs are capitalised and written off over the life of the loan. Other borrowing costs are expensed, unless they relate to a qualifying asset in which case they are capitalised.

(u) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to anyone item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provision due to the passage of time is recognised as interest expense.

(v) Restoration and Rehabilitation Provision

The estimated costs of decommissioning and removing an asset and restoring the site are included in the cost of the asset as at the date the obligation first arises and to the extent that it is first recognised as a provision. This restoration asset is subsequently amortised on a unit-of-production basis.

The corresponding provision, of an amount equivalent to the restoration asset created, is reviewed at the end of each reporting period. The provision is measured at the best estimate of the present value amount required to settle the present obligation at the end of the reporting period based on current legal and other requirements and technology, discounted where material using national government bond rates at the balance sheet date with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Where there is a change in the expected restoration, rehabilitation or decommissioning costs, an adjustment is recorded against the carrying value of the provision and any related restoration asset, and the effects are recognised in the statement of comprehensive income on a prospective basis over the remaining life of the operation.

The unwinding of the effect of discounting on the restoration provision is included within finance costs in the income statement.

(w) Employee Benefits

(i) Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in provisions for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave and severance pay
The liability for long service leave and severance pay is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations
Contributions to defined contribution funds are recognised as an expense as they become payable.

(x) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(y) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing:

- the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (Note 33).

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(z) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of the cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(aa) Rounding of amounts

The Company is of a kind referred to in Class order 98/100, issued by the Australian Securities and Investments Commission, relating to the “rounding off” of amounts in the Financial Report. Amounts in the Financial Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(ab) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The Group’s assessment of the impact of these new standards and interpretations is set out below.

AASB 2009-8 ***Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions [AASB 2]*** (effective from 1 January 2010*)*
The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a group share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the Group settles the transaction or whether the transaction is settled in shares or cash. They also clarify how the group share-based payment arrangement should be measured, that is, whether it is measured as an equity- or a cash-settled transaction. The Group will apply these amendments retrospectively for the financial reporting period commencing on 1 July 2010. There will be no impact on the Group’s financial statements.

AASB 2009-10 *Amendments to Australian Accounting Standards – Classification of Rights Issues* [*AASB 132*] (effective from 1 February 2010)
In October 2009 the AASB issued an amendment to AASB 132 *Financial Instruments*: *Presentation* which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors.* The Group will apply the amended standard from 1 July 2010. As the Group has not made any such rights issues, the amendment will not have any effect on the Group's financial statements.

AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* (effective from 1 January 2013)
AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is yet to assess its full impact. However, initial indications are that it will not have a material impact on the Group's financial statements. The Group has not yet decided when to adopt AASB 9.

AASB Interpretation 19 *Extinguishing financial liabilities with equity instruments* and AASB 2009-13 *Amendments to Australian Accounting Standards arising from Interpretation 19* (effective from 1 July 2010)
AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. The Group will apply the interpretation from 1 July 2010. It is not expected to have any impact on the Group financial statements since it is only retrospectively applied from the beginning of the earliest period presented (1 July 2009) and the Group has not entered into any debt for equity swaps since that date.

AASB 2009-14 *Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement* (effective from 1 January 2011)
In December 2009, the AASB made an amendment to Interpretation 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.* The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme. It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. The Group does not make any such prepayments. The amendment is therefore not expected to have any impact on the Group's financial statements. The Group intends to apply the amendment from 1 July 2011.

(ac) Parent entity financial information

The financial information for the parent entity, Kingsgate Consolidated Limited, disclosed in Note 34 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries
Investments in subsidiaries, are accounted for at cost in the financial statements of Kingsgate Consolidated Limited.

(ii) Tax consolidation legislation
Kingsgate Consolidated Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Kingsgate Consolidated Limited, and the controlled entities in the tax consolidated Group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated Group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Kingsgate Consolidated Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated Group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Kingsgate Consolidated Limited for any current tax payable assumed and are compensated by Kingsgate Consolidated Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Kingsgate Consolidated Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(iii) Financial guarantees
Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

2. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are disclosed below:

(i) Exploration and evaluation assets
Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided certain conditions are met (Note 1(*o*)). Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. These calculations and reviews require the use of assumptions and judgement. The related carrying amounts are disclosed in Note 12.

(ii) Restoration and rehabilitation provision
Significant judgement is required in determining the restoration and rehabilitation provision as there are many transactions and factors that will affect the ultimate liability payable to rehabilitate the mine site. Factors that will affect this liability include future development, changes in technology, commodity price changes and changes in interest rates. The related carrying amounts are disclosed in Note 16.

(iii) Units of production method of depreciation
The Group applies the units production method for depreciation of its mine properties, mine buildings, plant and equipment (Note 1(*p*)). These calculations require the use of estimates and assumptions and significant judgement is required in assessing the estimated recoverable reserves used in the determination of the depreciation and amortisation charges. Significant judgement is required in assessing the estimated recoverable reserve under this method. Factors that must be considered in determining estimated recoverable reserves (which includes both reserves and resources) and production capacity are the history of converting resources to reserves and the relevant time frames, anticipated mining method and costs, the complexity of metallurgy, markets, and future developments. The related carrying amounts are disclosed in Note 12.

(iv) Share-based payments
The Group measures share-based payments at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instrument were granted, as discussed in Note 25.

3. REVENUE

	Consolidated	
	2010 $'000	2009 $'000
From continuing operations		
Sales revenue		
Gold sales	165,183	108,065
Silver sales	10,297	4,950
Total sales revenue	**175,480**	**113,015**
Other revenue		
Interest	321	826
Other revenue	297	251
Total other revenue	**618**	**1,077**
Revenue from continuing operations	**176,098**	**114,092**

4. OTHER INCOME

	Consolidated	
	2010 $'000	2009 $'000
Foreign exchange gains	-	2,432
Total other income	**-**	**2,432**

5. EXPENSES

	Consolidated 2010 $'000	Consolidated 2009 $'000
Cost of sales	**94,500**	**81,178**
Foreign exchange losses	**2,507**	**-**
Finance costs		
Interest and finance charges paid / payable	1,319	1,130
Rehabilitation provision discount adjustment	227	205
Amortisation and write-off of deferred borrowing costs	277	363
Total finance costs expensed	**1,823**	**1,698**
Write (back) / down of raw materials and stores	**(83)**	**502**
Depreciation and amortisation		
Mine properties	11,442	9,502
Mine buildings, plant and equipment	2,472	1,753
Non-mining property, plant and equipment	181	340
Depreciation capitalised	(91)	(20)
Total depreciation and amortisation	**14,004**	**11,575**
Other expenses from ordinary activities		
Rental expense relating to operating leases	266	220
Business development	1,223	1,163
Investor and community relations	1,216	698
Professional fees	2,527	2,144
Administration	3,615	4,595
Total other expenses from ordinary activities	**8,847**	**8,820**

