



Kingsgate

Consolidated Limited

ABN 42 000 837 472

24 August 2004

The Manager
Announcements
Company Announcements Office
Australian Stock Exchange Limited

Via ASX Online
(14 Pages including cover letter)

Dear Sir/Madam

Final Report ended 30 June 2004

Please find attached the following reports for year ended 30 June 2004:

- News Release (3 pages);
- Appendix 4E (9 pages); and
- Media Release (1 page).

Yours faithfully

JOHN FALCONER
Company Secretary



Kingsgate

Consolidated Limited

ABN 42 000 837 472

24 August 2004

NEWS RELEASE

KINGSGATE REPORTS STRONG EARNINGS FOR 2003/04

Overview

The directors of Kingsgate Consolidated Limited today announced a net profit after tax of \$37.7 million for the year ended 30 June 2004, its second full year of production. The profit is based on another strong operational performance at the Chatree mine in Thailand, which produced just under 150,000 ounces of gold.

Directors have declared a final unfranked dividend of 12 cents per share, with a record date of 10 September 2004 and a payment date of 15 October 2004.

Dividends

Kingsgate's dividend policy is to pay out between one quarter and one half of profit after tax by means of dividends to shareholders, subject to cash requirements and the financial position of the company. A final dividend of 12.5 cents per share was paid to shareholders during the year relating to the 2002/03 year. In addition, an interim dividend for 2003/04 of 10 cents per share was paid to shareholders in April 2004.

In view of the company's strong operational performance during the year, the favourable outlook, and the Company's strong financial position, the Directors have declared a final dividend of 12 cents per share, payable on 15 October 2004. This brings the total dividend declared for the year to 22 cents per share.

Finance

The strong operational performance has resulted in Kingsgate achieving a net profit after tax of \$37.7 million (or 45.5 cents/share), which is a reduction of 20% on the net profit of \$47.3 million achieved in 2002/03. The equivalent US\$ net profit after tax is US\$26.5 million and is similar to the previous year (US\$27.5 M), which demonstrates the impact the Australian Dollar appreciation of 22% has had on the results. Total revenue of \$86.8 million reduced from \$94.6 million in the previous year, with lower gold production offset by a higher realized US\$ gold price before foreign exchange impacts. Costs have increased in line with increased throughput and a higher mining strip ratio. The company has a Board of Investment exemption from income tax in Thailand and there is no withholding tax on dividends remitted to Australia.

Operating cash generation achieved was \$49.3 million from which \$24.0 million was reinvested in the business through exploration, development and plant expenditure and dividend payments of \$17.6 million were made to shareholders. Approximately \$41.4 million was raised by the company to fund growth opportunities by means of a share placement to institutional and private investors and a Share Purchase Plan provided to shareholders. The company also negotiated a new financing facility of US\$32 million, which has a 3-year term from inception in December 2003. The company's financing facilities were completely repaid during the year, with no outstanding loans at the end of June 2004 and a net cash position of \$59.7 million.

Operations

Total production at Chatree for the year was 149,979 ounces of gold and 395,346 ounces of silver at a total cash cost of US\$135 per ounce and total production cost of US\$189 per ounce of gold. These results place Chatree as one of the lowest cost operations in the world. Gold production represents a 3% decrease on the previous year as lower grades of ore were treated, partly offset by the successful completion of the plant expansion mid-year.

The expansion to the Chatree plant was completed in December 2003 and increased throughput to approximately 2 million tonnes per year, an improvement of more than 50%. The expansion is designed to maintain production levels in view of forecast declining ore grades. This expansion was completed on time and under budget and has since operated at or above design throughput of 1.8 million tonnes per year.

The company's excellent safety and environmental performance continued during the year with no significant incidents occurring and achieving international accreditations for ISO 14001 for Environmental Management and OHSAS 18001 for Occupational Health and Safety.

Exploration

The company embarked on an accelerated exploration program and achieved immediate success near the existing pits. An extension to the H orebody was discovered and Prospect P was subsequently discovered nearby. This was mined in the June 2004 quarter, providing high grade feed to the plant. When combined with other successes at the site, this raised the total company Ore Reserves to over 1 million ounces of gold as at 30 June 2004.

