



Kingsgate

Consolidated Ltd

ABN 42 000 837 472

FOR PUBLIC RELEASE

25 February 2003

The Manager
Announcements
Company Announcements Office
Australian Stock Exchange Limited Via ASXOnline (12 pages, inclusive of this page)

Dear Sir

**Interim Dividend of 12.5 cents and
Financial Statements for the Half Year Ended 31 December 2002**

The Board of Directors is pleased to announce the payment of an interim dividend of 12.5 cents per share to shareholders of record on the 3rd April 2003 (the Record Date).

The dividend totaling \$9,081,107 is unfranked and will be paid on 17th April 2003.

Yours faithfully
Kingsgate Consolidated Limited

John Falconer
Company Secretary



KINGSGATE CONSOLIDATED LTD

ABN 42 000 837 472

DIRECTORS:

Ross D Smyth-Kirk
(Chairman)

John Falconer
(Secretary)

John T Shaw

Peter McAleer

STOCK EXCHANGE LISTING:

Australian Stock Exchange (KCN)

PRINCIPAL BUSINESS AND REGISTERED OFFICE:

Level 17, 33 Bligh Street,
Sydney, New South Wales, 2000
Tel (02) 9223 5273 Fax (02) 9223 9775

SHARE REGISTRY:

SECURITY TRANSFER REGISTRARS PTY LTD
770 Canning Highway,
Applecross, Western Australia, 6153
Tel (08) 9315 0933 Fax (08) 9315 2233

AUDITORS:

PRICEWATERHOUSECOOPERS
201 Sussex Street,
Sydney, New South Wales, 2000

BANKERS:

AUSTRALIA & NEW ZEALAND BANKING GROUP LIMITED
68 Pitt Street,
Sydney, New South Wales, 2000

MACQUARIE BANK LIMITED

1 Martin Place,
Sydney, New South Wales, 2000

LAWYERS:

KEMP STRANG LAWYERS
55 Hunter Street,
Sydney, New South Wales, 2000

Kingsgate Website: www.kingsgate.com.au e-mail info@kingsgate.com.au



Directors' Report

Your directors present their report on the consolidated entity consisting of Kingsgate Consolidated Ltd and the entities it controlled at the end of, or during, the half year ended 31 December 2002.

1. Directors

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

Ross D Smyth-Kirk, BCom, CPA, ASIA (Chairman)
John Falconer, FCA, ASIA (Company Secretary)
John T Shaw, BSc, F AusIMM, MCIM, FAICD, AIME
Peter McAleer, B Com (Hons), BL (Kings Inns – Dublin- Ireland)

Mr. Michael Diemar retired as Managing Director on the 14th February 2003.

2. Review of operations

Kingsgate Consolidated Ltd recorded a net profit after tax of A\$24.1 million for the 6 months ended 31 December 2002. This is compared with a net profit of \$3.9 million for the corresponding half year to 31 December 2001, which represented only one month of gold production at Chatree. The profit equates to an earnings per share for the half year of 33.5 cents in 2002 and 6.0 cents in 2001.

Production for the half year was 77,071 ounces of gold and 265,456 ounces of silver. The total cash cost for the half year was US\$77 per ounce and total production costs, including depreciation and amortisation, were US\$127 per ounce of gold produced. Gold production is expected to increase in the second half year, with annual production forecast to be approximately 160,000 ounces.

Material was mined predominantly from the Tawan pit until December, when the first ore mined from the Chantra pit was fed into the plant. Total waste mined was 1,357,346 tonnes and ore mined was 644,157 tonnes. Mining activities were on schedule, considering the September quarter coincided with the main part of the wet season. Mining volumes are expected to increase significantly late in 2003 calendar year in preparation for the scheduled large production increase at that time.

Plant throughput was 603,785 tonnes at a head grade of 4.3 g/t Au and 26.4 g/t Ag. The CIL gold processing plant performed well and gold recovery of 89.1% was achieved. The three new CIL tanks were commissioned in December and the increased capacity will improve gold and silver recovery.