6. INCOME TAX

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000
a) Income tax expense			
Current tax		12,535	(731)
Deferred tax		(3,250)	1,202
Adjustment for exchange rate		-	64
Income tax expense / (benefit)		**9,285**	**535**
Deferred income tax expense / (revenue) included in income tax expense comprises:			
Decrease / (increase) in deferred tax assets	13	(3,422)	(754)
Increase / (decrease) in deferred tax liabilities	18	172	1,956
Deferred tax		**(3,250)**	**1,202**
b) Numerical reconciliation of income tax expense to prima facie tax payable			
Profit / (loss) from continuing operations before income tax		82,351	33,057
Tax at Australian tax rate of 30%		**24,706**	**9,919**
Tax effect of amounts not deductible / assessable in calculating taxable income:			
Non-deductible expenses		924	90
Non-deductible amortisation		1,180	219
Non-deductible interest expense to preference shareholders		199	-
Share-based remuneration		140	(225)
Double deduction of expenses (Thailand)		(1,351)	-
Differences in Thailand tax rates *		(19,332)	(11,344)
Non-temporary differences affecting the tax expense		(297)	-
Temporary differences previously not recognised		(2,748)	-
Temporary differences not recognised for the Australian tax consolidated group		1,313	-
Tax benefit of tax losses not brought to account for the Australian tax consolidated group		2,190	2,607
Withholding tax on dividends from Thailand operations		2,361	-
Prior overprovision of tax		-	(731)
Income tax expense / (benefit)		**9,285**	**535**

* *A 30% tax holiday period existed until November 2009 and a 15% tax holiday period existed from December 2009 to June 2010 for selected BOI activities.*

6. INCOME TAX continued

	Notes	Consolidated 2010 $'000	2009 $'000
c) Tax losses			
Unused tax losses for which no deferred tax assets has been recognised		15,123	7,705
Potential tax benefit at 30%		**4,537**	**2,312**
d) Unrecognised temporary differences			
Temporary differences relating to the Kingsgate tax consolidated group for which no deferred tax asset has been recognised		1,220	-
Tax at Australian tax rate of 30%		**366**	**-**

No deferred tax liabilities have been recognised in respect of undistributed earnings of Akara Mining Limited which, if paid out as dividends, would be subject to a withholding tax of 10%. An assessable temporary difference exists, however no deferred tax liabilities have been recognised as the parent entity is able to control the timing of distributions from this subsidiary and it is not expected to distribute these profits in the foreseeable future.

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

Subject to meeting BOI conditions and based on an annual production limit of 178,416 ounces of gold and 583,733 ounces of silver, Akara Mining Limited's Chatree Gold Mine is entitled to:

(a) an 8 year full corporate tax holiday commencing at first gold pour on metal sales. The full tax holiday expired in November 2009;

(b) a further 5 year half tax holiday following a) above (at 15% tax rate); and

(c) other benefits.

The start of the promotion period was 27 November 2001.

Akara Mining Limited also received on 18 June 2010 a BOI promotion for the Chatree North gold processing plant that is currently under construction.

Based on an annual production limit from the new processing plant of 185,200 ounces of gold and 1,080,400 ounces of silver, Akara Mining Limited is entitled to:

(a) an 8 year tax holiday on income derived from the new processing plant with tax savings limited to the capital cost of the new treatment plant;

(b) 25% investment allowance on the capital cost of the new processing plant; and

(c) other benefits.

Tax consolidation legislation in Australia

Kingsgate Consolidated Limited and its wholly-owned Australian subsidiary have implemented the tax consolidation legislation as of 1 July 2003. The accounting policy in relation to this legislation is set out in Note 1(*f*).

On adoption of the tax consolidation legislation, the entities in the tax consolidated Group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly-owned entities in the case of default by the head entity, Kingsgate Consolidated Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Kingsgate Consolidated Limited for any current tax payable assumed and are compensated for any current tax receivable and deferred assets relating to the unused tax losses or unused tax credits that are transferred to Kingsgate Consolidated Limited under the tax legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amount receivable / payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

7. CASH AND CASH EQUIVALENTS

	Consolidated	
	2010 $'000	2009 $'000
Cash on hand	12	12
Deposits held at call with banks	44,156	26,410
Cash and bank balances	**44,168**	**26,422**
Other deposits	4,930	3,258
Total cash and cash equivalents	**49,098**	**29,680**

Cash on hand
These are petty cash and cash amounts held by subsidiaries.

Deposits at call
The deposits at call are bearing floating interest rates between 0.10% - 5.77% (2009 – 0.15% - 7.52%) and they may be accessed daily.

Other deposits
This represents restricted cash held on deposit with financial institutions.

Risk exposure
The Group's and the parent entity's exposure to interest rate risk is discussed in Note 30. The maximum exposure to credit risk at the reporting date is the carrying amount of each class and cash equivalents mentioned above.

8. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2010 $'000	2009 $'000
Trade receivables	3,694	-
Other debtors	10,150	9,155
Total trade and other receivables	**13,844**	**9,155**

Trade receivables
The trade receivable amount represents gold sales at the end of the financial year, where payment was yet to be received.

Other debtors
Other debtors mainly relates to VAT receivables and advances made for land acquisition.