As a result of the accelerated exploration effort near the mine site and in the surrounding region, the company has confirmed the area to be highly prospective. New discoveries have been made at numerous locations north and south of the existing operation, illustrating mineralisation over approximately six kilometres in strike length. A further escalation of drilling activity will see the Chatree exploration expenditure approach US\$9 million for the 2004/05 year. There will be an increased focus on converting the discoveries to Mineral Resources and a commensurate re-evaluation of the project scale as the size of the project is increased.

In the surrounding region, additional exploration licences have been applied for and Kingsgate now controls approximately 1,500 square kilometres of land along the geological structure. Extensive geophysical work was undertaken during the year, including an airborne IP/resistivity and TEM program. This has provided a better understanding of the geological structures in the region and has resulted in the identification of several new regional gold and base metal prospects which are being further investigated.

Business Development

In addition to financial and operating success, Kingsgate's operating base in SE Asia provides a strategic platform for growth in the region. Consequently, in addition to numerous projects worldwide, Kingsgate has reviewed several potential prospects in China during the past year. During that time, the prospectivity of the country has been confirmed and there is a niche available to credible, mid-tier operators such as Kingsgate. China is likely to play a role in the company's mid-term future in the region.

Given the wealth of knowledge being accumulated about low-sulphidation epithermal gold deposits at the Chatree operation in Thailand, Kingsgate has moved to utilize this information for corporate growth in other relevant parts of the world. One such region of interest is South America, where not only are the deposit origins similar, but specific countries actively encourage mining. Kingsgate is moving to establish an exploration team in Chile and Peru and is currently assessing several properties there.

Outlook

The Directors are confident that Kingsgate is well-positioned to progress its strategy for profitable growth. Opportunities are being continually monitored and evaluated. The outlook for next year is positive and current expectations are for gold production in the vicinity of 150,000 ounces at a cash cost approximately 20% higher than last year. Improvements to these projections are being targeted through a focus on cost and production initiatives and by pursuing short-term contributions from exploration. These particularly include high grade ore body extensions, which will be given processing priority as was the case in 2003/04 with Prospect P.

Commenting on the results, Managing Director and CEO, Steve Reid said:

"This excellent profitability is what people have come to expect of us, but remains somewhat unique in the gold mining business. Our efforts at adding capacity across all aspects of the business have paid off and provided another strong result.

By far the most exciting aspect of our progress however has been the positive change in our understanding of the geology around the mine. The year-long increased exploration effort has begun to pay the dividends that we believed it would. All of us are looking forward to demonstrating a far larger mineralised system than our current Ore Reserves reflect."

For further information, contact:

Steve Reid
Managing Director & CEO
(02) 9223 5273

Niall Lenahan
Chief Financial Officer
(02) 9223 5273

Kingsgate Consolidated Limited
ABN 42 000 837 472

Appendix 4E
Preliminary Final Report
For the Financial Year Ended 30 June 2004

Results for Announcement to the Market

				\$'000
Revenue from ordinary activities	Down	8%	to	86,780
Profit/(loss) from ordinary activities after tax attributable to members	Down	20%	to	37,679
Net profit/(loss) for the period attributable to members	Down	20%	to	37,679
Dividends/distributions	Amount per security		Franked amount per security	
Final dividend				
- current reporting period	12.0¢		nil	
- previous reporting period	12.5¢		nil	
Interim dividend				
- current reporting period	10.0¢		nil	
- previous reporting period	12.5		nil	
Record date for determining entitlements to the final dividend of 12 cents per share				
10 September 2004				
Brief explanation of any of the figures reported above and short details of any bonus or cash issue or any other item of importance not previously released to the market:				
Refer attached News Release for commentary on the results for the year.				