A major plant upgrade was approved in December and capacity will increase from 1.2 million tonnes per year (mtpa) to 1.8 million mtpa. Work on the expansion is expected to commence in March 2003 and will consist of 2 additional CIL tanks, an additional SAG mill and ancillary equipment. The expansion is expected to be funded from operating cashflow.

The mineral resources and ore reserves at Chatree were updated as at 30 September 2002. Total Measured, Indicated and Inferred Resources at the Tawan and Chatree pits (0.8 g/t Au cutoff) were 16.6 million tonnes at grades of 2.2 g/t Au and 10.0 g/t Ag for a contained 1,191,000 ounces of gold and 5,239,000 ounces of silver. Total Proven and Probable Reserves were 8.6 million tonnes at grades of 2.7 g/t Au and 12.0 g/t Ag for a contained 738,000 ounces of gold and 3,210,000 ounces of silver.

Exploration is being undertaken on Prospect A and resources in the Indicated and Inferred categories were announced during the half year. Total Resources at 0.7g/tAu cutoff were 14.1 million tonnes @1.6g/tAu and 20g/tAg containing 706,000 ounces of gold and 8,989,000 ounces of silver. The



drilling program for this prospect has been expanded to 14,000 metres of RC and core drilling and is now expected to be completed at the end of March 2003. Resource and reserve calculations should be completed by the end of May 2003. Mining leases have been applied for and an Environmental Impact Assessment is in progress.

Chatree mine's outstanding safety record continued during the half year, with the number of manhours without lost time injury exceeding two million. During January 2003, a contractor incurred a minor lost time injury. There were no reportable environmental incidents recorded during the half year.

The company has gold hedge positions in place to provide price protection in a volatile gold market and there is no currency hedging in place. Total hedged ounces of 534,000 ounces are by means of put options and extend to 2008. There are 364,600 ounces hedged at an average price of US\$304 per ounce and 169,400 ounces hedged at an average price of A\$591 per ounce. The put options have been financed by the granting of call options for a commitment of 414,000 ounces extending to 2008. Of these, 300,000 ounces of the call options sold have down and out barriers, and they will cease to exist if gold trades below the barrier levels in the future.

The hedge book has been structured so that there are no committed ounces until March 2004, enabling the company to participate in the high gold prices currently being experienced. The hedge book had a negative mark to market valuation of US\$16.1 million at 31 December 2002, based on a spot price of US\$344.5 per ounce.

Project debt associated with the development of Chatree was US\$17.5 million at 31 December 2002, and cash on hand was US\$16.0 million. A maiden dividend of 15 cents per share was paid to shareholders on 28 October 2002.

Outlook

The outlook for the remainder of the year is favourable. In the expectation that the strong gold price continues and Chatree performs to expectations, Kingsgate is currently forecasting that the profit after tax for the year to 30 June 2003 will exceed US\$25 million.

Rounding of amounts to nearest thousand dollars

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

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

John Falconer
Director
Sydney
24 February 2003



Half year report to 31st December 2002

Consolidated Statement of Financial Performance

For the half year ended 31 December 2002

	Notes	Half Year	
		2002	2001
		\$'000	\$'000
Revenue from operating activities		46,889	5,480
Revenue from outside the operating activities	2	294	1,247
Total revenue from ordinary activities		47,183	6,727
Changes in inventories of finished goods and work in progress		1,420	1,361
Direct costs mining and processing		(12,691)	(1,618)
Rehabilitation expense		(138)	(17)
Employee benefits expense		(2,739)	(281)
Depreciation and amortisation expenses		(6,521)	(917)
Borrowing costs expense		(1,130)	(320)
Other expenses from ordinary activities		(1,241)	(1,005)
Profit from ordinary activities before income tax expense		24,143	3,930
Income tax expense		-	-
Profit from ordinary activities after income tax expense		24,143	3,930
Net profit attributable to members of Kingsgate Consolidated Ltd		24,143	3,930
		Cents	Cents
Basic earning per share		33.5	6.0
Diluted earnings per share		33.2	5.6