Risk exposure
Information about the Group's and the parent entity's exposure to credit risk, foreign exchange and interest rate risk is provided in Note 30. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

9. INVENTORIES

	Consolidated	
	2010 $'000	2009 $'000
Current		
Raw materials and stores - at cost	4,107	4,090
Provision for obsolescence	(1,731)	(1,814)
Work in progress - at cost	9,368	8,245
Total inventories - current	**11,744**	**10,521**
Non-current		
Stockpiles	37,552	9,393
Total inventories – non-current	**37,552**	**9,393**

10. OTHER ASSETS

	Consolidated	
	2010 $'000	2009 $'000
Current		
Other assets	3,124	-
Other deposits	73	1,664
Loan establishment fees	81	-
Prepayments	8,795	1,765
Prepaid mining services	9,639	4,030
Deferred stripping costs	6,903	713
Total other assets - current	**28,615**	**8,172**
Non-current		
Prepaid mining services	-	3,890
Other deposits	1,903	-
Total other assets - non-current	**1,903**	**3,890**

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Consolidated	
	2010 $'000	2009 $'000
Equity securities		
At the beginning of the financial year	-	-
Additions	1,071	-
Disposals	-	-
Revaluation	-	-
At the end of the financial year	**1,071**	-

12. EXPLORATION, MINE PROPERTY, PLANT AND EQUIPMENT

Consolidated	Exploration and evaluation $'000	Mine properties $'000	Mine, buildings, plant and equipment $'000	Non-mining plant and equipment $'000	Total $'000
At 30 June 2008					
Cost	26,908	102,435	65,709	2,395	**197,447**
Accumulated depreciation and amortisation	-	(33,006)	(22,557)	(1,569)	**(57,132)**
Net book amount	**26,908**	**69,429**	**43,152**	**826**	**140,315**
Year ended 30 June 2009					
Opening net book amount	26,908	69,429	43,152	826	**140,315**
Additions	5,689	30,430	11,534	234	**47,887**
Reclassified	(19,820)	19,826	106	(112)	-
Disposals	-	(885)	(4)	-	**(889)**
Depreciation and amortisation expense	-	(9,502)	(1,753)	(340)	**(11,595)**
Foreign currency exchange differences	5,870	10,730	7,232	150	**23,982**
Closing net book amount	**18,647**	**120,028**	**60,267**	**758**	**199,700**
At 30 June 2009					
Cost	18,647	167,969	88,963	1,338	**276,917**
Accumulated depreciation and amortisation	-	(47,941)	(28,696)	(580)	**(77,217)**
Net book amount	**18,647**	**120,028**	**60,267**	**758**	**199,700**
Year ended 30 June 2010					
Opening net book amount	18,647	120,028	60,267	758	**199,700**
Additions	2,499	10,753	24,777	357	**38,386**
Reclassified	(171)	15,744	(15,573)	-	-
Disposals	(352)	-	(95)	(186)	**(633)**
Depreciation and amortisation expense	-	(11,442)	(2,472)	(181)	**(14,095)**
Foreign currency exchange differences	(144)	(1,203)	(480)	(15)	**(1,842)**
Closing net book amount	**20,479**	**133,880**	**66,424**	**733**	**221,516**
At 30 June 2010					
Cost	20,479	193,103	97,069	1,305	**311,956**
Accumulated depreciation and amortisation	-	(59,223)	(30,645)	(572)	**(90,440)**
Net book amount	**20,479**	**133,880**	**66,424**	**733**	**221,516**

13. DEFERRED TAX ASSETS

	Consolidated	
	2010 $'000	2009 $'000
The balance comprises temporary differences attributable to:		
Tax losses	-	5,262
Set off of deferred tax liabilities	-	(936)
Employee benefits	828	103
Provision for restoration and rehabilitation	2,383	-
Provision for obsolescence	519	-
Unrealised exchange loss	2	33
Deferred tax assets	**3,732**	**4,462**

	Tax losses $'000	Employee benefits $'000	Provision for restoration and rehabilitation $'000	Provision for obsolescence $'000	Unrealised exchange loss $'000	Total $'000
Movements						
At 30 June 2009	4,326	103	-	-	33	**4,462**
Charged to the income statement	19	683	2,260	492	(33)	**3,421**
Utilisation of tax losses	(4,286)	-	-	-	-	**(4,286)**
Foreign exchange	(59)	42	123	27	2	**135**
At 30 June 2010	**-**	**828**	**2,383**	**519**	**2**	**3,732**

14. BORROWINGS

	Consolidated	
	2010 $'000	2009 $'000
Secured		
Borrowings - current liabilities		
Preference shares in controlled entity	10,982	2,103
Total secured borrowings - current	**10,982**	**2,103**
Borrowings - non-current liabilities		
Preference shares in controlled entity	82	41
Total secured borrowings - non-current	**82**	**41**
Total secured liabilities		
The total secured liabilities (current and non-current) are as follows:		
Preference shares in controlled entity	11,064	2,144
Total secured liabilities	**11,064**	**2,144**

Revolving credit facilities
As at 30 June 2010, the Company had US$30,000,000 in revolving credit facilities with a financial institution. The facility was undrawn as at 30 June 2010.

Preference shares
The preference shares were issued by the Group's Thai subsidiary. They are classified as borrowings as the consolidated entity has put options to acquire the preference shares and are net of establishment fees. The establishment fees were amortised over a 3 year period (refer Note 27 for events occurring after the reporting date). The preference shares were fully paid on 9 April 2010.

15. PAYABLES

	Consolidated	
	2010 $’000	2009 $’000
Current		
Trade payables	4,021	6,923
Other payables and accruals	11,034	6,742
Total payables - current	**15,055**	**13,665**
Non-current		
Other payables	5,909	-
Total payables - non-current	**5,909**	**-**

16. PROVISIONS

	Notes	Consolidated	
		2010 $’000	2009 $’000
Current			
Employee benefits	1(*w*) & 25	1,003	1,448
Total provisions - current		**1,003**	**1,448**
Non-Current			
Restoration and rehabilitation	1 (*v*)	7,946	5,130
Employee benefits	1(*w*) & 25	3,211	2,032
Total provisions - non-current		**11,157**	**7,162**
Movements in provision			
Movements in the restoration and rehabilitation provision is set out below:			
Restoration and rehabilitation			
At the beginning of the financial year		**5,130**	**3,598**
Revision of rehabilitation provision		2,648	682
Provision discount adjustment		227	205
Foreign currency exchange differences		(59)	645
At the end of the financial year		**7,946**	**5,130**

17. CURRENT TAX LIABILITIES

	Consolidated	
	2010 $'000	2009 $'000
Current		
Taxation	3,225	-
Total taxation	**3,225**	**-**

18. DEFERRED TAX LIABILITIES

	Consolidated	
	2010 $'000	2009 $'000
The balance comprises temporary differences attributable to:		
Mine properties and exploration	5,619	5,514
Prepayments	-	148
Unrealised exchange gains	-	788
Set off of deferred tax liabilities	-	(936)
Net deferred tax liabilities	**5,619**	**5,514**

	Mine properties and exploration $'000	Prepayments $'000	Unrealised exchange gains $'000	Set off of deferred tax liabilities $'000	Total $'000
Movements					
At 30 June 2009	**5,514**	**148**	**788**	**(936)**	**5,514**
Charged / credited to the income statement	172	-	-	-	**172**
Set off of deferred tax liabilities	-	(148)	(788)	(936)	-
Foreign exchange	(67)	-	-	-	**(67)**
At 30 June 2010	**5,619**	**-**	**-**	**-**	**5,619**