Statement of Financial Performance
For the year ended 30 June 2004

	Consolidated	
	2004	2003
	\$'000	\$'000
Revenue from ordinary activities	86,780	94,647
Changes in inventories of finished goods and work in progress	2,096	(998)
Direct costs of mining and processing	(31,012)	(23,539)
Rehabilitation expenses	(667)	(392)
Employee benefits expense	(4,760)	(3,536)
Depreciation and amortisation expenses	(11,323)	(13,293)
Borrowing costs expense	(2,416)	(2,003)
Foreign exchange gains / (losses)	1,645	(4)
Other expenses from ordinary activities	(2,664)	(3,559)
Profit from ordinary activities before income tax expense	37,679	47,323
Income tax expense	-	-
Profit from ordinary activities after related income tax expense	37,679	47,323
Net Profit attributable to members of Kingsgate Consolidated Limited	37,679	47,323
Net exchange differences on translation of financial reports of foreign controlled entities	(968)	(9,039)
Total revenues, expenses and valuation adjustments attributable to members of Kingsgate Consolidated Limited recognised directly in equity	(968)	(9,039)
Total changes in equity attributable to members of Kingsgate Consolidated Limited other than those resulting from transactions with owners as owners	36,711	38,284
	Cents	Cents
Basic earnings per share	45.5	65.4
Diluted earnings per share	45.5	65.3

**Statement of Financial Position
As at 30 June 2004**

	Consolidated	
	2004	2003
	\$'000	\$'000
<i>Current Assets</i>		
Cash assets	59,696	28,914
Receivables	5,854	8,677
Inventories	6,511	4,190
Other assets	<u>1,797</u>	<u>1,190</u>
<i>Total Current Assets</i>	<u>73,858</u>	<u>42,971</u>
<i>Non-Current Assets</i>		
Mine property, plant and equipment	65,689	53,336
Other assets	<u>3,866</u>	<u>-</u>
<i>Total Non-Current Assets</i>	<u>69,555</u>	<u>53,336</u>
<i>Total Assets</i>	<u>143,413</u>	<u>96,307</u>
<i>Current Liabilities</i>		
Interest bearing liabilities	-	17,195
Payables	4,776	3,340
Provisions	868	989
Other liabilities	<u>1,095</u>	<u>-</u>
<i>Total Current Liabilities</i>	<u>6,739</u>	<u>21,524</u>
<i>Non-Current Liabilities</i>		
Interest bearing liabilities	-	1,499
Other liabilities	<u>1,628</u>	<u>-</u>
<i>Total Non-Current Liabilities</i>	<u>1,628</u>	<u>1,499</u>
<i>Total Liabilities</i>	<u>8,367</u>	<u>23,023</u>
<i>Net Assets</i>	<u>135,046</u>	<u>73,284</u>
<i>Equity</i>		
Parent entity interest		
Contributed equity	74,153	31,471
Reserves	(9,342)	(8,374)
Retained profits	<u>70,235</u>	<u>50,187</u>
<i>Total Equity</i>	<u>135,046</u>	<u>73,284</u>

Statement of Cash Flows
For the year ended 30 June 2004

	Consolidated	
	2004	2003
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	86,194	94,506
Payments to suppliers and employees	(37,764)	(36,334)
Interest received	1,991	606
Borrowing costs	(1,127)	(1,822)
Net cash inflow / (outflow) from operating activities	<u>49,294</u>	<u>56,956</u>
Cash flows from investing activities		
Payments for exploration	(11,160)	(7,512)
Payments for property, plant and equipment	(12,837)	(5,368)
Net cash inflow / (outflow) from investing activities	<u>(23,997)</u>	<u>(12,880)</u>
Cash flows from financing activities		
Proceeds from issue of shares	43,865	2,495
Share issue costs	(1,183)	(10)
Proceeds from borrowings	13,274	-
Repayment of borrowings	(32,693)	(19,984)
Dividends paid	(17,631)	(19,927)
Net cash inflow / (outflow) from financing activities	<u>5,632</u>	<u>(37,426)</u>
Net increase / (decrease) in cash held	30,929	6,650
Cash at the beginning of the financial year	28,914	25,262
Effects of exchange rate changes on cash	(147)	(2,998)
Cash at the end of the financial year	<u>59,696</u>	<u>28,914</u>

**Notes to the Preliminary Final Report
For the year ended 30 June 2004**

1. Basis of preparation of the Preliminary Final Report

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 relates to the consolidated entity consisting of Kingsgate Consolidated Limited and the entities it controlled at the end of, or during, the year ended 30 June 2004. The accounting policies adopted are consistent with those of the previous year.