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



Half year report to 31st December 2002

Consolidated Statement of Financial Position

As at 31 December 2002

		Half Year	
	Notes	31 December 2002	30 June 2002
		\$'000	\$'000
Current assets			
Cash assets		28,262	25,262
Receivables		7,485	7,502
Inventories		6,152	4,732
Other assets		-	750
Total current assets		<u>41,899</u>	<u>38,246</u>
Non-current assets			
Receivables		382	-
Mining property, property, plant and equipment		58,670	63,619
Total non-current assets		<u>59,052</u>	<u>63,619</u>
Total assets		<u>100,951</u>	<u>101,865</u>
Current liabilities			
Payables		4,004	4,003
Interest bearing liabilities		19,469	22,224
Provisions		809	972
Total current liabilities		<u>24,282</u>	<u>27,199</u>
Non-current liabilities			
Interest bearing liabilities		11,329	22,224
Total non-current liabilities		<u>11,329</u>	<u>22,224</u>
Total liabilities		<u>35,611</u>	<u>49,423</u>
Net assets		<u>65,340</u>	<u>52,442</u>
Equity			
Parent entity interest			
Contributed equity		30,652	28,986
Reserves	3	(1,446)	665
Retained Profits		36,134	22,791
Total equity		<u>65,340</u>	<u>52,442</u>

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



Half year report to 31st December 2002

Consolidated Statement of Cash Flows

For the half year ended 31 December 2002

	Half Year	
	2002	2001
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	48,694	3,997
Payments to suppliers and employees (inclusive of goods and services tax)	(16,260)	(2,082)
	<u>32,434</u>	<u>1,915</u>
Interest received	294	184
Borrowing costs	(1,130)	(320)
Net cash inflow from operating activities	<u>31,598</u>	<u>1,779</u>
Cash flows from investing activities		
Payment for plant and equipment	(115)	(916)
Mine development costs	(5,602)	(31,240)
Payments for exploration	(1,670)	(167)
Net cash (outflow) from investing activities	<u>(7,387)</u>	<u>(32,323)</u>
Cash flows from financing activities		
Proceeds from borrowings	-	38,170
Repayment of loans	(12,077)	(2,758)
Payment of dividends	(10,800)	-
Proceeds from share issue	1,666	6,290
Net cash (outflow)/inflow from financing activities	<u>(21,211)</u>	<u>41,702</u>
Net increase in cash held	3,000	11,158
Cash at the beginning of the reporting period	25,262	6,279
Cash at the end of the reporting period	<u>28,262</u>	<u>17,437</u>

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



Notes to the Consolidated Financial Statements

For the half year ended 31 December 2002

1. Basis of preparation of half year financial report

These general purpose consolidated financial statements for the half year ended 31 December 2002 have been prepared in accordance with Accounting Standard AASB 1029 *Interim Financial Reporting*, other mandatory professional requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in the annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2002 and any public announcements made by Kingsgate Consolidated Ltd during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Change in accounting policy for providing for dividends

Provision is only made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the half year but not distributed at balance date.

The above policy was adopted with effect from 1 July 2002 to comply with AASB 1044 *Provisions, Contingent Liabilities and Contingent Assets* released in October 2001 and applied to the half year ended 31 December 2002. In previous periods, in addition to providing for the amount of any dividends declared, determined or publicly recommended by the directors on or before the end of the period but not distributed at balance date, provision was made for dividends to be paid out of retained profits at the end of the period where the dividend was proposed, recommended or declared between the end of the period and the completion of the financial report.

An adjustment of \$10,800,000 was made against the consolidated retained profits at the beginning of the half year to reverse the amount provided at 30 June 2002 for the proposed final dividend for the year ended on that date that was recommended by the directors between the end of the financial year and the completion of the financial report. This reduced the consolidated current liabilities – provisions and total liabilities at the beginning of the half year by \$10,800,000 with corresponding increases in consolidated net assets, retained profits, total equity and total dividends provided for or paid during the current interim period.