19. CONTRIBUTED EQUITY

	2010 Number of shares	2009 Number of shares	2010 $'000	2009 $'000
Share capital				
Ordinary shares fully paid	**99,995,783**	96,136,392	**156,068**	129,300

Movements in ordinary share capital:

Date	Details	Notes	Number of Shares	$'000
01 July 2009	**Opening balance**		**96,136,392**	**129,300**
31 July 2009	Options exercised	(a)	26,667	192
26 August 2009	Options exercised	(a)	10,200	63
28 August 2009	Options exercised	(a)	18,000	112
02 September 2009	Options exercised	(a)	37,900	235
18 September 2009	Options exercised	(a)	23,506	146
23 September 2009	Dividend reinvestment plan	(b)	252,670	1,908
01 October 2009	Options exercised	(a)	60,000	377
09 November 2009	Options exercised	(a)	10,600	66
10 November 2009	Options exercised	(a)	16,667	120
13 November 2009	Options exercised	(a)	146,666	1,073
17 November 2009	Options exercised	(a)	100,000	835
19 November 2009	Options exercised	(a)	150,000	1,403
23 November 2009	Options exercised	(a)	160,000	1,061
24 November 2009	Options exercised	(a)	225,000	1,602
30 November 2009	Options exercised	(a)	60,000	442
02 December 2009	Options exercised	(a)	9,000	64
25 February 2010	Options exercised	(a)	110,000	544
04 March 2010	Options exercised	(a)	100,000	637
16 March 2010	Dividend reinvestment plan	(b)	288,901	2,589
21 May 2010	Options exercised	(a)	34,080	216
10 June 2010	Options exercised	(a)	19,534	124
30 June 2010	Options exercised	(a)	2,000,000	12,889
30 July 2009	Options expired / lapsed	(c)	-	39
30 November 2009	Options expired / lapsed	(c)	-	31
30 June 2010	**Closing balance**		**99,995,783**	**156,068**

a) Share options exercised
3,317,820 fully paid ordinary shares were issued following the exercise of the same number of options.

b) Dividend reinvestment plan
541,571 fully paid ordinary shares were issued under the dividend reinvestment plan.

c) Share options expired / lapsed
$70,000 worth of options expired during 2010 due to staff resignations (representing 86,666 options).

20. RESERVES AND RETAINED PROFITS

	Notes	Consolidated	
		2010 $'000	2009 $'000
(a) Reserves			
Foreign currency translation reserve		2,032	398
General reserve		-	823
Share-based payment reserve		1,976	3,358
Total reserves		**4,008**	**4,579**
Movements:			
Foreign currency translation reserve			
At the beginning of the financial year		398	(15,513)
Net exchange differences on translation of foreign controlled entities		1,634	12,377
Deferred tax	13 & 18	-	3,534
At the end of financial year		**2,032**	**398**
General reserve			
At the beginning of the financial year		823	1,050
Net change		(823)	(227)
At the end of the financial year		**-**	**823**
Share-based payment reserve			
At the beginning of the financial year		3,358	5,261
Employee share options - value of employee services		68	180
Employee share options - options issued to employees of subsidiaries		257	648
Contractor share options		141	290
Director share options		-	(1,220)
Transfer to share capital (options exercised)		(1,848)	(1,801)
At the end of the financial year		**1,976**	**3,358**

Foreign currency translation reserve
Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 1(*d)*.

Available-for-sale investment revaluation reserve
Changes in the fair value of investments classified as available-for-sale financial assets are taken to the available-for-sale investment revaluation reserve, as described in Note 1(*m) (iii*).

Share-based payments reserve
The share-based payments reserve is used to recognise the fair value of options issued but not exercised.

(b) Retained profits

	Consolidated	
	2010 $'000	**2009 $'000**
Movements in retained profits were as follows:		
Retained profits at the beginning of the financial year	111,161	78,639
Transfer to retained earnings	822	-
Net profit attributable to members of Kingsgate Consolidated Limited	73,066	32,522
Dividends paid	(29,082)	-
Retained profits at the end of the financial year	**155,967**	**111,161**

21. COMMITMENTS FOR EXPENDITURE

	Consolidated	
	2010 $'000	2009 $'000
Capital commitments		
Within 1 year	26,962	876
Total capital commitments	**26,962**	**876**
Operating leases		
Within 1 year	120	69
Later than 1 year but not later than 5 years	188	87
Total capital commitments	**308**	**156**
Mineral leases		
Within 1 year	-	236
Later than 1 year but not later than 5 years	-	699
Later than 5 years	-	672
Total mineral leases	**-**	**1,607**
Exploration commitments		
Within 1 year	1,999	1,666
Later than 1 year but not later that 5 years	-	1,402
Total exploration commitments	**1,999**	**3,068**
Mining Services		
Within 1 year	-	13,973
Later than 1 year but not later that 5 years	-	41,771
Total mobile equipment commitments	**-**	**55,564**
Community and environment commitments		
Within 1 year	-	727
Later than 1 year but not later than 5 years	-	2,909
Later than 5 years	-	2,909
Total community and environment commitments	**-**	**6,545**
Remuneration commitments		
Within 1 year	4,449	2,364
Later than 1 year but not later than 5 years	2,012	4,727
Total remuneration commitments	**6,461**	**7,091**

Capital commitments
Commitments for the plant, equipment and mine properties contracted for at the reporting date but not recognised as liabilities.

Operating leases
Commitments for minimum lease payments in relation to non-cancellable operating leases.

Mineral leases
Annual payments to the Department of Industry and Mines in respect of the mineral leases.

Exploration commitments
In order to maintain current rights of tenure to exploration tenements, the consolidated entity has 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.

Mining Services
The Group has engaged a mining contractor at its operating mine in Thailand. At 30 June 2009, the mining services contract although not finalised, contained both a fixed (represented by mobile equipment charges) and a variable component. The commitments disclosed in June 2009 relate to the fixed component only based on the interim contract. The mining services contract was signed on 19 August 2010 with effect from 1 July 2010. Under the terms of this contract, the fixed component has been replaced with a variable rate and as a result the Group no longer has a commitment for future mining services costs.

Community and environment commitments
In accordance with the agreements with the Department of Primary Industries and Mines, annual payments to the Or Bor Tors and for environmental contingencies in addition to mine closure environmental provisions. These payments have been recognised as liabilities at 30 June 2010.