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the “rounding off” of amounts in financial reports. Amounts in this report have been rounded off in accordance with that Class order to the nearest thousand dollars.

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group has issued interpretations corresponding to IASB interpretations originated by the International Interpretations Committee or the former Standing Interpretations Committee. The adoption of Australian equivalents to IFRS will be first reflected in the consolidated entity’s financial statements for the half year ending 31 December 2005 and the year ending 30 June 2006.

Entities complying with Australian equivalents to IFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of IFRS to that comparative period. Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

The parent entity has established a project team to manage the transition to Australian equivalents to IFRS, including training of staff and system and internal control changes necessary to gather all the required financial information. The project team has prepared a timetable for managing the transition to Australian equivalents to IFRS and is currently on schedule. To date the project team has analysed most of the Australian equivalents to IFRS and has identified a number of accounting policy changes that will be required. In some cases choices of accounting policies are available, which are being analysed to determine the most appropriate accounting policy for the consolidated entity.

Major changes to date that will be required to the consolidated entity’s existing accounting policies include the following:

- Exploration Expenses
- Financial Instruments and Hedge Accounting
- Equity Based Compensation Benefits
- Foreign Currency Translation Reserve
- Income Tax
- Restoration and Rehabilitation Expenditure

2. Statement about the audit status

This report is based on financial statements that are in the process of being audited. The company does not expect that there will be any qualifications to its financial statements.

3. Revenue and Expenses from Ordinary Activities

	Consolidated	
	2004	2003
	\$'000	\$'000
Revenue from operating activities		
Gold Sales	81,091	90,244
Silver Sales	3,319	3,776
Revenue from outside the operating activities		
Interest	2,353	606
Other	17	21
Revenue from ordinary activities	<u>86,780</u>	<u>94,647</u>

	Consolidated	
	2004	2003
	\$'000	\$'000
Expenses from Ordinary Activities		
Cost of sales	37,124	28,263
Foreign exchange (gain) / losses	(1,645)	4
Borrowing costs		
Interest and finance charges paid/payable	1,024	1,822
Exchange losses on foreign currency borrowings	1,288	181
Amortisation of deferred borrowing costs	104	-
Borrowing costs expensed	<u>2,416</u>	<u>2,003</u>
Depreciation and amortisation		
Mine properties	7,352	5,571
Mine buildings, plant and equipment	3,925	7,623
Non-mining property, plant and equipment	111	99
Depreciation capitalised	(65)	-
Total depreciation and amortisation	<u>11,323</u>	<u>13,293</u>

4. Income Tax

	Consolidated	
	2004	2003
	\$'000	\$'000
Income tax expense		
The income tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:		
Profit from ordinary activities before income tax expense	<u>37,679</u>	<u>47,323</u>
Income tax calculated @ 30%	<u>11,304</u>	<u>14,197</u>
Tax effect of permanent differences:		
Tax exempt profits – Thailand	<u>(12,231)</u>	<u>(15,010)</u>
Income tax adjusted for permanent differences	<u>(927)</u>	<u>(813)</u>
Current year tax loss not brought to account	<u>927</u>	<u>813</u>
Income tax expense	<u>-</u>	<u>-</u>

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, 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;
- (b) a further 5 year half tax holiday following (a) above (at a 15% tax rate); and
- (c) other benefits.

One of the conditions of the BOI approval is that annual production does not exceed certain limits. The production ceiling for the year ended 30 June 2004 and subsequent years is set at 178,416 ounces of gold and 583,733 ounces of silver.

5. Controlled entities acquired or disposed of

There were no controlled entities acquired or disposed of during the year.

6. Details of aggregate share of profit (losses) of Associates and Joint Venture Entities

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

7. Segment Information

Primary reporting – Business segments

The Consolidated Entity operates exclusively in the business segment of gold mining and exploration in the Asia Pacific region.