The restatements of consolidated retained profits, total dividends provided for or paid during the half year and current provisions set out below show the information that would have been disclosed had the new accounting policy always been applied.



Half year report to 31st December 2002

	Half Year	
	2002	2001
	\$'000	\$'000
	(Restated)	(Restated)
Restatement of retained profits		
Previously reported retained profits/(losses) at the end of the previous financial year	11,991	(9,205)
Change in accounting policy for providing for dividends	10,800	-
Change in accounting policy for income tax (see below)	-	-
Restated retained profits at the beginning of the half year	22,791	(9,205)
Net profit/(loss) attributable to members of Kingsgate Consolidated Ltd	24,143	3,930
Total available for appropriation	46,394	(5,275)
Dividends provided for or paid	(10,800)	-
Restated retained profits/(losses) at the end of the half year	36,134	(5,275)
Restatement of total dividends provided for or paid		
Previously reported total dividends provided for or paid during the half year	10,800	-
Adjustment for change in accounting policy	-	-
Restated total dividends provided for or paid during the half year	10,800	-

	31 December 2002 \$'000	31 December 2001 \$'000
2. Individually significant items		
Included in outside operating activities		
Unrealised foreign exchange gain on receivable	-	1,247
3. Reserves		
	31 December 2002 \$'000	30 June 2002 \$'000
Foreign currency translation reserve	(2,472)	(361)
General reserve	1,026	1,026
Reserves	(1,446)	665

Foreign exchange differences arising on the translation of self sustaining operations, using the current rate method, are recorded in the foreign currency translation reserve.

4. Consolidated segment information

Business and geographic segments

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



5. Equity securities issued

	Half Year		Half Year	
	2002	2001	2002	2001
	Shares	Shares	\$'000	\$'000
Issue of ordinary shares during the half year				
Rights Issue	-	10,205,550	-	6,260
Employee Option Plan	809,000	-	1,666	-
	809,000	10,205,550	1,666	6,260

Directors' declaration

The directors declare that the financial statements and notes set out on pages 3 to 8:

- comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- give a true and fair view of the consolidated entity's financial position as at 31 December 2002 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date.

In the directors' opinion:

- the financials statements and rates are in accordance with the *Corporations Act 2001*; and
- there are reasonable grounds to believe that Kingsgate Consolidated Ltd will be able to pay its debts as and when they become due and payable.

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

Dated at Sydney this 24th day of February 2003

John Falconer
Director

PricewaterhouseCoopers
ABN 53 796 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
www.pwcglobal.com/au
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Independent review report to the members of Kingsgate Consolidated Limited

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report, set out on pages 3 to 8 is not presented in accordance with:

- the Corporations Act 2001 in Australia, including giving a true and fair view of the financial position of Kingsgate Consolidated Limited as at 31 December 2002 and of its performance for the half-year ended on that date
- Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001.

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

Scope and summary of our role

The financial report – responsibility and content

The preparation of the financial report for the half-year ended 31 December 2002 is the responsibility of the directors of Kingsgate Consolidated Limited. It includes the financial statements for Kingsgate Consolidated Limited and the entities it controlled during the half-year ended 31 December 2002.

The auditor's role and work

We conducted an independent review of the financial report in order for the Company to lodge the financial report with the Australian Securities & Investments Commission. Our role was to conduct the review in accordance with Australian Auditing Standards applicable to review engagements. Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

This review was performed in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly a view in accordance with the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001, which is consistent with our understanding of the Group's financial position, and its performance as represented by the results of its operations and cash flows.

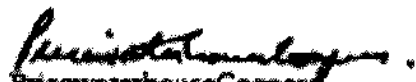
The review procedures performed were limited primarily to:

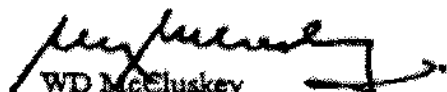
inquiries of company personnel of certain internal controls, transactions and individual items
analytical procedures applied to financial data.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Independence

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


PricewaterhouseCoopers


WD McCluskey
Partner

Sydney
24 February 2003