Remuneration commitments
The Group employs certain executives on fixed term contracts. The commitment relates to future payments under the contracts not provided for in the financial statements.

22. INVESTMENTS IN CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the ultimate parent entity, Kingsgate Consolidated Limited, and the following subsidiaries in accordance with the accounting policy described in Note 1(b).

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2010 %	2009 %
Issara Mining Limited	Thailand	Ordinary	100	100
Richaphum Limited	Thailand	Ordinary	100	100
Phar Lap Limited	Thailand	Ordinary	100	100
Akara Mining Limited	Thailand	Ordinary	100	100
Suan Sak Patana Limited	Thailand	Ordinary	100	100
Phar Mai Exploration Limited	Thailand	Ordinary	100	100
Phar Rong Limited	Thailand	Ordinary	100	100
Kingsgate Capital Pty Limited	Australia	Ordinary	100	100
Kingsgate South America Pty Ltd	Australia	Ordinary	100	100
Minera Kingsgate Limitada	Chile	Ordinary	100	100
Kingsgate Peru SRL	Peru	Ordinary	100	100
Minera Kingsgate Argentina S.A.	Argentina	Ordinary	100	100

Minera Kingsgate Limitada, Kingsgate Peru SRL and Minera Kingsgate Argentina S.A. depend on funding from the Group to sustain exploration activities. The loans and investments have been fully provided as exploration is at an early stage and has been expensed.

23. DIVIDENDS

	Consolidated	
	2010 $'000	2009 $'000
Final dividend declared for the year ended 30 June 2009 of 15 cents per fully paid share payable on 23 September 2009	14,434	-
Interim dividend declared for the year ended 30 June 2010 of 15 cents per fully paid share payable on 16 March 2010	14,648	-
Total dividends paid	**29,082**	**-**

The Group's franking credit balance at 30 June 2010 is $880,548 (2009: $7,066,707).

24. RELATED PARTIES

Transactions with related parties
Information on remuneration of Directors and Key Management Personnel is disclosed in Note 31.

Wholly-owned Group
The wholly-owned Group consists of Kingsgate Consolidated Limited and its wholly-owned controlled entities. A list of the controlled entities and the ownership interest is set out in Note 22.

Transactions between Kingsgate Consolidated Limited and controlled entities during the years ended 30 June 2010 and 30 June 2009 consisted of loans advanced by Kingsgate Consolidated Limited. The loans do not bear interest. Management fees of $600,000 were received from Akara Mining Limited during the year. Service fees of $693,000 were received from Issara Mining Limited during the year.

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

During the year the parent entity advanced $7,551,000 (2009 - $32,028,000) to controlled entities, and received $20,241,000 in repayments.

Controlling entities
The ultimate parent entity in the wholly-owned Group is Kingsgate Consolidated Limited.

25. EMPLOYEE BENEFITS AND SHARE-BASED PAYMENTS

	Consolidated	
	2010 $'000	**2009 $'000**
Employee benefit and related on-costs liabilities		
Provision for employee benefits - current	1,003	1,448
Provision for Thai severance pay - non-current	3,211	2,032
Total employee provisions	**4,214**	**3,480**
Employee numbers		
Average number of employees during the financial year	418	398

Superannuation

The Group makes contributions on behalf of employees to externally managed defined contribution superannuation funds. Contributions are based on percentages of employees' wages and salaries. Contributions to defined contribution plans for 2010 were $161,000 (2009 - $277,000).

Kingsgate Executive Option Plan

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

a) each option will entitle the holder to subscribe for one ordinary share of the Company;
b) options are granted under the plan for no consideration;
c) options granted under the plan carry no dividend or voting rights; and
d) set out below are summaries of options granted under the plans.

Consolidated and parent entity - 2010

Grant date	Expiry date	Exercise price	Balance start of year	Granted during year	Exercised during year	Balance end of year	Exercisable end of year
08 Jul 2005	01 Apr 2010	$2.69	60,000	-	60,000	-	-
08 Jul 2005	01 Jul 2010	$4.00	500,000	-	-	500,000	500,000
08 Jul 2005	01 Jul 2010	$5.00	500,000	-	500,000	-	-
08 Jul 2005	01 Jul 2010	$6.00	500,000	-	500,000	-	-
08 Jul 2005	01 Jul 2010	$7.00	1,000,000	-	1,000,000	-	-
13 Oct 2005	01 Aug 2010	$5.00	80,000	-	80,000	-	-
13 Oct 2005	01 Aug 2010	$6.00	80,000	-	80,000	-	-
13 Oct 2005	01 Aug 2010	$3.25	25,000	-	-	25,000	25,000
13 Oct 2005	01 Aug 2010	$4.00	50,000	-	-	50,000	50,000
13 Oct 2005	01 Aug 2010	$5.00	100,000	-	-	100,000	100,000
13 Oct 2005	01 Aug 2010	$6.00	100,000	-	100,000	-	-
13 Oct 2005	01 Aug 2010	$7.00	125,000	-	125,000	-	-
07 Jul 2006	01 Jul 2011	$5.50	50,000	-	50,000	-	-
07 Jul 2006	01 Jul 2011	$6.00	100,000	-	50,000	50,000	50,000
07 Jul 2006	01 Jul 2011	$7.00	100,000	-	100,000	-	-
07 Jul 2006	01 Jul 2011	$8.00	150,000	-	150,000	-	-
04 Apr 2008	03 Apr 2013	$4.68	334,000	-	154,820	179,180	67,854
04 Apr 2008	03 Apr 2013	$6.00	666,000	-	148,000	431,334	209,334
Total			**4,520,000**	**-**	**3,097,820**	**1,335,514**	**1,002,188**
Weighted average exercise price			**$5.78**		**$6.17**	**$5.01**	**$4.84**