Secondary reporting – Geographical segments

	Consolidated	
	2004	2003
	\$'000	\$'000
<hr/>		
Sales to external customers:		
Asia Pacific	86,780	94,647
Other	-	-
Total	<u>86,780</u>	<u>94,647</u>
<hr/>		
Segment assets:		
Asia Pacific	143,413	96,307
Other	-	-
Total	<u>143,413</u>	<u>96,307</u>
<hr/>		

8. Retained Profits

	Consolidated	
	2004	2003
	\$'000	\$'000
Retained earnings at the beginning of the financial year	50,187	11,991
Adjustment resulting from change in accounting policy for providing for dividends	-	10,800
Net profit attributable to members of Kingsgate Consolidated Limited	37,679	47,323
Dividends provided for or paid during the year	<u>(17,631)</u>	<u>(19,927)</u>
Retained profits at the end of the financial year	<u>70,235</u>	<u>50,187</u>

9. Net Tangible Asset Backing

	2004	2003
Net tangible asset backing per ordinary share: \$/share	1.58	1.01

10. Dividends

Details of dividends/distributions declared or paid during or subsequent to the year ended 30 June 2004 are as follows:

Record date	Payment date	Type	Amount per security in cents	Total dividend \$'000	Franked amount per security in cents	Foreign sourced dividend amount per security
3 September 2003	1 October 2003	Final	12.5	9,125	Nil	12.5
19 March 2004	2 April 2004	Interim	10.0	8,506	Nil	10.0
10 September 2004	15 October 2004	Final	12.0	10,239	Nil	12.0

The Consolidated Entity operates a dividend reinvestment plan (DRP), details of which are available on the Kingsgate website (www.Kingsgate.com.au). The last date for the receipt of an election notice for participation in the DRP is 9 September 2004.

11. Cash Flow Information

Reconciliation of profit from ordinary activities after income tax to net operating cash flows:

	Consolidated	
	2004	2003
	\$ 000	\$ 000
Operating profit after income tax	37,679	47,323
Depreciation and amortisation	11,323	13,293
Net exchange differences	356	(1,941)
Changes in operating assets and liabilities		
(Increase) decrease in debtors	2,823	(1,175)
(Increase) decrease in inventories	(2,322)	542
(Increase) decrease in other operating assets	(4,600)	(440)
Increase (decrease) in creditors	1,434	(663)
Increase (decrease) in provisions	(121)	17
Increase (decrease) in other liabilities	2,722	-
Net cash inflow from operating activities	49,294	56,956

12. Events occurring after reporting date

Dividend

On 24 August 2004, the Directors of the parent entity declared a final unfranked dividend of 12 cents per share. The record date for the dividend is 10 September 2004 with payment due on 15 October 2004.



Kingsgate

Consolidated Limited

ABN 42 000 837 472

24 August 2004

KINGSGATE - CASHED UP AND DECLARES DIVIDEND

Goldminer Kingsgate Consolidated Ltd (ASX:KCN) announced a net profit after tax of \$37.7million for the June 30 year, based on a strong operational performance from its Chatree mine in Thailand which produced almost 150,000 ounces.

Kingsgate declared a 12c dividend and an earlier 10c interim are more than twice covered by earnings of 45.5c a share.

The final dividend of 12c will be payable on 15 October 2004 to shareholders registered by 10 September 2004.

Net profit for the year was down 20% on the previous year's \$47.3 million due to a stronger Australian dollar. In \$US terms the net profit of \$US26.5 million was similar to the previous year's \$US27.5million. This demonstrates the impact of an \$A appreciation of 22% on the results.

The company's financing facilities were completely repaid during the year, with no outstanding loans at the end of June 2004 and a net cash position of \$59.7million.

Managing Director and CEO, Steve Reid said this excellent profitability is what people have come to expect of us and this remains somewhat unique in the gold mining business. Our efforts at adding capacity across all aspects of the business have paid off and provided another strong result.

"By far the most exciting aspect of our progress has been the positive change in our understanding of the geology around the mine. The year long increased exploration effort has begun to pay the dividends that we believed it would. All of us are looking forward to demonstrating a far larger mineralised system than our current Ore Reserves reflect", he said.

Media enquiries:
Suzanne Blake
PR for Kingsgate
Tel: 0414 233 500