Consolidated and parent entity – 2009

Grant date	Expiry date	Exercise price	Balance start of year	Granted during year	Exercised during year	Balance end of year	Exercisable end of year
08 Jul 2005	01 Apr 2010	$2.69	60,000	-	-	60,000	60,000
08 Jul 2005	01 Jul 2010	$4.00	500,000	-	-	500,000	500,000
08 Jul 2005	01 Jul 2010	$5.00	500,000	-	-	500,000	500,000
08 Jul 2005	01 Jul 2010	$6.00	500,000	-	-	500,000	500,000
08 Jul 2005	01 Jul 2010	$7.00	1,000,000	-	-	1,000,000	1,000,000
13 Oct 2005	26 Oct 2010	$3.00	50,000	-	50,000	-	-
13 Oct 2005	26 Oct 2010	$4.00	30,000	-	30,000	-	-
13 Oct 2005	26 Oct 2010	$5.00	80,000	-	-	80,000	80,000
13 Oct 2005	26 Oct 2010	$6.00	80,000	-	-	80,000	80,000
13 Oct 2005	01 Aug 2010	$3.25	25,000	-	-	25,000	25,000
13 Oct 2005	01 Aug 2010	$4.00	50,000	-	-	50,000	50,000
13 Oct 2005	01 Aug 2010	$5.00	100,000	-	-	100,000	100,000
13 Oct 2005	01 Aug 2010	$6.00	100,000	-	-	100,000	100,000
13 Oct 2005	01 Aug 2010	$7.00	125,000	-	-	125,000	125,000
07 Jul 2006	01 Jul 2011	$5.50	50,000	-	-	50,000	33,334
07 Jul 2006	01 Jul 2011	$6.00	100,000	-	-	100,000	66,667
07 Jul 2006	01 Jul 2011	$7.00	100,000	-	-	100,000	66,667
07 Jul 2006	01 Jul 2011	$8.00	150,000	-	-	150,000	100,000
04 Apr 2008	03 Apr 2013	$4.68	334,000	-	-	334,000	111,337
04 Apr 2008	03 Apr 2013	$6.00	666,000	-	-	666,000	222,000
Total			**4,600,000**	**-**	**80,000**	**4,520,000**	**3,720,005**
Weighted average exercise price			**$5.74**		**$3.38**	**$5.78**	**$5.78**

The share prices at the grant dates were $2.82 at 8 July 2005, $4.03 at 13 October 2005, $5.12 at 7 July 2006 and $4.05 at 4 April 2008.

The fair value of shares issued on the exercise of options is the weighted average price at which the Company's shares were traded on the Australian Stock Exchange on the day prior to the exercise of the options.

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.95 years (2009 - 2.20 years).

Fair value of options granted

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

No options were granted during the year ended 30 June 2010.

Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated	
	2010 $'000	**2009 $'000**
Options issued under employee option plan	466	(102)

Share-based payments – non-employee related

On 4 April 2008, 400,000 options were granted to a contractor at an exercise price of $6.00. In November 2009, 120,000 of those options were exercised.

26. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Consolidated	
	2010 $'000	2009 $'000
Profit / (loss) for the year	73,066	32,522
Depreciation and amortisation	14,095	11,575
Share-based payments	466	(102)
Gain / (loss) on disposal of property, plant and equipment	281	889
Write off of exploration cost capitalised	352	294
Provision for discount adjustment	227	-
Write back of inventories provision	(83)	-
Amortisation and write off of deferred borrowing costs	277	-
Net exchange differences	898	(8,928)
Change in operating assets and liabilities		
(Increase) / decrease in trade debtors	(3,694)	-
(Increase) / decrease in debtors	3,236	(4,278)
(Increase) / decrease in inventories	(29,299)	(15,320)
(Increase) / decrease in future income tax benefit	(3,596)	3,717
(Increase) / decrease in other operating assets	(18,456)	(5,137)
Increase / (decrease) in current tax liabilities	3,225	(7,798)
Increase / (decrease) in creditors	367	6,348
Increase / (decrease) in provisions	675	3,256
Increase / (decrease) in deferred tax liabilities	4,431	1,020
Net cash inflow / (outflow) from operating activities	**46,468**	**18,058**

27. EVENTS OCCURRING AFTER REPORTING DATE

During July and August 2010, 738,333 employee options were exercised raising $3.2 million.

In July 2010, the Group exercised an option to call the preference shares held by Sinphum Co., Ltd, the Thai preference shareholder in Akara Mining Limited pursuant to the shareholders' agreement between the Group and Sinphum Co., Ltd. This transaction will facilitate the process for the initial public offering of Akara Mining Limited on the Stock Exchange of Thailand ('IPO") (see more details below). In compliance with the shareholders' agreement, Sinphum Co., Ltd. will receive a premium of Baht 43 million ($1.5 million) in excess of the par value of the preference shares being Baht 265 million ($9.5 million). As of the date of this report, Sinphum Co., Ltd. has not complied with the notice to call the preference shares. The Group is in discussion with Sinphum Co., Ltd. with regard to Sinphum Co., Ltd. meeting its obligations under the shareholders' agreement and any delay to Sinphum Co., Ltd. meeting its obligations may impact the timing of any decision by the Group to implement the IPO.

Akara Mining Limited signed a construction contract for the Chatree North gold processing plant with the global diversified engineering and project management group, Ausenco Limited, on 13 August 2010.

Akara Mining Limited signed a 5 year mining contract with Lotus Hall Mining on 19 August 2010.

A dividend of 20 cents per share was declared on 27 August 2010 with respect to the year end 30 June 2010. The record date is 10 September 2010 and the dividend will be paid on 24 September 2010.

28. CONTINGENT LIABILITIES

The parent entity and Group had contingent liabilities at 30 June 2010 in respect of:

Guarantees

Cross guarantees have been given by Kingsgate Consolidated Limited's controlled entities to participating banks in the revolving credit facility as described in Note 14 as part of the security package.

These guarantees may give rise to liabilities in the parent entity if the controlled entities do not meet their obligations under the terms of the loans subject to the guarantees. No material losses are anticipated in respect of the above contingent liabilities.

29. SEGMENT INFORMATION

Management has determined the operating segments be based on a geographical perspective, identifying two reportable segments, being Asia Pacific and South America.

The Group operates exclusively in one business segment of gold mining and exploration.

		Consolidated	
	Gold mining and exploration	2010 $'000	2009 $'000
Sales to external customers:	Asia Pacific	176,098	114,092
Other revenue:	Asia Pacific	-	-
Total revenue		**176,098**	**114,092**
Segment results:			
Profit / (loss) before tax:	Asia Pacific	82,553	33,815
	South America	(202)	(758)
Total profit / (loss) before tax		**82,351**	**33,057**
Income tax:	Asia Pacific	(9,285)	(535)
	South America	-	-
Total income tax		**(9,285)**	**(535)**
Profit / (loss) after tax:	Asia Pacific	73,268	33,280
	South America	(202)	(758)
Total profit / (loss) after tax		**73,066**	**32,522**
Segment assets:	Asia Pacific	369,026	274,906
	South America	49	67
Total segment assets		**369,075**	**274,973**
Segment liabilities:	Asia Pacific	53,022	29,927
	South America	10	6
Total segment liabilities		**53,032**	**29,933**

30. FINANCIAL RISK MANAGEMENT AND INSTRUMENTS

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and other price risk), credit risk and liquidity risk.

At this point, the Directors believe that it is in the interests of shareholders to expose the Group to commodity price risk, foreign currency risk and interest rate risk. Therefore, the Group does not employ any derivative hedging of commodity price, foreign currency or interest rate risks. The Directors and management monitor these risks, in particular market forecasts of future movements in commodity prices and foreign currency movements and if it is believed to be in the interests of shareholders will implement risk management strategies to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the senior executive team. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Group holds the following financial instruments:

	Consolidated	
	2010 $’000	**2009 $’000**
Financial assets		
Cash and cash equivalents	49,098	29,680
Trade and other receivables	13,844	9,155
Other financial assets	5,100	1,664
Total financial assets	**68,042**	**40,499**
Financial liabilities		
Trade and other payables	20,964	13,665
Borrowings	11,064	2,144
Total financial liabilities	**32,028**	**15,809**

a) Market risk

Foreign exchange risk
The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US dollar and Thai Baht and as discussed earlier, no financial instruments are employed to mitigate the exposed risks. This is the Group’s current policy and it is reviewed regularly including forecast movements in these currencies by management and the Board.

These foreign exchange risks arise from:

- the sale of gold which is in US dollars;
- the significant Group financial assets at the Chatree Gold Mine which are denominated in Thai Baht;
- the financial liabilities incurred by the mining and exploration activities in Thailand which are also denominated in Thai Baht; and
- the functional currency of the Thai subsidiaries is Thai Baht.

The Company's functional currency is Australian dollars. The Group's Thai subsidiaries have a functional currency in Thai Baht.

The Group's exposure to US$ foreign currency risk at the reporting date was as follows:

	Consolidated	
	2010 $'000	**2009 $'000**
Cash and cash equivalents	50	65
Payables	103	160
Total exposure to foreign currency risk at reporting date	**153**	**225**

Group sensitivity
The Group's sale of gold is in US dollars, however most of the Group's assets and operating costs are in Thai Baht and therefore, the Group's profit is sensitive to movement in those currencies.

If the spot Australian dollar weakened / strengthened by 1 cent against the US dollar with all other variables held constant, the Group's revenue for the year would have been $2,073,000 higher / $2,025,000 lower (2009 - $1,470,000 higher / $1,431,000 lower).

The Group's exposure to other foreign exchange movements is not material.

Interest risk
The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets.

The Group does not have any borrowings from external counterparties other than the preference shares liabilities. The Group does however have significant deposits with approved counterparties, which must have sound credit ratings defined as having a minimum of a Standard & Poor's or equivalent long term rating of at least "A". The Directors and management do not believe it is appropriate at this time to use financial instruments to hedge interest rates based on current market conditions. Deposits are generally made to receive floating market rates at the time of the deposit.

b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with bank and financial institutions, as well as credit exposures to customers including, outstanding receivables and committed transactions.

The Group has no significant concentrations of credit risk. The sale of gold and other cash transactions are limited to counterparties with sound credit ratings. These counterparties are defined as having a minimum Standard & Poor's or equivalent long term credit rating of "A". The Group also has policies that limit the amount of credit exposure to any one financial institution.

c) Liquidity risk

The Group's liquidity requirements are based upon cash flow forecasts which are based upon forward production, operations, exploration and capital projections. Liquidity management, including debt/equity management, is carried out under policies approved by the Board and forecast material liquidity changes are discussed at Board meetings. The following table analyses the Company's financial assets and liabilities into relevant maturity grouping based on remaining period at the reporting date. The amounts disclosed are the contractual undiscounted cash flows.

2010	Notes	1 year or less $'000	1 - 2 years $'000	2 - 5 years $'000	More than 5 years $'000	Discount $'000	Total $'000
Financial liabilities							
Payables	15	15,055	881	2,645	3,004	(621)	**20,964**
Borrowings	14	10,982	-	82	-	-	**11,064**
Total financial liabilities - 2010		**26,037**	**881**	**2,727**	**3,004**	**(621)**	**32,028**

2009	Notes	1 year or less $'000	1 - 2 years $'000	2 - 5 years $'000	More than 5 years $'000	Discount $'000	Total $'000
Financial liabilities							
Payables	15	13,665	-	-	-	-	**13,665**
Borrowings	14	2,103	-	41	-	-	**2,144**
Total financial liabilities - 2009		**15,768**	**-**	**41**	**-**	**-**	**15,809**

The borrowings which are preference shares in Akara Mining Limited have been classified as borrowings on consolidation and have an interest rate of 12% per annum (refer Note 27 for events occurring after the reporting date).

Trade and other receivables are to be received in less than 90 days. There are no past due amounts at the balance sheet date.

d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

As of 1 July 2009, the Group has adopted the amendment to AASB 7 *Financial Instruments*: *Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy.

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

With the exception of the following balances, the Group's assets and liabilities measured and recognised at fair value at 30 June 2010 are within the level 1 hierarchy. Comparative information has not been provided as permitted by the transitional provisions of the new rules.

- Level 3 assets include an available for sale balance of $1 million at 30 June 2010 which relates to an investment in a non listed entity.

- Level 2 liabilities include a trade payable balance of $1.6 million at 30 June 2010 which is measured based on an estimated IPO price of Akara Mining Limited.

The fair value of these assets and liabilities is determined using valuation technique such as estimated discounted cash flow and net assets analysis (in respect of the asset) and valuation technique which are indirectly based on Kingsgate Consolidated share price at 30 June 2010 (in respect of the liabilities).

31. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

The following persons were Directors of Kingsgate Consolidated Limited during the financial year:

Chairman – Non-Executive
Ross Smyth-Kirk

Non-Executive Directors
John Falconer Resigned 27 August 2009
Peter McAleer
Craig Carracher

Executive Director
Gavin Thomas

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group during the financial year.

Name	Position	Employer
Gavin Thomas	Chief Executive Officer	Kingsgate Consolidated Limited
Peter Warren	Chief Financial Officer Company Secretary	Kingsgate Consolidated Limited Kingsgate Consolidated Limited
Phil MacIntyre	Chief Operating Officer General Manager	Kingsgate Consolidated Limited Akara Mining Limited
Stephen Promnitz	Corporate Development Manager	Kingsgate Consolidated Limited
Ron James	General Manager, Exploration and Resources Development	Kingsgate Consolidated Limited

All of the above persons were also key management personnel during the year ended 30 June 2010.

(c) Key management personnel compensation

	Consolidated	
	2010 $	2009 $
Short-term employee benefits	2,943,175	3,881,647
Post-employment benefits	124,863	263,265
Share-based payments	112,233	(915,551)
Total key management personnel compensation	**3,180,271**	**3,229,361**

The Company has taken advantage of the relief provided by Corporations Regulations CR2M.6.04 and has transferred the detailed remuneration disclosures to the Directors' Report. The relevant information can be found in sections A-C of the remuneration report on pages 5 to 17.

(d) Equity instrument disclosures relating to key management personnel

(i) Share holdings

The numbers of shares in the Company held during the financial year by each Director of Kingsgate Consolidated Limited and each of the key management personnel of the Group, including their personally-related entities, are set out as follows:

2010	Balance at start of year	Received during year on exercise of options	Other changes during year	Balance at year end
Directors of Kingsgate Consolidated Limited ordinary shares				
Ross Smyth-Kirk	4,520,176	-	-	4,520,176
John Falconer **	191,275	-	7,071	198,346
Peter McAleer	300,000	-	(200,000)	100,000
Craig Carracher	-	100,000	-	100,000
Gavin Thomas	703,721	2,060,000	-	2,763,721
Key management personnel of the Group ordinary shares				
Peter Warren	15,000	350,000	(365,000)	-
Phil MacIntyre	195,000	150,000	(195,000)	150,000
Stephen Promnitz	-	225,000	(225,000)	-
Ron James	-	60,000	(60,000)	-

** Resigned 27 August 2009

2009	Balance at start of year	Received during year on exercise of options	Other changes during year	Balance at year end
Directors of Kingsgate Consolidated Limited ordinary shares				
Ross Smyth-Kirk	4,520,176	-	-	4,520,176
John Falconer	191,275	-	-	191,275
Peter McAleer	380,000	-	(80,000)	300,000
Craig Carracher	-	-	-	-
Gavin Thomas	703,721	-	-	703,721
Key management personnel of the Group ordinary shares				
Peter Warren	10,000	-	5,000	15,000
Phil MacIntyre	145,000	50,000	-	195,000
Stephen Promnitz	-	-	-	-
Ron James	-	30,000	(30,000)	-

(ii) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in section D of the remuneration report on pages 5 to 17.

(iii) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each Director of Kingsgate Consolidated Limited and each of the specified executives of the Group, including their personally-related entities, are set out as follows:

Key management personnel

2010	Balance at start of year	Granted / (expired) during year	Exercised during year	Other changes during year	Balance at year end	Vested and exercisable at year end
Gavin Thomas	2,560,000	-	2,060,000	-	500,000	500,000
Peter Warren	501,000	-	350,000	-	151,000	117,334
Phil MacIntyre	250,000	-	150,000	-	100,000	50,000
Stephen Promnitz	400,000	-	225,000	-	175,000	175,000
Ron James	140,000	-	60,000	-	80,000	53,334

Options granted during the year are provided as remuneration. No options are vested and unexercisable at the end of the year.

2009	Balance at start of year	Granted / (expired) during year	Exercised during year	Other changes during year	Balance at year end	Vested and exercisable at year end
Gavin Thomas	2,560,000	-	-	-	2,560,000	2,560,000
Peter Warren	501,000	-	-	-	501,000	300,335
Phil MacIntyre	300,000	-	50,000	-	250,000	150,000
Stephen Promnitz	400,000	-	-	-	400,000	400,000
Ron James	170,000	-	30,000	-	140,000	86,667

Insurance

During the financial year, the Group paid premiums to insure Directors and Officers of the Group. The contracts include a prohibition on disclosure of the premium paid and nature of the liabilities covered under the policy.

32. REMUNERATION OF AUDITORS

	Consolidated	
	2010 $	2009 $
(a) Audit services		
PricewaterhouseCoopers Australian Firm		
Audit and review of the financial reports	356,350	351,500
Related Parties of PricewaterhouseCoopers Australian Firm		
Audit and review of the financial reports	214,120	122,159
Total remuneration for audit services	**570,470**	**473,659**
(b) Non-audit services		
PricewaterhouseCoopers Australian Firm		
IPO related services	45,000	33,000
Other services	46,000	18,000
Related Parties of PricewaterhouseCoopers Australian Firm		
IPO related services	101,962	112,906
Other services	6,118	70,034
Total remuneration for non-audit related services	**199,080**	**233,940**
(c) Taxation services		
PricewaterhouseCoopers Australian Firm		
Tax compliance services	75,740	153,600
Related Parties of PricewaterhouseCoopers Australian Firm		
Tax compliance services	83,949	18,787
Total remuneration for tax related services	**159,689**	**172,387**

33. EARNINGS PER SHARE

	Consolidated	
	2010 Cents	2009 Cents
Basic earnings per share	75.2	34.9
Diluted earnings per share	74.5	34.9
	$'000	$'000
Net profit / (loss) used to calculate basic and diluted earnings per share	73,066	32,522
	Number	Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	97,164,748	93,117,150
Adjustment for calculation of diluted earnings per share: option	863,156	95,955
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**98,027,904**	**93,213,105**

Options

Options granted to employees and Directors are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in Note 25.

34. PARENT ENTITY FINANCIAL INFORMATION

a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	Parent Entity	
	2010 $'000	2009 $'000
Balance Sheet		
Current assets	157,126	160,512
Total assets	158,537	161,489
Current liabilities	1,556	5,210
Total liabilities	1,704	5,358
Shareholders' equity		
Issued capital	156,068	129,300
Reserves		
Share-based payments	1,976	3,358
Retained earnings / (loss)	(1,211)	23,473
Profit / (loss) for the year	**4,398**	**22,750**
Total comprehensive income	**4,398**	**22,750**

b) Guarantees entered into by the parent entity

Kingsgate Consolidated has given unsecured guarantees in respect of the provisions of financial assistance in respect of some of the subsidiaries within the Group. No liability was recognised by Kingsgate Consolidated Limited in relation to these guarantees as the likelihood of payment is not probable.

c) Contingent liabilities of the parent entity

There are no contingent liabilities in respect of the parent entity.

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 22 to 78 are in accordance with the *Corporations Act 2001*, including:

i) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

ii) give a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1(*a*) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001.*

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

Ross Smyth-Kirk
Director

DATED at SYDNEY this 27 August 2010
On behalf of the Board